THE

MORTGAGE & PROPERTY

MAGAZINE

ISSUE 13 - WINTER 2024

PLANNING A MOVE IN 2024?

Key considerations for venturing into pastures new this year

MORTGAGE AFFORDABILITY

What a lender considers when deciding how much you can borrow

BRACING FOR THE WINTER CHILL

How to prepare your home for Arctic blasts

THE HIDDEN COSTS FOR FIRST-TIME BUYERS

First-year home ownership costs are more than just mortgage payments

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Winter 2024

Mortgage finance

Selling property

ON THE COVER

Remortgaging to a more competitive deal – 27% of homeowners with a mortgage are still on a Standard Variable Rate

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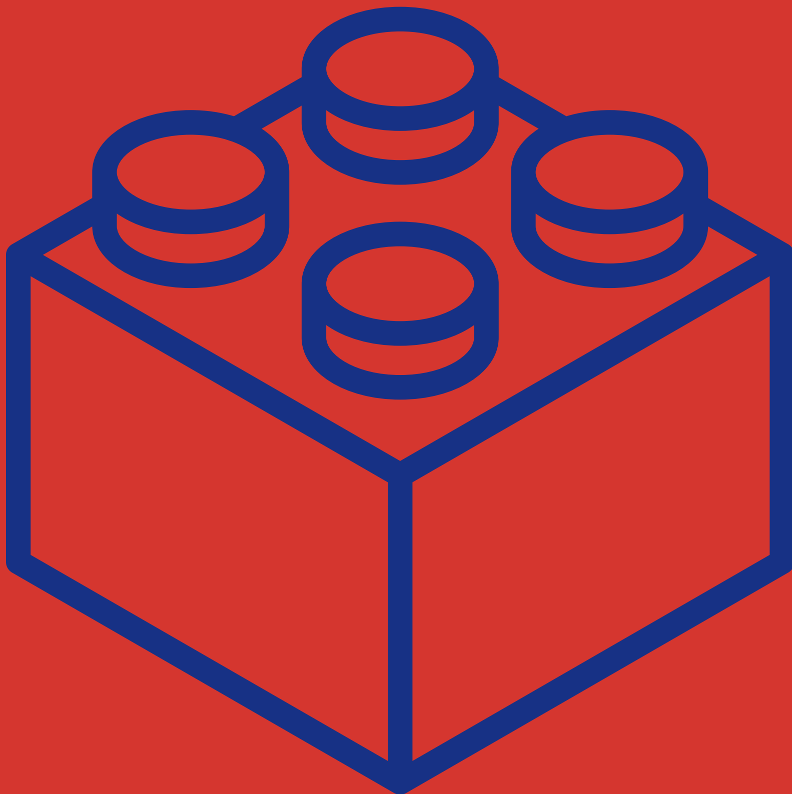

Welcome

WELCOME TO the Winter 2024 quarterly issue of *The Mortgage & Property Magazine* from IMC Financial Services.

As we entered the new year, some mortgage lenders initiated rate cuts, making new deals more affordable for homeowners. It's important, however, for homeowners to scrutinise the details of these offers. When lenders announce rate reductions, they don't uniformly apply these cuts across all products.

Due to substantial shifts in the financial landscape over the past couple of years, mortgage rates are projected to stay elevated compared to what many have grown used to. Approximately 1.6 million homeowners will witness their current fixed rate deals expire this year, with a potential for a notable increase in their monthly payments.

Nevertheless, the competition amongst lenders could help mitigate these costs, ensuring the impacts are not as severe as initially feared. This competitive landscape may provide some relief to homeowners navigating the evolving mortgage market.

Considering a change of scenery this year? We've often heard the saying that 'Home is where the heart is', but what happens when your heart's destination isn't quite clear? You may be pondering a nationwide move due to an enticing job opportunity, or the charm of countryside living is beckoning you away from the city's hustle and bustle. Regardless of your reasons, it's undeniable that moving can be a daunting endeavour. If you're considering such a move, we have provided some crucial points to remember on page 90.

A complete list of the articles appears on pages 03 to 05.

As mortgage experts, we support you every step of the way, no matter what you need. We'll give you all the information you need and be a helping hand to get you through the process of buying a property. We hope our magazine gives you the insights you need to make informed decisions. To learn more about how we can help you with expert professional mortgage advice, please contact us to discuss your requirements – we look forward to hearing from you.

