

Legal Property

John Abbott and Maria Guida explain the do's and don'ts of dilapidations at the end of a lease

THERE ARE few topics within the landlord and tenant relationship more likely to give rise to disputes than a schedule of dilapidations served at the end of a lease.

Every year landlords launch dilapidations claims against their former pub tenants, leaving many shocked at receiving a large dilapidations bill.

What are dilapidations?

Usually, your pub lease has a repair clause requiring you to put and keep the pub in "good and substantial repair". A dilapidations claim can arise from a failure by the tenant to honour such a provision and can result in the landlord claiming the cost of the works to put right this breach.

In an ideal world, you will have agreed a schedule of condition (a record of what the property looked like when you took it on) and are only obliged to repair the property to the same condition as shown in that schedule.

Unfortunately, it is common not to have a schedule of condition, either because at the time this was overlooked or your landlord simply would not agree it. At the end of your lease, you must hand back the pub to the landlord in the state of repair and condition required by the lease.

Below are some do's and don'ts on dilapidations, to help you avoid a hefty dilapidations bill:

Do:

- At the time that you are negotiating

Leaving it how you found it...



the terms of a new lease try to limit your repairing obligations by reference to the present state and condition of the premises

- Find out the landlord's intentions for the building. If, for example, the pub is to be sold for development as residential flats, then the landlord cannot claim money for repair works from you
- Be aware that you are only responsible for repairing the property, not improving it. If it appears that the landlord will need to improve the pub to secure a letting rather than

just repair what is already there, your repair works will be worthless and therefore should not be claimed

- Several months before the end of the lease, contact the landlord and try and agree the works that need to be carried out and do those works before the lease comes to an end.

Don't:

- Forget ongoing repairs and maintenance. Leaving it all to the end of the lease can be expensive. Have a

planned programme of repairs throughout the term. Tenants with an FRI (full repairing and insuring) lease are responsible for both the exterior and interior of the building. Internal repairing leases are more common for multi-let buildings, where tenants are responsible only for internal repairs on their floor(s)

- Accept everything the landlord throws at you. Are the alleged breaches matters that are prescribed by the repairing obligations contained in the lease? It is not