

# 29 Common mistakes

people make when  
moving home

(And how to avoid them)

**BONALLACK & BISHOP**

**SOLICITORS**

[www.bishopslaw.com](http://www.bishopslaw.com)

For most people buying or the selling a home can be one of the most stressful times of their life. Our residential property team understands this. We also understand the importance of communicating with everyone involved in the process, the importance of acting quickly so that there are no delays and, most importantly, in providing a value for money service.

Usually, a house sale or purchase involves a chain of transactions which extends beyond your immediate control. Timing, negotiation (and often a sense of humour!) all play a vital part in achieving a successful outcome for you.

**Bonallack & Bishop** has assembled a team of property specialists to help you. We offer a high quality service which is responsive and competitively priced. The team have many years experience and knowledge which helps to ensure transactions proceed as smoothly and quickly as possible.

Please contact your nearest office (Salisbury, Amesbury or Andover) for further information about our services and our costs without obligation. Our **contact details are on the back page of this booklet**. Visit our website [www.bishopslaw.com](http://www.bishopslaw.com) for more hints and tips!

## PRELIMINARY MATTERS

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### **1 Not instructing a solicitor early enough**

When selling a property, most people often only decide to instruct a solicitor once they have found a buyer and agreed a price. However, instructing a solicitor from the very beginning before a price is agreed means that the solicitor is able to obtain full instructions on the proposed transaction. This will ensure that all the contract papers are ready to be forwarded to the buyer's solicitors as soon as a buyer is found. This will help to avoid any delays.

### **2 Not taking time to choose the right solicitor**

A sensible way of choosing a solicitor is by personal recommendation. For example a friend, family member or work colleague may be able to recommend a particular firm they have recently used. Alternatively, we would recommend appointing a local solicitor. Whilst it is possible to appoint a solicitor in any part of the country, the local solicitor will have valuable local knowledge and will be readily accessible for face to face meetings.

### **3 Not checking the chain of transactions at the outset**

It is important that you check that the chain of transactions is complete below and above you and that everyone is in a position to proceed. Normally your Estate Agent should verify these details for you.

### **4 Not taking time to understand the legal terminology. For example, 'exchange' and 'completion'**

Exchange and completion are the key dates in any transaction. Exchange is the date when contracts for either the sale or purchase are exchanged between the respective parties. At this point a binding contract comes into existence meaning neither party may withdraw without incurring liability for the breach. On exchange both parties will agree a completion date which is normally 2 weeks after exchange. This is the date when you will move house.

### **5 Not knowing when and if you can withdraw**

Always remember that you can withdraw from a transaction at any time before contracts are exchanged and that there is normally NO obligation to pay any fees of the other side whatsoever.

## **6 Not checking the likely timescale of the transaction at the outset**

It is important that you check with your solicitor the likely timescale of the transaction. On average it can take a minimum of 6 weeks from instructing a solicitor to moving in. This period can be reduced or lengthened depending on the chain and problems encountered with the legal process. It is important that you keep in contact with your solicitor to obtain updates. Furthermore, you should not organise a removal van until you have been advised of a definite date for completion by your solicitor.

## **THE SALE**

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### **7 “I do not have to tell them that”**

If you are asked any questions by the buyer (or their solicitor) about your property, then you must answer these honestly. For example, you will be asked to fill in a Sellers Property Information Form which asks for details such as which boundaries you maintain on the property, whether you have had any disputes with your neighbours etc. Failure to answer these enquiries may jeopardise the sale later on and equally you could be liable to the buyer for withholding or providing false information.

### **8 “Capital Gains Tax never applies to me”**

You do not normally have to pay Capital Gains Tax on the sale of your home as there is a specific exemption which covers private residence. However, if you are selling a property in which you do not live, such as a second home, then you may have to pay Capital Gains Tax.

### **9 “I do not want to move out until after completion”**

The contract states that you must vacate your property on the day of completion. This means that you must have moved out, normally by 2.00 pm on the day of completion. However, it is not uncommon to agree an earlier time such as 12 noon. As well as physically vacating the property you need to remove all furniture etc and the property should be left clean and tidy.