We hope you enjoy reading this issue. ◆

Andrew Jackson, Director

THE
MORTGAGE & PROPERTY
MAGAZINE

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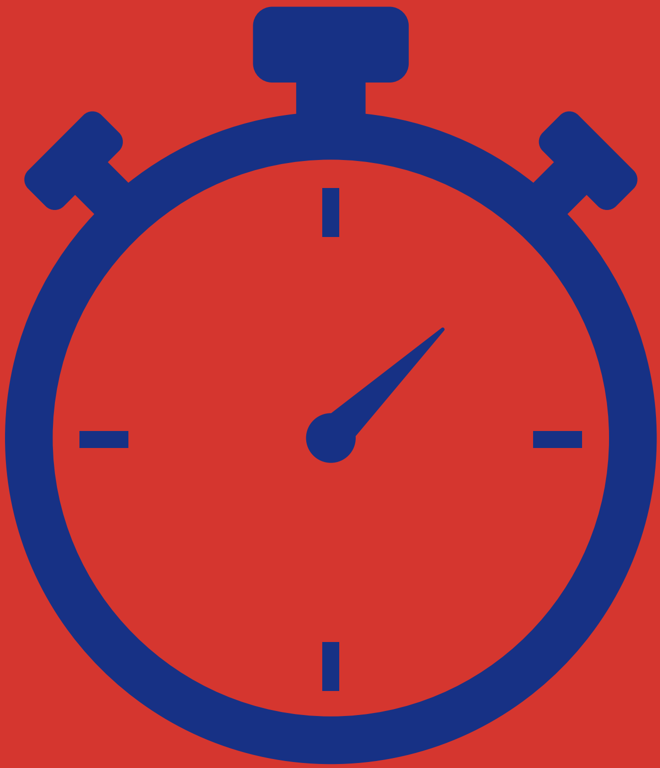
The Mortgage & Property Magazine is published quarterly for IMC Financial Services by Goldmine Media Limited. All enquiries should be addressed to The Editor, The Mortgage & Property Magazine, c/o Goldmine Media Limited, 124 City Road, London EC1V 2NX.



TIME TO SWITCH TO A NEW, CHEAPER MORTGAGE DEAL?

Whatever your mortgage needs, we'll explore the right options for you

You could save money by moving your mortgage. Let our dedicated mortgage advisers know what's important to you and we'll take all the confusion out of finding a new mortgage. You'll also get access to exclusive rates from some of the UK's biggest lenders.

To find out what you could borrow and what your payments may be, contact us today.

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THINK CAREFULLY BEFORE SECURING OTHER DEBTS AGAINST YOUR HOME.

YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE.

Exploring the different types of mortgages?

Take time to think about what you want and how much you'll be able to afford

TAKING OUT A mortgage can seem daunting, and it often feels like the lender holds all the cards. Each lender employs its unique criteria to determine whether or not they wish to lend to you. You'll likely receive swift approval if you fit neatly within a lender's parameters. However, if your circumstances are less than ideal, you'll likely face rejection.

Selecting the appropriate mortgage might seem like a labyrinthine task. Still, you must make an informed decision taking your financial wellbeing into consideration and not get swamped by myriad options. This is particularly important for first-time buyers. To aid you in feeling as confident as possible, we've collated the primary different types of mortgages so you know precisely what you're seeking.

REPAYMENT VERSUS INTEREST-ONLY MORTGAGES

Mortgages fall into one of two categories:

- Repayment
- Interest-only

Repayment mortgages, sometimes called capital and repayment mortgages, enable you to borrow enough to purchase a property (less your deposit) and repay that total sum, along with interest, over a specified period.

Interest-only mortgages allow you to borrow sufficient funds to buy a property (again, less your deposit) and then only pay interest on that amount until the end of the mortgage term. You will then repay the original sum, often by selling the property.

Most individuals planning to reside in their property tend to opt for a repayment mortgage. Not all lenders offer interest-only options and those that do typically impose stringent criteria, such as a substantial deposit and a pre-approved repayment method in place to offset the capital at the end of the term.

Many landlords manage their mortgages on an interest-only basis, and lenders generally accept this.

