PT-2023-000143

Neutral Citation Number: [2026] EWHC 2227(Ch)

Case No: PT-2023-000143

IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES
PROPERTY TRUSTS AND PROBATE LIST (ChD)

Royal Courts of Justice, Rolls Building
Fetter Lane, London, EC4A 1NL

Date: 26 August 2026

Before :

MASTER TEVERSON (sitting in retirement)

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Between :

HELEN ROSS ON BEHALF OF HRP COMPLETE SOLUTIONS LLP	**Claimant**
- and -	
(1) MR ANDREW JOHN PHILLIPS	**Defendants**
(2) HRP COMPLETE SOLUTIONS (KENT) LLP	
(3) HRP COMPLETE SOLUTIONS LLP	
(4) BOND 58 HOMES LTD	

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Barnaby Hope (instructed by **Colman Coyle Limited solicitors**) for the **Claimant**
The First Defendant acting in person on behalf of himself and the Second Defendant

Hearing date 1 July 2026

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Approved Judgment

I direct that pursuant to CPR PD 39A para 6.1 no official shorthand note shall be taken of this Judgment and that copies of this version as handed down may be treated as authentic.

This judgment was handed down remotely at 10.30am on 26 August 2026 by circulation to the parties or their representatives by e-mail and by release to the National Archives

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MASTER TEVERSON (sitting in retirement)

1 On 1 August 2025 His Honour Judge Johns KC (sitting as a Judge of the High Court) handed down judgment ("the Liability Judgment") on the issues for trial identified by Master Clark in her order dated 2 May 2024 and listed at the annex to that order ("the Liability Issues").

2 The case concerned the beneficial ownership of three properties in Chatham, Kent: 28 Grange Hill, Chatham, title number K227425 ("28 Grange Hill"); 130 Castle Road, Chatham, title number K477694 ("130 Castle Road"); and 44 Albany Road, Chatham, title number K756261 ("44 Albany Road"), together "the Properties".

3 HRP Complete Solutions LLP ("the Old LLP") was the beneficial owner of the Properties. But on 31 October 2015 there was a declaration of trust ("the Declaration of Trust") in favour of the Second Defendant, HRP Complete Solutions (Kent) LLP ("the New LLP"). By a derivative claim brought by Ms Helen Ross on behalf of the Old LLP it was claimed that the Old LLP remained the beneficial owner of the Properties.

4 For the reasons set out in the Liability Judgment, HHJ Johns KC concluded that the Declaration of Trust was invalid and that the beneficial ownership of the Properties had never left the Old LLP.

5 By his order dated 1 August 2025 HHJ Johns KC declared that the 1st Defendant, Mr Phillips, held 28 Grange Hill on trust for the Old LLP and that the 4th Defendant, Bond 58 Homes Limited, held 130 Castle Road and 44 Albany Road on trust for the Old LLP.

6 By paragraph 9 of his order dated 7 October 2025 ("the Order") HHJ Johns KC directed an account ("the Account") relating to the income and expenditure of the Properties from 31 October 2025 to date ("the Relevant Period").

7 The directions for the taking of the Account were set out in paragraphs 10 to 17 inclusive of the Order as follows:-

"10. By 4pm on 2 December 2025, the Defendants must make and verify their account by filing and serving a witness statement, exhibiting all relevant supporting documents, relating to the income and expenditure of the Properties for the Relevant Period.

11. In the event of dispute, or non-compliance by the Defendants with paragraph 10 above, the Claimants must by 4pm 6 January 2026 give written notice of any objections to the Defendants' account, by filing and serving a witness statement, exhibiting all relevant supporting documents. For this purpose, the Claimant has permission to rely upon letters from estate agents giving opinions as to the likely rental income of the Properties for the Relevant Period.

12. The Defendants may, by 4pm 20 January 2026, respond to the Claimant's evidence by further witness statement, exhibiting all relevant supporting documents. For this purpose, the Defendants have permission to rely upon letters from estate agents giving opinions as to the likely rental income of the Properties for the Relevant Period.

