

## **Counter Notice Need Not Be Realistic**

The Leasehold Reform, Housing and Urban Development Act 1993 allows tenants to acquire the freeholds of their flats in certain circumstances. The procedure by which this is done involves sending a notice to the landlord proposing a purchase price. The landlord can then issue a counter notice proposing a different price. If that notice is invalid, the purchase will proceed at the price suggested by the tenants in their original notice.

In a recent case, the tenants' offer (of £210) for the freehold reversion of a property was met with a counter proposal of £130,000 – over six hundred times as much.

The tenants applied to have the landlord's offer (which was based on a professional valuation) declared invalid so the purchase could continue at their offer price. The tenants held that the valuer had overvalued the property and the counter offer was not therefore a realistic proposal.

In the view of the court, a 'realistic proposal' meant only that the offer had to be genuine and bona fide. This is a subjective test. The counter offer had been made by the landlord in good faith and was therefore valid. The Court of Appeal agreed that the sole reason for declaring a counter notice to be invalid was lack of good faith.