FIXED RATE OR VARIABLE MORTGAGES

Typically repayment mortgages are either fixed rate or variable. Fixed rate mortgages offer set monthly payments that remain unchanged for an agreed period – typically between two to five years, although occasionally longer. While the interest rate is often higher than for variable mortgages, you benefit from the certainty of knowing it won't increase.

This could lead to savings in the long run. For instance, if the Bank of England's interest rates rise during your fixed mortgage term, you'll be relieved that your mortgage payments remain unaffected. Conversely, if the Bank of England interest rates fall, you'd probably prefer your mortgage payments to do the same – but that's the trade-off for stability.

Variable mortgages feature monthly payments that fluctuate. They may follow the Bank of England interest rates, or they might not.

This depends on which type of variable mortgage you opt for from the following choices:

TRACKER MORTGAGES

Variable mortgages come in various forms, each distinguished by how the interest rate is calculated, determining your monthly repayments.

Tracker mortgages follow the Bank of England base rate, with a slightly higher interest rate. This means your monthly repayments will fluctuate in tandem with the base rate.

STANDARD AND DISCOUNTED VARIABLE RATE MORTGAGES

Standard variable rate (or SVR) mortgages are governed by an interest rate set by the lender. Consequently, your payments may vary at the lender's discretion.

Conversely, discounted variable rate mortgages offer lower monthly repayments than the SVR, thanks to a temporary discount. Once this period concludes, you'll transition to the standard variable rate.

Any variable mortgage can be capped, ensuring your monthly payments will never exceed a certain threshold. This cap provides some level of protection, though it's often set relatively high, so careful consideration is advised before committing.

BROADENING YOUR MORTGAGE HORIZONS

Beyond the main mortgage types, there are other unique features to consider. Cashback mortgages provide a lump sum when you take out the mortgage but generally incur a higher interest rate on repayments.

Offset mortgages enable your cash savings to reduce the interest you pay on your repayments. By contrast, current account mortgages link your current account to your mortgage, potentially lowering the interest you pay.

SCRUTINISING ASPECTS OF ABILITY TO MAINTAIN REPAYMENTS

Applying for a mortgage requires more than just the ability to meet monthly repayments. It's essential to consider your income, expenditures and potential changes in your circumstances. Mortgage lenders will scrutinise these aspects to gauge whether you can maintain repayments should interest rates escalate or circumstances alter.

CALCULATIONS BEHIND MORTGAGE APPROVALS

Mortgage lenders primarily base their decisions on the loan-to-income ratio. This is a simple calculation: the amount you desire to borrow is divided by your earnings. The maximum you can typically borrow is often restricted to four-and-a-half times your annual income.

AFFORDABILITY ASSESSMENT IS A KEY DETERMINANT

Lenders also conduct an affordability assessment, considering your outgoings alongside your income to calculate the monthly payment you can manage. This crucial step helps them determine your financial capability and resilience in the face of changing circumstances.

STRESS TESTING YOUR ABILITY TO REPAY

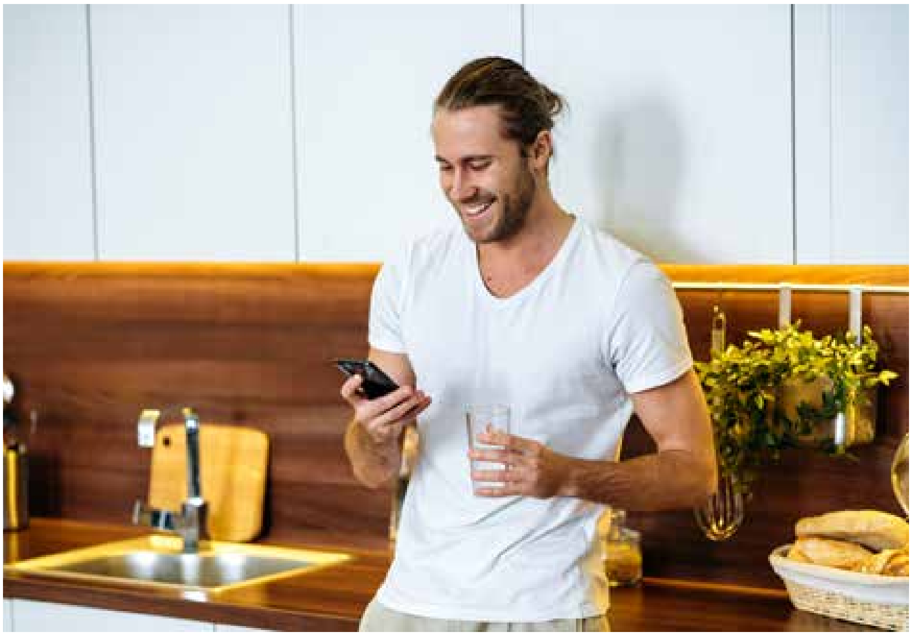
Aside from assessing your present financial situation, lenders also contemplate the future. They perform a 'stress test' to evaluate your ability to repay the mortgage under different scenarios. This could include rising interest rates or lifestyle changes like redundancy, starting a family or taking a career break.