13. Any evidence that is not filed in accordance with this order shall not be permitted without the permission of the court for which an on-notice application for relief from sanctions must be made.

14. The Account shall be listed for determination by a Chancery Master on the first open date after 10 February 2026. At this hearing, the Court shall consider:-

14.1 What sum if any the Claimant is entitled to in respect of the net income from the Properties for the Relevant Period.

14.2 Any directions for the winding up of the Old LLP

15. The Claimant must file and serve her skeleton argument setting out the relief that the court will be invited to award at the hearing of the Account on the Defendants at least 7 days before the hearing of the account.

16. The Defendants are to file and serve any skeleton argument in response 3 days before the hearing of the Account.

17 All other costs of these proceedings (other than those at paragraphs 5-8 of this order) shall be reserved to the judge at the hearing of the account."

8 The reference in the order to the Defendants is clearly to Mr Phillips, the 1st Defendant and to the 2nd and 4th Defendants who with the court's permission Mr Phillips represented before the Judge. I shall refer to them together as "the Defendants".

9 The Defendants did not by 4pm on 2 December 2025 make out and verify their account by filing and serving a witness statement in accordance with paragraph 10 of the order.

10 On 31 December 2025 Ms Ross made a 2nd witness statement in which she recorded that the Defendants had failed to set out the rental income received by them from the Properties.

11 Ms Ross exhibited to her witness statement a series of Spicer Haart, residential letting agents, documents headed "Statement/Invoice running from 6 October 2019 to 5 November 2024" ("the Haart Statements") and a series of Halifax Bank statements relating to a current account in the name of the First Defendant for the period from 2 January 2015 to 28 March 2024 ("the Bank Statements").

12 In paragraph 6 of her witness statement Ms Ross explained that these documents had been provided by the Defendants as part of a relief from sanctions application. Ms Ross exhibited copies of these documents at pages 1-354 of exhibit HR2 to her witness statement.

13 Ms Ross said in paragraph 7 of her witness statement that she knew nothing else as the Defendants had not provided any additional information. She said she did not know whether the sums received reflected a fair rent or what the Defendants did to satisfy themselves as to what a proper rent should have been. She says she does not know whether the Defendants ever did, or thought about, increasing the rents of the Properties so as to bring them in line with the changing market.

14 Ms Ross says in paragraph 8, that as a result, her solicitors approached Mr Martin Regan-Kennard and asked him to provide his opinion on the likely average rental income from the Properties for the years 2015-2026.

15 In fact, on 14 October 2025, the Claimant's solicitors, Colman Coyle, had instructed Mr Martin Regan-Kennard to provide a report detailing the likely monthly rental figures for the Properties. They said that they did not expect Mr Phillips to comply with the Order to provide an account by 2 December 2025.

16 For the purposes of his report Mr Regan-Kennard was not provided with copies of the Haart Statements or the Bank Statements.

17 Mr Regan-Kennard's report dated 31 December 2025 is exhibited by Ms Ross to her witness statement.

18 Ms Ross asked the Court to award the Claimant a sum in respect of rental income from the Properties from 31 October 2015 to date based on Mr Regan-Kennard's report in circumstances where the Defendants had failed to comply with the Order.

19 By application notice dated 6 January 2026 Ms Ross on behalf of the Old LLP applied for the scope of the Account to be extended. This application was made when it was noticed (presumably from inspection of the office copy entries) that on 12 July 2023 the Fourth Defendant had obtained a remortgage against 130 Castle Road.

