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A guide to buying property in England

This guide has been prepared to help you understand the various stages of a property purchase.

It covers acceptance of your offer, the funding process, completion and the post-completion process, most of which your solicitor will manage.

Stage 1 - Offer accepted and Initial Financing Arrangements

Congratulations! You have found a property to buy, and the seller has accepted your offer.

As a formal contact has not yet been signed, this offer is not yet 'legally binding' and either party could still withdraw. This, of course, does not mean that you should make an offer without thinking things through carefully and being sure that the property suits your requirements and that you can afford to buy it.

Also, if you are intending to borrow money to help fund the purchase (a mortgage), it is sensible to have a mortgage agreed "in principle". This adds to the credibility of your offer, as proof of funds may be requested and this can be encouraging for any seller, knowing that you should have the funds to complete the purchase.

Stage 2 – Commencing the Legal and Funding Process / Cost Undertakings

The Estate Agent will next usually provide a Memorandum of Sale which will detail the property, the agreed price, any other specific sale terms along with the parties' legal representatives. If they have not previously done so, the Estate Agent will ask you to also supply the usual anti-money laundering documentation paperwork.

The Estate Agent will then notify all parties of the Memorandum of Sale so that the solicitors can then begin the conveyancing process.

If a mortgage is being obtained, then the Bank will arrange their survey or valuation. All Bank facilities are generally subject to a satisfactory survey/valuation of the property. You should note that you cannot rely on the result of the Bank's mortgage survey as (a) it is not prepared for you, and (b) it is usually a limited survey solely for mortgage purposes. You may consequently choose to have your own survey carried out, as this may provide comfort and peace of mind directly to you that are no issues or concerns with the property.

Furthermore, at this stage it is standard process that your solicitor will ask you for a sum of money on account for the cost of the necessary property searches and due diligence which they will undertake, including for the costs of the Bank. Please note that without this being in place, the transaction does not progress.

Stage 3 – The Conveyancing Due Diligence

The conveyancing process should now be underway. Your solicitor will now begin to let you have the results of the searches and the various enquiries. Searches results may take several weeks so your solicitor will usually apply for these as early as possible to avoid any hold-up, so it is imperative that they have the any funds requested from you to carry this work out and give the Bank the necessary cost undertakings.

Assuming there are no concerns with the Bank's valuation, you should also receive a Facility Letter from the Bank. You are required to sign the Facility Letter to indicate acceptance of the terms. Your solicitor or any financial advisor should also receive a copy of this all and will guide you further on it.



If you are buying an apartment / flat or any other leasehold property then there are additional matters to be considered. These include:

a. The Lease - Your solicitor will review any lease and report to you on it. There will be obligations and regulations in the lease with which you must comply with and you should take care to ensure you understand these at the outset.
b. Landlord Consents - The lease may require your seller to obtain the landlord's permission to transfer the lease to you. These consents involve additional documents and costs also.
c. Service Charges / Ground Rent – As with most leases, there will usually be periodic service charges and ground rent payable to the landlord or management company and you should take these into account. The landlord or the management company will produce annual accounts and budgets for these so it is useful that you read through these carefully also.
d. Share of the Freehold / Management Company - The property might come with a 'share in the freehold' or the management company. These enable you to have some control on the wider management and the costs for the property. Understandably, there will be additional responsibilities if you subsequently become a director of such a company.

Stage 4 – The Contract

At this stage, all the searches and enquiries will have been completed by your solicitor and they will send you a report along with the contract for signature. If you are unclear or unsure about any of the matters in your solicitor's report, you should raise these promptly.

The contract will usually be drawn on standard terms and seek to cover almost every matter likely to arise on a sale or purchase of property. The contract is designed to operate fairly between the seller and buyer of property. It is worth noting the following:

1. Purchase Price Deposit – This is a standard requirement and is paid upon exchange of contracts. It is standard for this to be 10% and your solicitor will send this to the buyers' solicitor to hold as 'security' for the sale completing.
2. The Completion Date - A completion date is set in the contract. If this date is missed, (most usually due to there being insufficient funds to complete), this can be expensive as there are cost implications and expenses that can arise.
3. The State and Condition of the Property - The property is sold to you in its present state and condition and once contracts are exchanged you will not be able to raise any objections about any matters on the property. You should therefore make sure that you are entirely happy with the condition of the property before contracts are exchanged. This is another good reason to have a survey carried out.