LENDER'S DISCRETION ON LOAN AMOUNTS

If lenders perceive that you may struggle with your mortgage payments under these potential circumstances, they will typically limit how much you can borrow. This precautionary measure ensures that both you and the lender are protected from potential financial distress. ◆

>> HOW CAN WE HELP YOU ON YOUR MORTGAGE JOURNEY? <<

Securing a mortgage is more than just paperwork. It requires thorough financial preparation. Before undertaking a mortgage affordability check or arranging a mortgage interview, ensuring your finances are in top shape is crucial. For further information or to discuss your circumstances, please contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.



Embarking on the mortgage journey

Streamlining the process, making it less intimidating and more achievable

NAVIGATING THE DIFFERENT mortgage deals and deciphering the mountains of paperwork can seem like a herculean task. Fear not; we're here to streamline this process, making it less intimidating and more achievable.

From gaining insights into various mortgage types to offering advice on expediting the application process, we stand by you every step of the way.

These are steps you'll need to consider to ensure you are mortgage-ready:

YOUR FINANCIAL STABILITY IS KEY

First things first – compile your financial records. This includes evidence of income, assets, debts and credit history. These documents are crucial for lenders as they assess your financial stability and gauge the risk associated with lending to you.

BOOST YOUR CREDIT STANDING

A robust credit score can significantly enhance your mortgage approval chances while securing a more favourable interest rate.

UNDERSTANDING YOUR FINANCIAL CAPACITY

Before you apply for a mortgage, you need to ascertain your budget. Consider the mortgage repayments and other expenses associated with homeownership, like Stamp Duty, insurance and maintenance.

BUILDING A SOLID SAVINGS FOUNDATION

Accumulating a sizeable savings pot can boost your chances of mortgage approval. It also acts as a safety net for covering deposits, fees, relocation expenses and unforeseen costs.

DEMYSTIFYING MORTGAGE LOAN REQUIREMENT

Every mortgage variant comes with its set of unique prerequisites. Grasping these requirements will aid in selecting a mortgage that aligns perfectly with your needs.

CHOOSING THE RIGHT MORTGAGE TYPE

The mortgage market includes different types of options to consider, such as fixed rate, variable rate and government-insured mortgages. Each type has pros and cons, so it's essential to consider your long-term plans and financial situation before deciding.

COMPARING MORTGAGE RATES AND LOAN TYPES

Different lenders offer a variety of mortgage rates and loan types. A thorough comparison will help you uncover the most affordable and suitable mortgage that matches your needs. ◆

>> READY TO TAKE THE NEXT STEP? <<

The process of finding the right mortgage doesn't have to be a formidable one. We're here for you through every stage of the process. Whether you're a first-time homebuyer ready to make that initial leap or a seasoned homeowner planning your next move – if you require further information or guidance, please don't hesitate to get in touch. Contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

FIXED OR TRACKER?

Making the right mortgage choice for your unique needs

WITH HIGHER INTEREST rates, it's perhaps no surprise that many borrowers seek the security and stability that a fixed rate mortgage provides. This type of mortgage offers a sense of security, with the repayment amounts remaining unchanged throughout the mortgage term.

Historically, short-term fixed rates (typically two or three years) have been the most popular with borrowers. Combining low rates with the flexibility to change your arrangements at the end of the fixed period has seen many homeowners choose this type of deal. However, more and more consumers are turning to a longer-term fix.

It's important to consider that longer-term fixed rate deals typically come with early repayment charges during the fixed period. If you wanted to move home or repay your mortgage, you could end up paying thousands of pounds of charges if you committed to a five-year deal.