20 On 15 January 2026, Deputy Master Dover made three orders:

Two final charging orders over properties owned by the First Defendant (not the Properties) to secure the £150,000 payment on account ordered by paragraph 8 of the Order; and

An order varying the scope of the Account under the terms of which the Order was varied to include paragraph 9A after paragraph 9:

"9A The Account shall further extend to any monies received by the Defendants in connection with charge upon 130 Castle Road…granted in favour of Fleet Mortgages Ltd dated 15 June 2[0]23 (registered 12 July 2023), referred to in this order as "the Castle Road Charge"."

to include paragraphs 10A and 10B after paragraph 10:-

"10A The Defendants must, by 4pm on 5 February 2026 make out and verify their account in respect of the Castle Road Charge by filing and serving a witness statement, exhibiting all relevant documents, addressing the issue of whether the Defendants received any monies in connection with the granting of the Castle Road Charge, by way of equity release, remortgage or otherwise.

10B Should the Defendants fail to comply with paragraph 10A above then they shall be debarred from adducing any evidence or asserting any positive case at the hearing of the account in relation to any sums of money received from the Castle Road Charge."

and to include paragraph 14.1A after paragraph 14.1:

"14.1A What sums if any the Claimant is entitled to in respect of sums obtained by the Defendants in connection with the Castle Road Charge."

21 On 6 February 2026 the hearing of the Account was listed by the court for hearing on 1 and 2 July 2026.

22 By an application notice dated 6 February 2026 Ms Ross on behalf of the Old LLP applied for a non-party disclosure order against Fleet Mortgages Limited ("the Non-Party").

23 On 25 February 2026, the Claimant issued an application against the First Defendant contending that he was in contempt of court for applying improper litigation pressure on the Claimant ("the Contempt Application"). I refer to the Contempt Application only as part of the procedural background to the Account.

24 On 27 May 2026 Master Clark ordered the Non-Party to provide disclosure by email relating to the Remortgage.

25 By email dated 8 June 2026 the Non-Party stated that the sum secured prior to the grant of the Remortgage was £83,000 and that the amount provided to the Defendants secured by the Remortgage was £157,373.06. The mortgage application dated 23 February 2022 was signed by the First Defendant. The bank details provided were for an account in the name of A Phillips and Wells. Wells is the maiden name of the First Defendant's wife.

26 At the hearing before me on 1 July 2026 the Claimant was represented by Mr Barnaby Hope of Counsel. The First Defendant appeared before me in person and sought permission to represent both himself and the Second Defendant. He said that he no longer represented the Fourth Defendant as it had been struck off.

27 I had before me two bundles prepared by the Claimant's solicitors: a Pleadings Bundle numbered 1 to 209 and a Documents Bundle numbered 1 to 641.

28 I also had before me Mr Barnaby Hope's skeleton argument on behalf of the Claimant dated 22 June 2026.

29 The First Defendant filed a skeleton argument dated 30 June 2026 entitled Respondent's Skeleton argument in response to the Claimant's skeleton argument dated 22 June 2026 on the day before the hearing of the Account. That skeleton

argument ought to have been filed 3 days before the hearing of the Account under paragraph 16 of the Order. No point was taken on the late filing of the First Defendant's skeleton argument.

30 The First Defendant sought an adjournment or stay of the account, alternatively directions "requiring a proper evidential account, disclosure and clarification of the scope of the debarring order, and, in any event, refusal of the most intrusive relief sought by the Claimant at this hearing".

31 For the reasons I gave orally on 1 July I refused the First Defendant's informal application to adjourn or stay the hearing of the Account. The hearing of the Account had been listed by the court on 6 February 2026 for hearing on 1 and 2 July 2026. I took into account that the First Defendant was required to file evidence in answer to the Contempt Application by 4 August 2026. I did not however consider that this was of itself a reason to adjourn the hearing of the Account in circumstances where the Defendants had been required by paragraph 10 of the Order to make out and verify their account by 4pm on 2 December 2025 and to respond to the Claimant's evidence by 4pm on 20 January 2026.

32 I turn first to the account as originally ordered by HHJ Johns KC.

33 Paragraph 9 of the Order directed that there should be an account ("the Account") relating to the income and expenditure of the Properties from 31 October 2015 to date ("the Relevant Period").

34 The purpose of the Account is stated in paragraph 14.1 of the Order for the Court to consider what sums, if any, the Claimant is entitled to in respect of net income from the Properties for the Relevant Period.