### **10 “I have moved out of my property and it is still fully insured”**

When a property is empty it is often wrongly assumed that as long as the building insurance policy is maintained then it will cover all the usual circumstances. However, it is quite normal with a lot of insurance companies that certain risks will be excluded after the property has been left empty for more than 30 days. For example, risks such as burst pipes and vandalism are commonly excluded. Therefore, it is important that you ensure that such risks are covered on your policy in the event of the property being left empty.

## **THE PURCHASE**

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### **11 Not viewing the property on more than one occasion**

Before making an offer on a property, it is always important to consider whether or not the property is right for you.

### **12 Making an offer on another property when I have not received an offer on mine**

There is nothing to stop you making an offer, however you will be treated far more seriously if you have a buyer for your property who is able to proceed with the purchase of your property immediately.

**13 “Everything I see in the house will still be there when I move in”**

When making an offer you should consider whether there are any fixtures and fittings that you would like to stay at the property. As part of the negotiation process you may wish to make an offer based on certain items (eg carpets and curtains) being included in the price.

**14 “I do not need a survey”**

The purchase of a property is probably the largest financial transaction of your life and it is important that proper professional advice is obtained from a surveyor regarding the condition of the property. A lot of people make two common mistakes regarding surveys. Firstly, if they do not need a mortgage they assume that a survey is not needed. Secondly, if a mortgage is needed they opt for the cheapest option, which is the basic valuation survey. The basic valuation survey is purely for the lender’s needs and does not normally contain any details whatsoever about the condition of the property. Therefore, it is important that you at least have the Homebuyers Report. This is a survey commissioned directly by you with the surveyor which means there is a contractual relationship and the surveyor is under an obligation to provide advice regarding the condition of the property. The advice given is backed by professional indemnity insurance which means that you are covered in case any problems are overlooked.

**15 Failing to resolve the structural defects before I move into the property**

It is not uncommon for a Homebuyers Report or structural survey to reveal defects, particularly with older properties. When this happens you should speak with the surveyor regarding these and ask them to obtain quotations to remedy the defects. If in your opinion the cost of the work is substantial you may wish to consider re-negotiating the purchase price with the seller. If you require a survey, please contact **Bonallack & Bishop** and we will recommend a qualified Chartered Surveyor.

**16 “I have to offer the asking price on a property”**

You do not have to offer the asking price when buying a property. It is quite common to initially make an offer below the asking price with a view to negotiating a lower price than the sellers are requesting.

**17 “The purchase price cannot be changed once my offer has been accepted”**

Up until contracts are exchanged further negotiations on the purchase price can always take place.

**18 “I can reduce the Stamp Duty by splitting the purchase price between the house itself and fixtures and fittings”**

It is normal when you make an offer for a property that the purchase price reflects the price of the house together with any fixtures and fittings. You can agree a reasonable additional figure for fittings such as carpets and curtains which is not chargeable to Stamp Duty Land Tax. However, such a figure must reflect a reasonable valuation of these items otherwise the Inland Revenue will challenge the transaction.

**19 “I can move into my new house when contracts have been exchanged”**

Normally you can only have access to the property on the completion date.

## **20 “I do not need to pay a deposit on exchange”**

Normally, if you are selling one property and buying another the deposit which is received from your sale can be used as the deposit on your new property. This means that you should not need to pay any additional money on exchange of contracts. Furthermore, while the contract may state that a 10% deposit needs to be paid it is common for a lesser deposit to be accepted.

## **21 “As soon as I have completed my purchase I can rent the property out”**

If you have a mortgage then you cannot normally rent a property without the permission of your lender. They will normally only consent to this provided that a proper tenancy agreement is entered into which adheres to their requirements.

## **22 Failing to notify the service providers e.g. gas, electricity etc**

Before moving into a property, it is important to find out who the service providers are. You should also ensure that all service meters are read on the date the seller moves out of the property. This will help to ensure that future bills are accurate and any disputes are avoided.