FIXED RATE OR TRACKER MORTGAGE, CERTAINTY OR FLEXIBILITY?

However, a fixed rate mortgage may not suit everyone's situation. If the base interest rate falls during 2024, the opportunity to benefit from lower monthly repayments would be missed. Conversely, if the rate increases, costs would rise. This unpredictability might steer some towards a tracker mortgage, particularly with speculation by some experts suggesting a decrease in the base rate over the next 12 to 24 months. A tracker mortgage could provide immediate reductions in the interest you pay. Ultimately, it's a question of whether you value certainty over flexibility.

ASSESSING MORTGAGE TERM LENGTHS

The length of the mortgage term significantly influences the decision-making process. While 25-year terms have traditionally been the norm, the rise in property prices has seen a shift towards longer mortgages as a means to reduce monthly repayments. However, given the recent increase in mortgage rates, committing to such a long-term deal might not be the most prudent move. Choosing the right mortgage could result in significant savings, whether you're buying a home or remortgaging.

LURE OF A FIXED RATE MORTGAGE

A fixed rate mortgage holds appeal for those seeking predictable monthly repayments. It provides peace of mind knowing exactly what your repayments will be for the duration of the deal, facilitating effective budgeting and safeguarding against unexpected bills if interest rates rise. However, with mortgage rates having increased substantially, you may only want to commit to a fixed deal if you plan to retain your property for the term of the deal, usually two to five years. An early exit from the deal could trigger an early repayment charge.

STANDARD VARIABLE RATE MORTGAGE, A DEFAULT OPTION

The standard variable rate (SVR) is the lender's default rate, typically higher than fixed rate or tracker deals, making it a less favoured choice among many borrowers. The SVR can vary and doesn't necessarily track the base rate like tracker mortgages. Typically, borrowers will shift to the SVR automatically if their fixed deal expires without arranging a new deal.

GUARANTOR MORTGAGE, A HELPING HAND

A guarantor mortgage involves having a family member, such as a parent, agreeing to cover mortgage repayments if you cannot meet them. This arrangement could enable you to borrow more and make that crucial first step onto the property ladder, even with a small deposit. However, it requires careful thought, as the family members would be liable to cover the repayments should they fall behind.

LONG-TERM MORTGAGES, A DOUBLE-EDGED SWORD

Opting for a longer mortgage term can reduce monthly repayments, providing some relief in managing finances. However, longer terms also mean paying interest over an extended period, leading to higher overall costs. Conversely, shorter mortgage terms allow for quicker repayment but come with larger monthly payments. It's crucial not to overstretch financially. ◆

>> LOOKING FOR EXPERT ADVICE TO NAVIGATE THE OFTEN COMPLEX WORLD OF MORTGAGES? <<

If you require further information or guidance in making your mortgage decision, don't hesitate to get in touch. Our team of experts is ready and waiting to assist you in navigating the often complex world of mortgages. Contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

Struggling to pay off your mortgage?

Options if you can't afford your mortgage payments

MAINTAINING YOUR MORTGAGE payments can be challenging, especially during a cost of living crisis. Those concerned about their ability to repay their mortgage should contact their lender in the first instance.

This will not affect their credit score, and lenders can offer a range of support options depending on individual circumstances – such as a temporary mortgage holiday or extending the term of your mortgage.

This concern intensifies in an economy as unpredictable as the British weather. A well-thought-out contingency plan is vital to alleviate the financial burden of such unfortunate circumstances.

DILEMMA OF MORTGAGE PAYMENTS WITHOUT A STEADY INCOME

So, how do you continue to manage mortgage payments without a regular inflow of income? The answer lies in maintaining open and honest communication with your lenders, exploring avenues like mortgage holidays and considering interest-only agreements to lighten the financial load.

TRANSPARENT COMMUNICATION WITH LENDERS IS IMPERATIVE

Engaging in transparent dialogue with your lender is essential when faced with job loss and the subsequent inability to meet mortgage repayments. Ignoring the situation only amplifies financial stress. More often than not, lenders empathise with borrowers who find themselves in testing times and may be willing to formulate a solution for those who approach them in a timely manner.

