

Buying a property at auction?

The use of auctions to sell properties is becoming more and more popular. Historically, only 'problem' properties were sold at auction, however now auctions are also used to sell popular properties as well as tenanted and renovation properties.

Many clients do not want to incur fees and search costs prior to successfully winning a property at auction. However, if you win the property and have not checked the title and search results, or undertaken a survey, you do not really know what you are buying. This is a very risky route to take when spending potentially hundreds of thousands of pounds on a property. We would always advise clients that it is better to spend a few hundred pounds before bidding on a property at auction than end up losing your deposit, or having to buy a property which is defective or unmortgageable

Attending an auction can be a daunting experience. Here are some tips to remember:-

Before the auction

Obtain the auction pack as soon as possible

There will be 'Auction Pack' available for all properties being sold at auction. Some packs will be more comprehensive than others, however always obtain a copy of this pack. These are usually available online, or you can request that a paper edition be sent to you. Also, check the pack regularly as often additional documents are made available closer to the auction.

Once you have obtained the pack you should instruct your solicitor to review this pack on your behalf and advise you of any negative information revealed within it.

If the pack does not include any searches, we would advise you that instruct your solicitor to undertake these for you. If you are purchasing with a mortgage, then searches will be obligatory.

Visit the property

Check the property, carefully! If it is being sold as vacant, check it is vacant for example. This includes checking the garage and shed!

Have a survey carried out

We strongly recommend that you have the survey carried out prior to the auction. Many buyers do not do this as in the event that they do not win the auction they have spent money on a survey they now do not need. Given that once you have won the auction you are legally bound to purchase the property, it is essential that you have a survey in hand before bidding to ensure you are fully informed as to any potential structural defects with the property.

Additional costs

Read the contract! This will be available prior to the auction and will set out any additional costs which you, as the buyer, are liable to pay to the seller, their solicitors or the auctioneer.

At the Auction

The hammer (gavel) goes down

With the fall of the auctioneers hammer you have agreed to purchase the property. This means you have entered into a legally binding contract to purchase the property from the seller for the accepted purchase price on the agreed completion date.

Deposit

10% of the purchase price will be payable by way of deposit once you have won the auction. You will need to have this ready to pay at the auction. If you fail to complete your purchase on the completion date set out in the auction contract (usually 21 or 27 days after the auction) your 10% deposit will be forfeited to the seller. You can also be liable for any additional expenses incurred by the seller.

How can we help?

We will check the auction pack for you, review any survey and also request searches if these are not within the auction pack.

We charge a fixed fee for reviewing this prior to auction and the cost of this will be deducted from our fees in the event that you win the property at auction and instruct us in your purchase.

Sheri-Anne Mizon is a Partner at Attwaters Jameson Hill Solicitors specialising in all residential property matters including first time buyers buy to let investment buyers and shared ownership purchases. She and her team will ensure your transaction is dealt with professional, efficiently and as quickly as possible and help support you and your family at every stage.

If you have any other questions or would to discuss your purchase with Sheri-Anne please feel free to telephone or email.

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