A common mistake is to assume that the council tax for the property will remain the same. It is possible that if there have been extensions to the property since the last valuation then your Council Tax could be re-valued following completion. This may result in a higher bill.

## **23 Not telling my solicitor that I plan to extend the property**

It is often assumed that only planning permission and building regulations approval is required for any proposed extensions. However, if any building work is within a certain distance of the boundary to your property then you will need to comply with the Party Walls Act and serve the appropriate notices on your neighbour. Furthermore you should check if there is a restrictive covenant against your property which may prevent such work being undertaken or may require you to obtain the consent of a former landowner such as the developer. If you are considering making alterations to the property, then you should inform your solicitor who will be able to advise you on the possible issues.

## **24 “We are buying in joint names. It does not matter if we’re “Joint Tenants” or “Tenants in Common”**

A joint tenancy is where the property is owned by all joint owners but with none of them having a separate and distinct share. If one owner dies the property automatically passes in whole to the survivor(s) despite the terms of the deceased’s will. Meanwhile, a tenancy in common is where each owner has a separate and distinct share eg 50/50 or 75/25. This form of ownership may be appropriate if you have contributed to the purchase price in unequal shares. If one dies his/her share is not automatically transferred to the survivor(s) but will pass according to the provisions of the deceased’s will or, if there is no will, under the Laws of Intestacy. Please contact **Bonallack & Bishop** for advice on the best option for your particular circumstances.

## **25 Failing to take independent financial advice about the finance of the purchase.**

It is advisable to take advice from an independent financial adviser (IFA). They will be able to advise you on the most suitable way to finance your purchase. They can also advise you on the most suitable and competitive mortgage to meet your needs. There are more than

30,000 mortgage products out there. A true Independent Financial Adviser will survey the whole of the market to find the mortgage or financial product which is right for you. **Bonallack & Bishop** can recommend an independent financial adviser who will provide this service.

**26 “I have to take out buildings and contents insurance with my lender”**

Your mortgage lender will often try to sell you various products with the mortgage such as buildings and contents insurance. It is important that you take proper independent advice on insurance and shop around for the most competitive deals.

**27 Failing to consider what would happen if I lost my job**

It is always worthwhile to consider what would happen if you lost your job. You should speak to an Independent Financial Adviser regarding the various products which are available to cover you in the event that you are out of work and are unable to pay your mortgage.

**28 Not considering what would happen if your partner/ spouse died**

You should consider taking out a life insurance policy which would pay off your mortgage if one of you dies. At least if the worst happens, then your home will be secure. Take advice from an Independent Financial Adviser on the best policy to suit your needs.

If you require any financial advice regarding the above matters, please contact **Bonallack & Bishop** and we will recommend an independent financial adviser.

**29 “I do not need to make a will or update the one I have”**

Due to property prices increasing in recent years many people are now caught by the inheritance tax trap. You should certainly have a will to control where your property will go in the event of your death, but if your will is properly drafted it can also be tax efficient. If you require any advice on this matter, please contact **Bonallack & Bishop** for a free initial consultation.

## OUR PROMISE

OUR PROMISE to you is that we will answer your calls, we will contact you by letter, email, text message or telephone, we will give you proactive advice at the right price.

# How to choose your solicitors

| The questions to ask   | NO | YES |
|--|----|-----|
| Do they give you a written quotation which you can understand? |    | ●   |
| Do they understand the local market?                           |    | ●   |
| Are they available for face-to-face meetings?                  |    | ●   |
| Do they have specialist practitioners?                         |    | ●   |
| Do you feel comfortable talking to them?                       |    | ●   |
| Do they charge sensible prices?                                |    | ●   |
| Do they keep in touch?   |    | ●   |
| Do they return your phone calls?                               |    | ●   |
| Do they keep their promises?                                   |    | ●   |

● We say **YES** to all these questions. So say **YES** to us.

| Contact your local office |   |
|---------------------------|---|
| Salisbury                 | Tel: 01722 422300 Email: <a href="mailto:salisbury@bishopslaw.com">salisbury@bishopslaw.com</a> |
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# 29 Common mistakes people make when moving home (And how to avoid them)

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