

PRESS STATEMENT 20 February 2015

Court stops landlords making a profit on their tenants' electricity supply

Landlords are not entitled to profit from providing electricity to their tenants. This was confirmed in the South Gauteng High Court today, when it dismissed an application brought by a landlord to review and set aside the ruling of the Gauteng Rental Housing Tribunal in a complaint dealing with unfair electricity service charges.

In 2013 the Tribunal **handed down a ruling** in favour of the tenants of the Plettenberg Flats in Hillbrow. Young Min Shan, the landlord at Plettenberg, was paying City Power roughly R385 per month for a “service charge”, which City Power levied to supply electricity to the block of flats, in addition to the cost of electricity consumption. But Young Min Shan then passed on this service charge to each of its individual tenants – effectively multiplying it by the number of tenants in the building.

This meant that, while Young Min Shan was only paying R385 per month in service charges to City Power, it was charging its tenants more than R27 000 per month in its own “service charges”, which it levied over and above the cost of the electricity actually consumed by its tenants.

The Tribunal found that this violates Regulation 13(1)(d) and (f) of the **Gauteng Unfair Practices Regulations**, because it is a “profit” which the landlord is not entitled to make from electricity charges. The Tribunal interdicted the landlord from levying the charge in future, and ordered the landlord to repay to the tenants all the service charges levied against them since 2009.

The landlord then approached the High Court to review the ruling of the Tribunal in terms of the Promotion of Administrative Justice Act (PAJA). Judge Philip Coppin agreed with the Tribunal, finding that the Tribunal’s ruling was reasonable, just and fair. The Judge found that the Gauteng Unfair Practices Regulations, which govern the relationship between residential landlords and tenants, prohibit a landlord from making a profit from allowing electricity to be supplied to its tenants.

According to Tashwill Esterhuizen, attorney for the residents: *“This case is a warning to exploitative landlords. Over-charging tenants for services is illegal. Landlords cannot abuse their superior bargaining power to extract more than is fair in rent and services from their tenants. For years my clients were overcharged. This judgment is a welcome vindication for them. They have always maintained that their landlord could not recover more than the value of the electricity actually consumed by them. I hope that other tenants who are being unfairly charged for services by their landlords will also take their plight to the Rental Housing Tribunal which is an effective way to resolve landlord-tenants disputes.”*

- Download the High Court judgment (20 February 2015) [here](#).
- Read more on the Jele case [here](#).

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