Being honest about your situation, including details of job loss and other significant financial challenges, is crucial. Some lenders might provide forbearance programmes or hardship plans that temporarily halt or reduce mortgage payments until the borrower's financial situation improves. Remember, open communication is the first step towards these solutions.

THE OPTION OF MORTGAGE HOLIDAYS

Mortgage holidays, which gained prominence during the pandemic, provide a temporary break from repayments. This can be a feasible solution for homeowners experiencing a sudden loss of income. Regular mortgage payments are not required during this period, providing some relief in financially uncertain times.

However, it's important to remember that a mortgage holiday doesn't mean debt forgiveness. Instead, the deferred payments are added to the total mortgage balance, extending the loan term. Therefore, homeowners must carefully weigh up the implications of a mortgage holiday, as it could lead to slightly higher monthly payments once the repayments recommence.

INTEREST-ONLY MORTGAGES A TEMPORARY SOLUTION

If appropriate, switching to an interest-only mortgage is another option for those experiencing financial hardship. Borrowers are only required to pay the interest on their loan each month – not the principal. This can significantly reduce monthly payments, providing immediate relief for those with limited or no income.

However, it's worth noting that while an interest-only mortgage offers temporary financial respite, the loan balance remains the same. The total amount owed on the mortgage doesn't decrease over time, meaning the borrower will eventually have to repay the loan over a longer period or face higher monthly repayments.

REASSESSING EXPENSES AND BUDGETING IS A NECESSARY STEP

In the wake of unemployment, it's vital to re-evaluate your overall financial situation and pinpoint areas where expenses can be cut. This involves formulating a budget that prioritises essential costs like housing, utilities and food. See if you can extend your savings and manage your finances by reducing discretionary spending and non-essential items until a new job opportunity arises.

UTILISING GOVERNMENT SUPPORT SCHEMES

Various government support schemes are available for individuals dealing with income loss, including unemployment benefits and Universal Credit, as well as other assistance programmes like the Support for Mortgage Interest (SMI) scheme. It's worth exploring these options and applying for any support you may be entitled to.

If you're a homeowner, you might be able to get help towards interest payments on your mortgage. The SMI is paid as a loan, which you'll need to repay with interest when you sell or transfer your home (unless you move the loan to another property). You also need to receive a qualifying benefit to get SMI.

SEVERAL SUPPORT OPTIONS AVAILABLE FOR THOSE IN NEED

The government also offers various schemes, such as assistance with energy bills and cost of living payments for lower-income people. Visit www.gov.uk/cost-of-living to learn more about these funds and check your eligibility for support.

The government has several support options available for those in need. In England, residents can apply for a Council Tax reduction if they're on a low income or unemployed. In Scotland, eligible residents can get free prescriptions and have travel costs covered. In Wales, households with someone receiving Universal Credit can get money off their energy bill through the Welsh Government's Winter Fuel Payment Scheme.

MAKING INFORMED DECISIONS TAILORED TO YOUR CIRCUMSTANCES

Being a homeowner and facing unemployment during a cost of living crisis is undeniably tough. However, with the right approach and expert professional advice, navigating these challenging times and finding solutions to manage mortgage payments effectively is achievable. Remember, seeking advice can be invaluable in making informed decisions tailored to your unique circumstances. ◆

>> NEED FURTHER INFORMATION OR GUIDANCE ON MANAGING YOUR MORTGAGE? <<

If you need further information or guidance on managing your mortgage during unemployment, don't hesitate to get in touch. We're here to help you navigate this difficult period and find effective solutions tailored to your needs. To discuss your options, contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

LOOKING TO REMORTGAGE?

A proactive approach can help you switch to another deal seamlessly

“You may be considering increasing your borrowing to cover a significant expense, such as home improvements, school fees or a buy-to-let investment.”

REMORTGAGING IS SWITCHING from one mortgage to another on a property you already own. This could involve negotiating a new deal with your current lender or moving to a different lender altogether. Since your mortgage is likely to be your largest financial commitment, remortgaging should be approached with the same consideration as when you first secured your mortgage.

It’s wise to review remortgaging every few years to ensure you are getting the best deal possible at the time. Setting a six-month reminder before your fixed deal ends gives you ample time to explore other options and complete your remortgage application. This proactive approach can help you switch to another deal seamlessly.