35 As stated by Mr Barnaby Hope in paragraph 26 of his skeleton argument, the Order does not specify whether this is a common account or an account on the basis of wilful default. The former would be an account of the rental income that was actually received by the Defendants from the Properties. The latter would be an account of the rental income that the Defendants should be treated as having received. Essentially, the difference is between the "is" and the "ought": see *Hubbard v Hubbard* [2025] EWHC 855 (Ch) at para. 39.8.

36 This gives rise to an issue of construction as to the meaning of the Order and of paragraphs 11 and 12 in particular. This requires the Order to be construed objectively.

37 In paragraph 26 of his skeleton argument Mr Hope submitted that on the basis of the Liability Judgment, this was a paradigm case of wilful default by a trustee, Mr Phillips, in dishonestly misappropriating assets of the beneficiary, the Old LLP.

38 The conclusion reached by the Judge in the Liability Judgment was in summary that the Declaration of Trust was invalid because it represented a change in the nature of the Old LLP's business.

39 There is included within the Pleadings Bundle before me a transcript of the proceedings before HHJ Johns KC on 7 October 2025. At letter F on page 184 the Judge said:-

"Mr Hope made clear, by his skeleton argument, that the remaining question in the litigation was as to what rents from the properties should be paid to the old LLP. He accepted at the hearing, given that, that the right order was one for an account. I will make an order for the active defendants to account to Ms Ross for the rent from the properties, less expenses, in the period from 31 October 2015, being the date of the invalid declaration of trust."

40 From this it does not appear as if the Judge was being asked as a direct result of his findings on the Liability Issues to direct an account on the footing of wilful default. On the contrary, it appears to have been accepted that provided the Defendants provided disclosure as to the actual rents received by them that the account would be in common form.

41 Had it been intended that the account should be on the basis of wilful default, I would have expected it to have been expressly recorded in the Order that the account was to be on the basis of wilful default.

42 The natural reading of paragraph 9 is that the Account is an account in common form of the actual income and expenditure. Paragraph 10 of the Order which directs the Defendants to make out and verify their account is consistent with that construction.

43 Paragraph 11 is expressed to apply "In the event of dispute, or non-compliance by the Defendants with paragraph 10 above,". In either event it requires the Claimant to give written notice of any objections to the Defendants' account. In the second sentence it states that "For this purpose the Claimant has permission to rely upon letters from estate agents giving opinions as to the likely rental income of the Properties for the Relevant Period".

44 Paragraph 12 provides for the Defendants' response to the Claimant's objections. In the second sentence it gives the Defendants' permission to rely upon letters from estate agents giving opinions as to the likely rental income of the Properties for the Relevant Period".

45 The drafting of paragraph 11 is not without difficulty in that it elides two different events. It is however clear that paragraph 11 contemplated non-compliance by the Defendants with paragraph 10 of the Order. In that event the Claimant was given permission to rely on evidence as to the likely rental income from an estate agent.

46 The purpose of that permission was in my view to fill an evidential gap that would otherwise have existed. I do not consider that the effect of paragraph 11 by itself was to convert the basis of the account into an account on the basis of wilful default. A party seeking an account on the basis of wilful default is normally required to plead to that effect or, at the very least, to make an express application during or after a trial for an account to be directed on that basis.

47 The Defendants did not comply with paragraph 10 of the Order to make out and verify their account by filing and serving a witness statement, exhibiting all relevant supporting documents, relating to the income and expenditure of the Properties for the Relevant Period.

48 Paragraph 13 of the Order provides that any evidence that is not filed in accordance with the Order should not be permitted without the permission of the court. Paragraph 13 further required that an on-notice application for relief from sanctions must be made.

49 The Defendants are in breach of paragraph 10 of the Order. The sanction is that imposed by paragraph 13.

50 No formal application seeking relief from sanctions has been issued. In his skeleton argument the First Defendant says that if the Court considers that further evidence is required from him, he seeks relief from sanctions or a short adjournment in effect to comply with paragraph 10 of the Order.

