



# Buying your Property at Auction

Discover the power of auction, with faster completion timescales, reduced risk of fall-throughs and more transparency.

**JP&Brimelow**  
ESTATE AGENTS



## OUR METHODS OF AUCTION

There are a range of sales options available for buying and selling property, not just Private Treaty. Auction has become more popular for buyers who want additional speed, security and transparency in their property purchase.

	Time to complete	Fall through rate	Buyer type	Buyer commitment	Offer type
<b>Modern Method of Auction</b>	56 days	5%	Cash and Mortgage	Committed buyer	Transparent Bidding
<b>Traditional Auction</b>	28 days	1%	Cash	Committed buyer	Transparent Bidding
<b>Private Treaty</b>	125+ days	30%	Cash and Mortgage	No commitment	Offers and sealed bids

## MODERN METHOD OF AUCTION (CONDITIONAL AUCTION)

**Our most popular auction method provides speed, security, and transparency. The fixed 56-day timescale<sup>1</sup> means that you'll have enough time to arrange finance so you can still buy with a mortgage.<sup>2</sup>**

### **Faster sales process**

Complete in just 56 days from receipt of draft contracts.<sup>1</sup>

### **Additional security**

Both you and the seller are tied into the sale, meaning you can be confident that the move will go ahead as planned.

### **Transparent bidding**

Leave sealed bids behind, you'll know exactly what other parties are bidding.

### **When will I need to complete?**

With the Modern Method of Auction, you'll need to be prepared to complete the purchase within 56 days from receipt of the draft contract.<sup>1</sup>

If you're financing your purchase with a mortgage, you must have a decision in principle in place before the auction. It is also advisable to instruct a Solicitor before the auction and to discuss the Buyer Information Pack with them.

### **Reservation Fees & Agreements**

If you're the successful bidder, you'll be required to sign a Reservation Agreement and pay a Reservation Fee. This reserves the property for you as the buyer, and commits both you and the seller to completing the purchase, giving security to both parties.

### **What is the Reservation Fee, and when is it paid?**

The non-refundable Reservation Fee is paid when the auction ends and is paid in addition to the agreed purchase price. So you'll have to consider the cost when setting your budget. And you'll need to ensure that you can pay the Reservation Fee on the day of the auction.

The Reservation Fee can change from property to property but is typically 4.5%, with a minimum of £6,600 inc. VAT. Please check the Terms and Conditions on the specific property listing for details.

In some cases, the seller may choose to pay the Auction Fee. In these cases, you will be asked for a Reservation Deposit to be paid on the day of the auction. This will then be deducted from the sale price on completion. Please refer to the property terms and conditions for details.



## **TRADITIONAL AUCTION (UNCONDITIONAL AUCTION)**

**The quickest and most secure method of sale. As the timescales are just 28 days it is only suitable if you're paying with cash.**

### **Faster sales process**

Complete in just 28 days from receipt of draft contracts.

### **Enhanced security**

You'll exchange contracts on the day of the auction so both you and the seller are legally tied into the sale, meaning you can be confident that the move will go ahead as planned.

### **Transparent bidding**

Leave sealed bids behind, you'll know exactly what other parties are bidding.

### **If I'm the successful bidder what happens next?**

If you're the successful bidder on the property, you'll need to sign a Reservation Agreement and Draft Contract of Sale on the day of the auction. This reserves the property for you and commits both you and the seller to the sale. You'll also have to pay a deposit and Reservation Fees within 2 hours of the auction ending.

### **What fees will I have to pay and when?**

You'll be required to pay a 10% non-refundable deposit which forms part of the purchase price, and a non-refundable Reservation Fee, which is in addition to the purchase price. These are both due within 2 hours of the auction ending. So you'll have to consider the cost of the Reservation Fee when setting your budget.

The Reservation Fee can change from property to property but is typically 4.5%, with a minimum of £6,600 inc. VAT. Please check the Terms and Conditions on the specific property listing for details.

With Traditional Auction, you'll need to complete within 28 days of the exchange taking place. So you'll have to ensure you have the funds available within that time.



## PRIVATE TREATY

**Private Treaty is the most common way to buy and sell property in the UK, providing flexible timescales to allow for chains and to maximise the price achieved. However, it comes with a higher risk of fall throughs and the completion process can take on average 125+ days.**

### **It's ideal if you're in a chain**

There are no fixed timescales, so it is suitable if you're in a chain, as you can flex the completion date to suit all parties.

