The Commercial Dilapidations Process

A Tenant's Roadmap to a Fair Settlement

Lease End Approaching **(3-12 Months Before)**

- **Landlord**: Appoints a surveyor to inspect and prepare a schedule of dilapidations.
- **Tenant**: This is the ideal time to appoint your own surveyor (like Focus Consulting) to advise on your potential liability.

1. The Claim Arrives

You receive the **Terminal Schedule of Dilapidations** and a **Quantified Demand** (the bill) from the landlord's surveyor.

⚠️**Key Action**: Do not ignore it! Acknowledge receipt immediately and inform them you are appointing your own surveyor to respond formally.

2. Your Surveyor's Response (The Defence)

Your surveyor inspects the property, reviews your lease, and analyses the landlord's claim in detail. Your surveyor prepares a formal **Response** (often in a "Scott Schedule" format), challenging the landlord's claims on grounds of scope, standard, and cost. This is where significant savings are made.

3. Negotiation

The two surveyors enter into a "without prejudice" negotiation to narrow the areas of disagreement. They will discuss each item, using their evidence and expertise to argue their case. The goal is to reach a fair and reasonable settlement figure.

4. Considering a Section 18 Defence

Your surveyor will assess if the landlord's claim is capped by the "diminution in value" of the property, as per Section 18 of the Landlord & Tenant Act 1927. This is a powerful argument that can drastically reduce the final settlement if the repair costs exceed the actual loss in the property's value.

5. Resolution

OUTCOME A: Settlement (Most Common)

A final figure is agreed. You sign a settlement agreement, make the payment, and the dispute is concluded.

OUTCOME B: Alternative Dispute Resolution (ADR)

If negotiations stall, mediation or expert determination can be used. This is faster and cheaper than court.

OUTCOME C: Litigation (Last Resort)

If no agreement can be reached, the landlord may issue court proceedings. This is rare when tenants have expert representation.

The earlier you get expert advice, the more control you have over the outcome.