



THE SUNDAY TIMES

HOME

How to buy your house before the stamp duty deadline

Tips for speeding up the sale of your property

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Hundreds of thousands of buyers stand to miss out on the stamp duty saving as overwhelmed conveyancing, lending and search services grind to a halt. It has been estimated that more than 300,000 sales agreed between September 2020 and January 2021 could miss the March 31 deadline, costing them up to £15,000 each.

The threshold for paying stamp duty has been raised from £125,000 to £500,000 in England and Northern Ireland with similar cuts in Scotland and Wales. The tax cut has led to a 53 per cent surge in sales agreed this summer, while exchanges have fallen by 40 per cent compared with last year

(see table)

as services failed to cope with the surge in demand.

There is now growing pressure on the chancellor, Rishi Sunak, to extend the deadline or introduce a transition period.

Last week the Home Buying and Selling Group, a collaboration of 15 professional property organisations including mortgage lenders, surveyors, solicitors and estate agents, wrote to Sunak calling for him to announce a six-month extension to the transaction tax cut before Christmas.

[Property portal Zoopla](#)

has calculated that there are 418,000 home sales in the pipeline. Ordinarily 97 per cent of sales agreed in October and 92 per cent of those agreed in November would complete by the end of March. However, with 140,000 more sales agreed than usual, services are buckling under the strain and it is taking more than five months for many home movers to progress from offer accepted to completion.

Property data analysts TwentyCi estimate that as many as half of sales agreed on October 22 would not meet the March 31 deadline, with

[more and more buyers disappointed](#)

as we head towards the new year.

So what can you do to make sure you get your sale over the line in time?

1

Be prepared

Both buyers and sellers need to make sure they have all their paperwork sorted. Some estate agents, such as Ryder & Dutton in Lancashire, are asking sellers to organise searches (to sell to the purchaser) and have all paperwork ready, then advertising properties as “contract ready”.

Buyers should have mortgage offers and solicitors lined up too to save time. Digital log books, like those used in auction sales, are in their infancy, but these are a good place to have everything stored and ready.

2 Employ professionals

With mortgage processing and valuations taking longer, it can help to have a mortgage broker on board who can advise on those lenders that are processing applications quickest, and use their relationships with lenders to chase on your behalf. Some conveyancing solicitors have closed to new business while they deal with the backlog, so make sure you recruit one with capacity. Paula Higgins, chief executive of the HomeOwners Alliance, says: “Appoint a conveyancing solicitor before you put in an offer so they can start ID and anti-money laundering checks, and be sure to choose one that operates digitally rather than posts paper everywhere.”

3 Consider bridging finance

Ashley Thomas, director at Magni Finance, a broker, says: “As we get nearer the deadline, we might see more people applying for bridging loans, which can be processed in a matter of days.” However, he warns: “They do charge a premium — so are best used for only a short time while waiting for a house sale or a mortgage to come through.”

4 Opt for an auction

You can sell a house by auction in as little as six to eight weeks and buy one in four to seven weeks. If selling, you need to get all your paperwork done, including searches, and put it in a legal pack online (a type of digital log book) on the auction site. Houses are marketed for three weeks before the auction and, if bought, contracts are exchanged on the day. Completion usually takes about four weeks longer. Buyers have the three weeks of marketing to view, survey and line up finance.

“We sell about 75-80 per cent on the day with a further 10 per cent selling afterwards. The reserve price is usually 10-15 per cent less than the market price, but often places go for more or less the price they would on the open market. The sweet spot at the moment is two to three-bedroom houses with outside space and off-street parking for less than £500,000,” explains Richard Adamson, an auctioneer at Allsop.

5

Stamp duty clauses

“It would be wise for buyers with contracts that have a completion date near March 31 to add a clause in their contract to provide that where completion goes beyond the deadline due to the fault of the seller [death, illness, lost paperwork etc], that the buyer can either withdraw from the transaction or that the purchase price is reduced accordingly. This will however require the agreement of the seller. In previous years where stamp duty changed there were circumstances where sellers and buyers agreed to pay equally the increase in stamp duty,” says Lucy Barber, head of the residential property department at Forsters, a law firm.

6 Insure against problems

Home buyer protection insurance (about £50) will cover you for the cost of your legal, survey and mortgage lending fees should your purchase fall through, although not if you simply change your mind about buying. There are several providers, including the HomeOwners Alliance. You can also buy “no search indemnity insurance” to cover you if one or more searches do not come through before you need to exchange (from £45). Check that your lender will give you the loan without searches first though.

And if you realise you are not going to complete in time to get your stamp duty saving and you cannot afford to continue, you can pull out at any time before exchange, although you will lose money on any fees paid. If you pull out after you have exchanged you will have broken the legal contract and will lose your 10 per cent deposit.

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MORE SALES AGREED, BUT FEWER EXCHANGES

	July-Sept 2019	July-Sept 2020	% Change
New instructions	433,106	589,384	36
Sales agreed	309,484	474,849	53
Fallen through	77,402	88,345	14
Price changed	246,725	265,576	8
Exchanged	256,007	154,772	- 40
Withdrawn	207,808	195,102	- 6

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