### **There's an increased chance of fall through**

As there is no buyer and seller commitment, there is a greater chance of fall through with Private Treaty only having a 70% completion success rate.

### **There can be extended completion times**

Typically no legal preparation is completed upfront by the seller's Solicitor, so this all needs to be done once the sale is agreed. And with no fixed timescales, both parties are not obliged to push the sale through as quickly as possible. This means that the legal process can take a long time, and in some cases, it can even go over the average of 125 days.





## REFERRAL ARRANGEMENT

The Partner Agent and Auctioneer may recommend the services of third parties to you. Whilst these services are recommended for your benefit; you are under no obligation to use any of these services and should always consider your options before

services are accepted. When third-party services are accepted, the Auctioneer or Partner Agent may receive payment for the recommendation, and you will be informed of any referral arrangement and payment before any services are taken by you.

# WHY BUY AT AUCTION?

## Buying at auction offers many benefits:



### Faster completions

With Private Treaty taking over 125 days to complete, auction could get you moving much quicker with fixed exchange timescales of 28 or 56 days from receipt of the draft contract.<sup>1</sup> Giving you reassurance and helping you plan your move more easily.



### Quick, easy and transparent bidding

We know life is busy, that's why we pioneered online auctions so you can bid from the comfort of your home, 24 hours a day, 365 days a year. And with all bids being transparent and visible to all parties, sealed bids will be a thing of the past.



### Buy with a mortgage

You can now buy an auction property with a mortgage!<sup>2</sup> With the 56-day timescales<sup>1</sup> available with Modern Method of Auction, you'll have enough time to arrange your finance.



### Additional security

Both you and the seller will sign a Reservation Agreement, committing you both to the sale so you'll be able to move forward with confidence.



**Private Treaty**  
30% fall through rate



**Modern Method of Auction**  
5% fall through rate



**Traditional Auction**  
1% fall through rate

## More information up front

As property information is provided in the Buyer Information Pack before the auction, you can undertake your due diligence in advance. Allowing you to make an informed decision on your budget.

The Buyer Information Pack includes items such as Title Documents, Water and Drainage Searches, Local Authority Searches and other useful information.

**You will only pay the fee for this pack at the conclusion of the auction, if you are the successful winning bidder.**

<sup>1</sup> based on standard property types. <sup>2</sup> subject to lending criteria, affordability and survey.



# THE PROCESS

## 1. YOUR PROPERTY SEARCH

You can find auction properties on major property portals, advertised with our 5,000+ Estate Agency Partners, or listed on the iamsold website: [www.iamsold.co.uk](http://www.iamsold.co.uk)



## 2. BOOK A VIEWING

We would always recommend viewing any property you are considering. You can book this through the Estate Agent. Afterwards, the iamsold team will be in touch to discuss your feedback and potential interest in bidding.

## 3. REVIEW THE BUYER INFORMATION PACK

If you plan to bid, you need to carry out your due diligence before proceeding. To help you, each property has a Buyer Information Pack, which we highly recommend is reviewed carefully before bidding.

We'd always recommend reviewing the pack with your Solicitor, this is particularly true of Traditional Auction. With Traditional Auction your Solicitor must review the detail within the pack before the auction, to ensure the timescales are met.

You'll first need to create an account on [iamsold.co.uk](http://iamsold.co.uk) to download the pack.



## 4. GETTING PREPARED

Check you can meet the requirements of the sales method. The details will be shown in the specific property terms and conditions document. It will be listed as either Modern Method of Auction or Traditional Auction terms and the fees and specific conditions may vary from property to property.

Review the documents to ensure that you can meet the conditions of the auction type including you have the funds for the deposit and fees due. Before the auction complete your due diligence, have a conveyancing Solicitor in place, and if you're buying with a mortgage you will also need to get your decision in principle from the lender.





## 5. REGISTER TO BID

Before you can bid on a property you will have to register to bid. Follow the link on the property listing to register. If you're looking at multiple properties, you will have to register for each property individually. You'll need to be approved before you can place a bid.

## 6. BIDDING

Once your bidding registration is approved and the auction is live, you'll be able to place your bids on the property. The auction time will vary but it will end when the auction timer runs out. The sale will be agreed if a bid is received on or above the seller's undisclosed Reserve Price.

If a bid is placed within the last two minutes, the timer will reset to two minutes to ensure everyone has a chance to place their bid.



## 7. YOU'RE THE WINNING BIDDER

Depending on the method of auction you will have either 28 or 56 days<sup>1</sup> from receipt of a draft contract to complete the purchase.