51 It appears from the reference to "further evidence" that the First Defendant is treating the Haart Statements and the Bank Statements as evidence already before the Court.

52 The Court has a discretion to grant relief from sanctions where no formal application notice has been issued and where an application is made informally at a hearing. The Court must however take into account that the other party, in this case the Claimant, has not had the opportunity to adduce evidence in response.

53 The Defendants failure to make and verify their account is plainly serious and significant. As the accounting party, the Defendants were obliged to make out and verify their account.

54 No reason has been provided by the Defendants for their failure to comply with paragraph 10.

55 The transcript of the proceedings before HHJ Johns KC on 7 October 2025 contains the following exchanges:-

"Judge Johns: Right, Mr Phillips, what do you say about those periods for the account? The main one was your first step of supplying the documents on the account, verified by a witness statement. Mr Hope is saying to give you six weeks to do that.

Defendant: Like I said, you already have it in disclosure. …So the documents are there; Spicer Hart's rental agreements, the other side have got. So if they

Judge Johns: Yeah

Defendant ..look through their paperwork they will find out, no problem at all.

Judge Johns: All right.

Defendant: If they have a look first at what they are missing, and they come back to me with a list of documents that are missing, that would probably be easier because I could go back to Spicer Hart and try and get the infills if we have not got them.

Judge Johns: Yeah. Well given the account involves you setting out in writing what you say has been received, less the expenses, and then including any supporting documents, OK? And given you say that they have got most of that already, is the six weeks going to be all right for that then?
Defendant: I have got another case come up, it is basically another contempt from Ms Ross with the CSA….So I might need a few more weeks because I am trying to deal with those at the moment..
Judge: All right. Well, I will say two months. One month for their response, two weeks then, for any reply by you. And list before a master for two days, three weeks after that final response."

56 These exchanges concern the time period to be allowed to the Defendants for the making out and verifying their account. The Judge refers to the account involving the Defendants "setting out in writing what they say has been received, less the expenses, and then including any supporting documents, OK?" The Judge refers to the Defendants saying they have got most of that anyway in the context of the proposed six week time period. The First Defendant asked for more time than six weeks in view of another court case and was given two months by the Judge.

57 In those circumstances I do not consider the fact that the First Defendant had already disclosed the Haart Statements and the Bank Statements may be relied upon by him as a good reason for his failing to provide an account in accordance with paragraph 10 of the Order.

58 I must however consider and evaluate all the circumstances of the case. This includes the need (a) for litigation to be conducted efficiently and at proportionate costs and (b) to enforce compliance with rules, practice directions and orders. It also requires the Court to deal with cases justly and at proportionate cost and for any sanctions imposed to be proportionate.

59 The effect of the sanction is to prevent the Haart Statements and the Bank Statements from being included in the evidence before the Court on the taking of the Account.

60 Those documents were disclosed during the liability phase of the trial. They are exhibited to the 2nd witness statement of Ms Ross and have been subject to detailed analysis in the form of the Claimant's Rent Schedule.

61 It would in my view be highly artificial for the account to be taken without any reference to those documents. I do not consider that it would be right to take the account on the basis of Mr Regan-Kennard's report dated 31 December 2025 alone.

62 I consider that relief from sanctions should be granted solely in order to enable the Court to have regard to the Haart Statements and the Bank Statements. I shall proceed on the basis that these documents are before me but that they are not the equivalent of a properly verified account.

63 In reviewing the evidence I begin with Mr Regan-Kennard's report. Under the heading "Documents" Mr Regan-Kennard states that he has been provided with a copy of the Order but that he has not seen a copy of the pleadings or the judgment in the case. He says he does not consider such documents have any bearing on the exercise that he has been asked to carry out.

64 Mr Regan-Kennard under the heading Qualifications states that he has been an estate agent for around 25 years in the Kent area, specifically in Medway and Swale.