Stage 5 – Exchange of Contracts

Once both your solicitor and the seller's solicitor are each holding the contract signed by each of you respectively and the deposit monies from you, they are able to then effect an 'exchange of contracts'. This effectively commits all parties to the sale and a date for completion will be set as part of this.

The parties solicitor will exchange signed contracts together with the 10% deposit to the seller's solicitor and the seller's solicitor will send to your solicitor the seller's signed copy. This is "exchange of contracts".



Congratulations – you have now exchanged contracts and this is a big milestone!

Please note the time period to reach exchange can be up to 6 weeks as this can be the time that the Local Authority takes to return the response to the Local Authority Search. This is the search that often takes the longest time – which is why it is prudent to ensure that this is carried out as soon as possible in the process.

Finally, your solicitor will also advise you on whether you need to insure the property from exchange of contracts or from completion. It is usually from exchange as the 'risk' of the property passes to you as the buyer at exchange.

Stage 6 – The property transfer documents and satisfying any Funder requirements

Following exchange of contracts, your solicitor will begin the preparation for completion. This includes:

1. Property Transfer Documents - Arranging for the property transfer documents to be signed. These are signed by the seller but there are instances where you as the buyer may also be required to sign.
2. Satisfying any Funder requirements - If you are using mortgage funds, your solicitor will need to ensure that all the funders' requirements and any conditions precedent in the Facility Letter are all satisfied. This will include you signing a mortgage over the property.
3. Mortgage Advance - Your solicitor will also arrange with your lender for the mortgage advance to be made available for completion. Please note that the mortgage advance is usually requested a day prior to completion to avoid any risk of a completion delay.
4. Stamp Duty Land Tax Form – Although this tax is payable following completion, this is commonly arranged prior to completion for immediate submission as there are tight timeframes for its payment after which penalties can be incurred. Please note that without payment of any relevant SDLT (or an appropriate exemption) you can not have the property registered in your name from the seller.
5. Completion Statement - The completion statement, sets out the balance of money required from you to achieve completion. If you are reliant on money from any third party you should tell your solicitor and funder as soon as possible (and in any event before exchange) as money laundering requirements will need to be satisfied along with any underwriting requirements a funder may have.

The statement will also include the balance of the purchase price (allowing for any mortgage advance), the Stamp Duty Land Tax, Land Registry fees and also the solicitor's own fees and any necessary funders fees. The total of those sums must be with your solicitor, as cleared funds, prior to completion.

Stage 7 – Completion

The day of completion has now arrived!

Provided all the paperwork and the necessary completion funds have all been received by your solicitor they will be able to effect completion for you. Broadly they will confirm to the sellers' solicitor that they are holding the necessary completion paperwork and then send the completion monies to the sellers' solicitor. Once the completion monies have been received, the parties can effect completion! Congratulations on your purchase!



Stage 8 – Post-Completion Matters

After completion, your solicitor will deal with payment of the Stamp Duty Land Tax and registration of the property in your name(s) at the Land Registry. They will also deal with service of any notices on the landlord (if the property is a leasehold). This post completion process can take several weeks and when the legal registration is finally completed your solicitor will send you a copy of the Land Registry title showing you as the owner along with the details of any funder.

Your solicitor will also deal with sending deeds and documents required by your lender or placing any into storage for safekeeping.

Closing Summary

The conveyancing process is not a straightforward one and it is key to any successful transaction to ensure a smooth start and that all parties engaged in the process (seller and any funder) and aware of any issues and are kept up to date on all matters promptly so that there are no hold ups.

Congratulations again on your purchase!

Contact us



Suzanne Middleton Lindsley

Partner - Druces' Head of Residential Property

T: +44 (0)20 7216 5555

E: esml@druces.com



Michael Gabbitas

BLME - Head of Private Banking

T: +44 (0)20 7618 0045

E: michael.gabbitas@blme.com



Faisal Nisar

BLME - Senior Counsel

T: +44 (0)20 7618 0017

E: faisal.nisar@blme.com



Bradley Norton

BLME - Private Banking Relationship Manager

T: +44 (0)20 7618 0036

E: bradley.norton@blme.com

This note does not constitute legal or financial advice but is intended as general guidance only. If you would like further information, please contact the team using the details above or email property@druces.com.

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