In both cases, you will need to pay the Reservation Fee and/or Deposit to reserve the property and sign the Reservation Agreement and/or Draft Contract. You'll need to complete our identification checks and provide evidence of how the purchase will be funded.

You'll also need to instruct your solicitor to act on your behalf.



## 8. NEXT STEPS

Our expert Completions Team will help to take the sale through to the final stage of the process, keeping you updated every step of the way.



<sup>1</sup> based on standard property types. <sup>2</sup> subject to lending criteria, affordability and survey.

# FAQ

## Check out some of our most frequently asked questions.

### How long does the auction last?

In short, the auction duration is bespoke to the seller's situation and the level of interest created whilst the property has been in the Pre-Auction Marketing stage (PAM). Properties can be live at auction from two days up to two weeks.

We would highly recommend that you register your interest with us, and view the property before the auction. Our Auction Specialists will then keep you informed if there are any changes in circumstances. For example, if the vendor decides to end an auction or accept a bid before the end of an auction. If we are unaware of your interest in a property it is difficult to communicate any changes in circumstance.

### How do I place bids?

Firstly, you will need to register with us and a link to do this can be found on the property detail pages of our website. Once you have completed the registration and have been approved, you will be sent an email confirming that you are registered to bid and able to place bids online. We would recommend that you have viewed any properties in question and looked through the legal information supplied within the Buyer Information Pack for each property, ideally with your Solicitor, before bidding at the auction.

### Can I place a bid at any point during the process?

Bids, or offers, can be placed at any stage during an auction process. Even if the property is in "Pre-Auction Marketing" status, you would need to consider that the Buyer Information Pack has not been signed off and may be incomplete. By law, we must put any offer that is made forward to the seller. It is then up to the seller to decide if they want to consider the offer and take the property out of the auction early. In this situation, the Reservation Fee is still payable, and the Terms and Conditions of the auction still apply.

### Is my bid binding?

With the Modern Method of Auction, the bid obliges you to pay a non-refundable Reservation Fee and sign a Reservation Agreement. It does not bind you to buy the property it reserves the rights to exclusively exchange contracts on the property at an agreed price within 56 days<sup>1</sup> of the draft contracts being received by your solicitors. If you withdraw from the sale, you will lose the Reservation Fee.

With the Traditional Method of Auction, once your bid has been accepted, or auction has been won, then you are required to exchange contracts and pay a 10% deposit alongside the Reservation Fee. Completion is generally expected within 28 days of exchange.

### **How are you paid?**

This will depend on the terms that the vendor has chosen. In general, the successful bidder will pay a non-refundable Reservation Fee when the auction is successfully concluded. The fee is held by iamsold to reserve the property to the buyer, this shows commitment to the purchase. It is later used to pay the Estate Agent and Auctioneer (iamsold) who work in partnership to provide the auction.

### **Why would someone pay a fee to purchase a property?**

Usually, the seller chooses for the buyer to pay the Reservation Fee as a sign of commitment and agreement to the auction terms. As the vendor does not have to cover this cost, they are aware that the buyer is required to consider this on top of a purchase price. Most vendors have decided to use the auction method due to past experiences on the open market or are motivated by security and speed of sale over the potential price achieved.

Competitive Prices, with the fee taken into consideration: When looking to buy a property most people will look at a total purchase price with the fee included and all the properties available through our online auction are priced realistically to sell.

Increased security: You'll also get the added security of sale, both parties will sign a Reservation Agreement,

meaning that both parties are bound by these terms. If the seller pulls out of the sale they are liable for the Reservation Fee, reducing the risk of a sale not completing.

You'll get the speed and transparency of auction: Buying through auction will also speed up the sale, allowing you to get moving, quicker. The additional information upfront and transparency in the bidding process will mean you know exactly what you're bidding on and that you're not overbidding.

### **Will paying a Reservation Fee increase my stamp duty liability?**

The Reservation Fee will be included in your liability for stamp duty.

Current HMRC policy is that the chargeable consideration (monies or monies worth) for a land or property transaction is what has been given (either directly or indirectly) to acquire the subject – matter of the transaction, by the purchaser or a person connected with them. This includes fees which have to be paid to acquire the property.

This means that whatever you, the buyer, pay will form part of the purchase price for the property and will be included in your liability for stamp duty. In all circumstances, we would recommend discussing this with your chosen Solicitors before committing to a bid.



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