

CVS LAW

LANDLORDS RIGHT OF REFUSAL

Recently there have been a number of cases on whether it has been reasonable for a Landlord to refuse to renew a commercial lease, despite the tenant's entitlement in accordance with the Landlord and Tenant Act 1954 ("the Act"). Often Landlords only consider refusal if they want to occupy or redevelop the property. The reason being once these grounds are proven a court has no option but to refuse a tenant a new lease. However, there are other grounds which can be relied on if the Landlord has managed his property well.

A Landlord may refuse to grant a new lease if a tenant has substantially breached his repairing obligations, persistently delayed in paying rent, breached some other obligation under the lease or for any other reason connected with his use or management of the property - Grounds A, B and C of the Act ("the Grounds"). The Grounds only come into operation when the lease is due for renewal and the Landlord, via a notice or counter-notice, opposes the grant of a new lease. A court does have the discretion to grant a renewal even if the Grounds are proven. However, where a court finds in the Landlord's favour, unlike the grounds for Landlord's occupation or redevelopment, no compensation is payable to the tenant.

The Grounds are usually used where the Landlord and tenant relationship has broken down. However, to be ensured of the ability to use one or all of the Grounds a Landlord should take precautionary action. For example, tenants should be warned in writing that they risk refusal of a new lease if they fail to carry out repairs or persistently delayed in paying the rent. On the issue of the other breaches or other reasons connected with the use or management of the property, the court will look at these matters on a case by case basis. It will ask itself whether a Landlord should be burdened with such a tenant given the facts. The Landlord's case will be assisted if there is documented proof of the tenant's conduct and any notices/warnings he has received. Also, if there is evidence of how the tenant's conduct has affected the Landlord and/or his property.

A Landlord should not have to put up with a difficult tenant simply because they have a lease protected by the Act. If steps are taken in advance then the right to refuse at a later date may be hard to challenge.



Should you want to discuss this or any landlord/tenant related matter, please contact:

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For further details about CVS Law, CVS Private Equity Partners and examples of what we can achieve, please visit www.cvs-law.co.uk and www.cvs-privateequity.co.uk.

Please note that this is not intended to be a comprehensive statement of the law and should be used for guidance purposes only.