65 In compiling his report, Mr Regan-Kennard says he has had use of Rightmove's 'Best Price Guide' which has allowed him to ascertain the historic rental figures for both the properties in question and also similar properties in the same area.

66 Mr Regan-Kennard says that from his initial research, he was able to discover that the Properties have all been advertised available to rent confirming that each was a 2 bedroom mid-terraced property. 28 Grange Hill was advertised available to rent in November 2019 asking £800 PCM, 130 Castle Road was advertised to rent in October 2019 asking £700 PCM and 44 Albany Road was advertised to rent in February 2020 asking £800 PCM. Mr Regan-Kennard says that he has used these assumed achieved figures as a guide within the range asked and achieved each year to anticipate the likely rental achieved between 2015 and 2025.

67 In paragraph 18 of his report, Mr Regan-Kennard says that for the year 2019 in which both 28 Grange Hill and 130 Castle Road were advertised for rent at £800

PCM and £700 PCM respectively, the variance for the year of rents achieved for similar properties was £650 PCM - £850 PCM, suggesting that 28 Grange Hill was in fair to good size/condition and that 130 Castle Road was in fair to poor/size condition. He says that a similar assumption was made for 44 Albany Road in 2020 was used, as the property was advertised for rent for £800 PCM and the variance for the year was £700 PCM - £850 PCM.

68 In paragraph 20 of his report Mr Regan-Kennard says that in terms of working out anticipated costings, he has deducted one month a year from the anticipated income to allow for void periods and additional landlord costs, on top of the usual monthly agent management commission (assumed as an industry average of 10% + VAT (12% inclusive of VAT) of monthly rent achieved.

69 In paragraph 21 of his report Mr Regan-Kennard concludes that in his opinion the rental income profit after expenditure from 31 October 2015 to 31 December 2025 was £94,864.00 in the case of 28 Grange Hill, £82,280.00 in the case of 130 Castle Road and £94,864.00 in the case of 44 Albany Road, making a total of £272,008.00. A spreadsheet showing Mr Regan-Kennard's workings is at pages 533 and 534 of the hearing bundle (170-171 of MRK1).

70 The spreadsheet shows for each year between 2015 and 2025 a Low Rent and a High Rent. Within those ranges Mr Regan-Kennard estimates a rent per calendar month for the Properties. His estimates in 2019 align with the figures at which the properties were advertised for rent.

71 I turn next to the Claimant's analysis of the Haart Statements and the Bank Statements.

72 The Claimant's Rent Schedule shows in black the sums extracted from the Haart Statements and the Bank Statements which the Defendants have actually received. The sums shown are:-

130 Castle Road:

Actual income: £48,591.64

Expenditure: £ 5,604.56

Net income £ 42,987.08

28 Grange Hill:

Actual income: £18,774.28

Expenditure: £ 4,418.87

Net income: £14,355.41

44 Albany Road:

Actual income: £82,255.05 (shown under the table entitled Unexplained Payments)

Expenditure: £ 496.80

Net income: £81,758.25

Total net income from the Properties £139,100.74

73 This appears to show that significantly less rental income was received than would have been the case on the assumptions made by Mr Regan-Kennard.

74 The Haart Statements and the Bank Statements do not however evidence the totality of the rental income received. First, they do not cover the whole of the Relevant Period. The Haart Statements do not begin until 6 October 2019 and end in November 2024. The Bank Statements do not go beyond 28 March 2024. Secondly, in the absence of a verified account, the Court cannot be satisfied that even during the periods covered by the Bank Statements and the Haart Statements that all rental income received from the Properties is shown. The court in the absence of a verified account cannot rule out the possibility for example that rental income was paid into another account.

75 In those circumstances, the Claimant invites the Court to 'plug the gaps' by using the figures for rental income in the Rent Schedule for each Property closest to the missing month. These projected income figures are indicated by the red text in the Rent Schedule.

