Leasehold relationships: who is who in your building

Landlord and tenant only, landlord and tenant with a management company, Right to Manage and share of freehold: how to tell which applies to you.

Every leasehold building has a chain of legal relationships, and most problems with management start when residents are not sure who holds which role. Four arrangements are common. Your lease and the title register will show which one applies to you.

1. Landlord and tenant only

The freeholder (or a superior landlord) owns the building and grants each flat owner a long lease. The landlord is responsible for the structure, communal areas, services and insurance, and recovers the cost from leaseholders as a service charge. Often the landlord appoints a managing agent to do the work. Leaseholders pay, but have no formal say in how the building is run.

2. Landlord and tenant with a Resident Management Company (RMC)

Here a company, usually set up when the building was developed, takes on the management duties under the lease. Leaseholders are normally its members, and often its directors. The landlord still owns the freehold, but the RMC carries out the landlord's repair and service obligations and collects the service charge. The RMC may do the work itself or appoint an agent.

- Check whether your lease names the RMC as a party and what it is responsible for.
- Some RMCs also own the freehold, which is a different position again.

3. Right to Manage (RTM)

The Right to Manage is a statutory right under the Commonhold and Leasehold Reform Act 2002. Qualifying leaseholders form an RTM company and take over the management functions from the landlord, without having to show any fault. The landlord still owns the building. The RTM company does not own anything, but it manages, collects the service charge and takes on the landlord's management obligations.

4. Share of freehold

Leaseholders (usually through a company) own the freehold, either because the landlord sold it to them or because they bought it together under the statutory right of collective enfranchisement. The company is then the landlord, and the

leaseholders are its members. This gives the most control, and the most responsibility.

Why it matters

- **Who you ask.** Repairs, insurance and service charge queries go to different people under each arrangement.
- **What you can change.** An RMC or RTM company can often change the managing agent or manage directly. Under a landlord-only arrangement, the options are more limited.
- **What it costs to change.** Moving from one arrangement to another has costs and takes time.

> Check first. Look at your lease and the title register before you assume you need to form anything. Many buildings already have the right vehicle in place. Take legal advice if the position is unclear.

Next steps

1. Read the management clauses in your lease.
2. Search the title register for the freeholder and any management company.
3. Ask your current agent or landlord, in writing, who holds which role.
4. See our guide "RMC or RTM" before deciding on a change.

General information, not advice on your circumstances. Leasehold law is detailed and changes: check the current position and take advice before acting. Leasehold Clarity is provided by Leasehold Clarity Limited (company no. 16963931), with management and professional services from Murphy Thompson Moore LLP (LLP No. OC314041).