

Dear Directors,

We understand that there has been significant pressure on your service charge budgets recently. In our continuous effort to assist you in fulfilling your obligations while managing costs, we would like to introduce Electronic Mailing as a discussion item for your upcoming Directors meetings.

Upon reviewing the rising costs, we have observed that the preparation and postage of Service Charge invoices constitute a substantial expense, particularly for larger developments. Therefore, we will be asking Director teams if they would prefer to issue all documents, including Service Charge invoices, electronically. Some of our client teams already insist on using email exclusively for sending all standard documents.

While this transition to electronic invoicing will result in cost savings, we want to ensure that you are aware of the associated risks. Currently, there is ambiguity in the law regarding whether a Service Charge invoice sent electronically can be considered properly served.

If you choose electronic serving, we will email all Service Charge invoices along with associated documents to those leaseholders for whom we have email addresses. Our aim is to reach 100% of your leaseholders.

For persistent non-payers, we will continue to send hard copy invoices via Royal Mail, and the Company will be charged accordingly. As part of our credit control process, we will add an initial stage to post hard copy service charge invoices. This ensures that if you have to instruct a solicitor to recover Service charges, they will be legally deemed to have been served. Consequently, the period for the recovery of arrears may be extended by a few weeks.

However, there is another risk to consider. At any stage, service charges that have been paid could be challenged by a service charge payer, claiming they were incorrectly served, and thus reclaimed from the company. While we believe this scenario to be unlikely, the payment of the Service Charge could serve as evidence that the invoice was indeed received. Jennings and Barrett have noted that the typical defence provided for non-payment of Service Charge is the unreasonableness of the cost rather than the invoice not having been received.

We do recommend that you seek your own legal advice regarding this issue and will begin rolling out e mail invoicing only once you have given a specific instruction for us to do so.