76 The reason for these gaps in the periods covered by the documents may of course be that the tenants defaulted. In the case of 28 Grange Hill rent arrears of £14,475.88 are shown on the Haart Statements in July 2024. They then disappear. In the absence of a verified account the Court has no way of knowing whether any arrears were recovered or whether during the period covered by the documents other sums were recovered or received.

77 Looking at the available evidence before the Court as a whole, I consider that the approach adopted by the Claimant in 'plugging the gaps' by using the figures for rental income in the Rent Schedule for each Property closest to the missing month is the best that can be adopted given the lack of a verified account.

78 In the periods covered by the documents this may work to the disadvantage of the Defendants if in fact there were unrecovered arrears or lengthy voids. In the case of periods after those covered by the documents that may work in favour of the Defendants in that significant rent increases may well have been achieved. It is apparent from the documents before me that by November 2025 130 Castle Road had been let to a new tenant.

79 In the case of 28 Grange Hill I consider that the figure in red between October 2015 and February 2020 should be reduced to £625 from £725. This is in line with the March 2020 payment. This reduces the projected income by £5300. I consider it reasonable to insert £725 for later gaps.

80 Adopting that approach:-

The income attributable to 130 Castle Road during the Relevant Period is £77,341.64 less identified expenses of £5604.56. The income attributable to 44 Albany Road is £99,055.05 less identified expenses of £496.80. The adjusted income attributable to 28 Grange Hill is £85,973.28 (£91,273.28 - £5,300) less identified expenses of £4418.87.

81 On these figures the total net income from the Properties during the Relevant Period up to and including July 2026 was £251,849.74. This amounts to £1937.30 per month over the 130 month period.

82 As a crosscheck, the portfolio details forming part of the information provided by the First Defendant as applicant to Fleet Mortgages Limited on 23 February 2022 stated that the portfolio included a total of 5 properties producing a total monthly portfolio rental income of £3,200. This equates to £1920 for 3 out of 5 properties.

83 I will adopt Mr Hope's proposal that in order to avoid a complicated interest calculation interest is to be paid at 4% per annum on the full balance found due to the Old LLP on the taking of the Account from midway through the Relevant

Period. I will take 1 January 2021 as the midway date from which interest is payable.

84 The Bank statements show monthly payments of £557.89 and £163.00 being paid monthly to Nat West and £135.42 to Kent Reliance. On behalf of the Claimant it was submitted that these should not be considered as legitimate expenses as the Court cannot be satisfied that they relate to the Properties.

85 In principle I am of the view that mortgage interest payments that relate to one or more of the Properties ought to be treated as deductible expenditure within the Account. My understanding is that the Properties were acquired with buy to let mortgage finance.

86 The case was opened to me on the basis that it could be seen from the office copy entries (that are not before me) that 28 Grange Hill is charged to Nat West. In reply, it was submitted that I cannot however be certain that the monthly payments of £557.89 relate to 28 Grange Hill. It was suggested they could instead relate to 2 Rose Cottage which is also charged to Nat West. 2 Rose Cottage was where Ms Ross and Mr Phillips lived before their relationship broke down.

87 I was informed by the First Defendant that the monthly payments of £163 in favour of Nat West relate to 44 Albany Road. There is however no documentary confirmation of that.

88 It is clear from the evidence before me that the monthly payments of £135.42 shown as made to Kent Reliance relate to 130 Castle Road. Kent Reliance is the trading name of OneSavings Bank Plc. These monthly payments were offset from January 2018 by an equivalent sum being credited to the First Defendant's account from OneSavings Bank Plc. They presumably ceased following the remortgage in June 2023.

89 The issue of whether the monthly payments of £557.89 relate to 28 Grange Hill and £163 to 44 Albany Road has a material impact on the Account. The issue ought to be capable of swift and easy clarification. I will direct that by 4pm on Friday 4 September 2026 the First Defendant is to make, file and serve evidence in the form of a witness statement verified by a statement of truth, exhibiting all relevant supporting documents relied on by the Defendants as showing if it be the case (i)

that the monthly payments to Nat West of £557.89 relate to 28 Grange Hill and (ii) the payments of £163 per month to Nat West relate to 44 Albany Road. In default, the Defendants will not be entitled to any mortgage deductions in respect of 28 Grange Hill or 44 Albany Road.

