

# How to End a Commercial Lease:

## *Understanding Section 25 of the Landlord and Tenant Act 1954*



The Landlord and Tenant Act 1954 provides essential protections for landlords and tenants concerning commercial leases in England. Section 25, which governs the process for ending a commercial lease, is among its key provisions. Understanding how to use Section 25 of the Act effectively is vital for landlords and tenants seeking to end a lease in compliance with the law.

### What is Section 25?

Section 25 of the Landlord and Tenant Act 1954 allows a landlord to initiate the process of ending a commercial lease by serving a notice on the tenant. This section of the Act gives the landlord the legal framework to either refuse to renew the lease or propose new terms for the lease if the tenant has the right to renew. Section 25 is used to notify the tenant of the landlord's intention to terminate the lease at the end of the lease term or to offer a new lease with revised terms.

### Step 1: Is the lease protected?

Not all commercial leases are subject to the protections of the Landlord and Tenant Act 1954. Leases that are "contracted out" (i.e., expressly excluded from the Act's protection by the landlord and tenant) will not benefit from the right to renewal, and Section 25 will not apply. If a lease is protected by the Act, tenants generally have the right to request a new lease at the end of the term unless the landlord can provide valid grounds to refuse the renewal. If you are a landlord, before issuing a Section 25 notice, ensure the lease is protected, and the tenant has a right to renewal.

### Step 2: Serving the Section 25 notice

To end the lease using Section 25, the landlord must serve a formal Section 25 notice on the tenant. The notice must be issued no more than 12 months before the lease expires and no less than 6 months before the lease term ends. This means the notice must be given within a specific window, which is crucial for its validity. The notice must include the landlord's intention, whether the landlord is seeking to terminate the lease or propose a new lease, and either the grounds for refusal of renewal as defined by the Act or the proposed terms of the proposed lease, including rent and any changes to the terms of the existing lease.

### Step 3: The tenant also has options

Once the Section 25 notice is served, the tenant has several options. They can either accept the notice and vacate the premises at the end of the notice period, negotiate a new lease (if the notice is not offering one), or dispute it. If the tenant disagrees with the terms of the landlord's refusal to renew, they can challenge the notice and request that the court intervene.

### Step 4: Disputes and court proceedings (should they be necessary)

If an agreement cannot be reached, either party can apply to the court for a decision. The court will assess the validity of the landlord's grounds and, if appropriate, determine the terms of any new lease. Importantly, tenants must start court proceedings before the expiry of the notice, or they risk losing their statutory rights.

### Why legal advice is so important

The Section 25 process can be legally and procedurally demanding. Any misstep—such as incorrect timing, wording, or grounds—can significantly affect the outcome. Both landlords and tenants should seek legal guidance early to ensure their rights are protected and their actions comply with the law.

At Astle Paterson, our expert commercial property solicitors can guide you through the Section 25 process with clarity and confidence. Whether you're a landlord planning to take back possession or a tenant safeguarding your rights, we're here to help.

**Get in touch today to arrange a consultation.**

*For more information on Dispute Resolution and Litigation, please contact Jodie Holmes at [jholmes@astlepaterson.co.uk](mailto:jholmes@astlepaterson.co.uk) or Liam O'Shea at [loshea@astlepaterson.co.uk](mailto:loshea@astlepaterson.co.uk) or call our office at 01283 531366.*

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