90 I will give the Claimant permission to file evidence in reply within 14 days thereafter if so advised.

91 The Account is then to be restored before me. I will then determine the amount of mortgage interest deductions. I will also determine what further orders should be made as sought in the Claimant's draft order.

92 I turn now to the Account as extended by the of Order of Deputy Master Dovar dated 15 January 2026 being the account relating to any monies received by the Defendants in connection with the Castle Road Charge as defined in that order.

93 By email to the Claimant's solicitors dated 8 June 2026 Fleet Mortgages disclosed that the Defendants remortgaged 130 Castle Road on 15 June 2023. The remortgage was for £157,373.06 as against previous borrowing of £83,000.

94 The documents disclosed show that the remortgage sums were directed by the First Defendant to be paid into a joint account in the names of the First Defendant and his wife.

95 The remortgage appears to have released an additional sum of £74,373.06.

96 At the hearing the First Defendant sought to satisfy me by reference to something on his mobile phone that only £54,949.50 had been received. This was an attempt by the First Defendant to introduce new evidence which had not previously been disclosed to the Claimant or the Court. I am not prepared to grant the Defendants relief from the sanction at paragraph 10B of the Order, as varied by the Order of Deputy Master Dovar dated 15 January 2026. The Defendants were directed by 4pm on 5 February 2026 to make out and verify their account in respect of the Castle Road Charge. They have not done so. Paragraph 10B stated that should the Defendants fail to comply with paragraph 10A then thy should be debarred *"from adducing any evidence or positive case at the hearing of the account in relation to any sums of money received from the Castle Road Charge"*.

97 In respect of the sums obtained by the Defendants in relation to the Castle Road Charge, the Defendants are to account to the Old LLP for the sum of £74,373.06 together with interest at the rate of 4% from 1 July 2023.

98 In conclusion:-

On the income side of the Account, as originally ordered, the Defendants are liable to account to the Old LLP for £251,849.74 up to and including July 2026 after deduction of expenses but before any deductions are made in respect of mortgage interest

In order to enable the Court to determine the amount if any to be deducted for mortgage interest payments the First Defendant is by 4pm on 4 September 2026 to make, file and serve evidence in the form of a witness statement verified by a statement of truth, exhibiting all relevant supporting documents relied on as showing if it be the case (i) that the monthly payments to Nat West of £557.89 shown on the Bank Statements relate to 28 Grange Hill and (ii) the payments of £163 per month to Nat West shown on the Bank Statements relate to 44 Albany Road. In default of compliance with this Order no mortgage deductions will be permitted in relation to 28 Grange Hill or 44 Albany Road

The Claimant has permission to file evidence in reply within 14 days thereafter if so advised.

99 The Account is then to be restored before me for an in person hearing with a time estimate of 2 hours with 1 hour pre-reading.

100 Interest is to be paid at 4% per annum on the full balance found due to the Old LLP on the taking of the Account as originally ordered from 1 January 2021.

101 In respect of the sums obtained by the Defendants in relation to the Castle Road Charge, the Defendants are to account to the Old LLP for the sum of £74,373.06 together with interest at the rate of 4% from 1 July 2023.

102 This Judgment will be handed down remotely without attendances required on Wednesday 26 August 2026 at 10.30am.

103 Any typographical corrections are to be sent to the Court by 4pm on Monday 24 August 2026.

104 I would be grateful if a minute of Order could be lodged by 4pm on Friday 28 August 2026.

105 I will deal with all consequential matters at the restored hearing of the Account. Any application for permission to appeal is to be made at the restored hearing. The time for filing an appellant's notice is extended until 14 days after the restored hearing.

106 I apologise to the parties for my delay in sending out this Judgment and in particular for it not being sent out on Friday 14 August. I was required on 14 August to attend to an urgent case.

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