SWITCH BEFORE YOUR CURRENT MORTGAGE DEAL HAS EXPIRED

If you’ve managed to repay a significant portion of your mortgage over the past few years and have built equity in your home, switching to a different mortgage can reduce your monthly interest payments.

It’s important to remember that if you switch before your current mortgage deal has expired, you may face penalties. Doing the maths might reveal that paying these penalties and switching could still be cheaper in the long run. With many options available, each tying you in for a few years, it’s crucial to choose wisely.

REASONS TO REMORTGAGE

There are numerous reasons why remortgaging might be the right move for you. Your current mortgage term may be nearing its end, and you’re facing the prospect of being put onto your lender’s standard variable rate (SVR), which generally entails a much higher interest rate. Or you’re looking to reduce your monthly repayments by finding a cheaper deal.

MAKING THE MOST OF REMORTGAGING OPPORTUNITIES

You may be considering increasing your borrowing to cover a significant expense, such as home improvements, school fees or a buy-to-let investment. Or your property’s value has increased, allowing you to qualify for a more competitive mortgage due to a lower loan-to-value (LTV) ratio.

FUTURE-PROOFING YOUR FINANCES

Maybe your circumstances have changed, and you now wish to overpay your mortgage, or the Bank of England base rate has altered and you’re keen to find a more competitive rate. If you anticipate changes in your financial situation or foresee a rise in rates, remortgaging to a fixed rate deal can offer the certainty of fixed monthly mortgage outgoings. ◆

>> IF YOUR MORTGAGE COSTS WILL RISE SOON, HOW ARE YOU PREPARING? <<

Whatever your reasons for considering a remortgage, it’s always wise to seek professional mortgage advice and weigh up all your options. If you require further information or guidance, don’t hesitate to get in touch. Our team is on hand to help you make sense of the remortgaging process and guide you towards making the best financial decision for your unique circumstances. Contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

Homebuyer headwinds in 2024

Mortgage lending set for a 'sharp decline' amid rising living costs

AS THE COST of living continues to rise, affecting household incomes and affordability across the UK, the mortgage lending market is predicted to experience a further 'contraction' in 2024[1]. This forecast aligns with the challenging financial landscape expected to be ongoing for the mortgage sector in 2024.

RATE REDUCTIONS IMPLEMENTED QUICKLY

Yet, there is a glimmer of hope for homeowners nearing the end of their fixed mortgage deals. Some high street lenders initiated the year by significantly cutting rates, which could therefore result in savings this year for those homeowners. These rate reductions were implemented quickly, within hours of the first working day of 2024.

OPTIMISM AROUND DECREASING INFLATION

Over the past few months, mortgage rates have steadily decreased, fuelled by optimism around decreasing inflation and the anticipated base rate cut by the Bank of England. This widespread expectation of a forthcoming rate cut led to a drop in swap rates, a key indicator banks use to set future base rates and price fixed rate mortgage deals. For the majority of the 1.6 million homeowners whose fixed rate deals are due to end this year, the recent rate reductions will be a welcome relief, but they will still pay more than before.

AFFORDABILITY PRESSURES REACH THEIR PEAK

While the main pressures on affordability have reached their peak, some experts predict these pressures are unlikely to be alleviated soon. Consequently, weak lending is expected to persist through 2024, with a slow improvement in affordability potentially leading to a slight uptick in activity levels by 2025.

HIGHER LIVING AND INTEREST COSTS DETER SOME POTENTIAL HOMEBUYERS

For those considering a move or an entry into the housing market, the increase in living costs and interest rates since the onset of 2022 has significantly heightened the criteria for passing mortgage affordability tests. This resulted in a lending drop for house purchases in 2023 by approximately 23%, down to £130bn.

DAMPENED HOPES FOR 2024 DESPITE EASED COST PRESSURES

Looking ahead to 2024, even with some relief in cost pressures, the prevailing levels of prices and interest rates will continue to impose a heavy burden. UK Finance predicts an 8% decrease in house purchase lending, bringing it down to £120bn.

A BRIGHTER OUTLOOK FOR 2025 AS AFFORDABILITY IMPROVES

However, some experts offer a more optimistic outlook for 2025. By this time, they suggest the amalgamation of wage growth, softer house prices, and a decrease in inflation and interest rates will contribute to a gradual recovery in lending activity as affordability improves. ◆

>> LOOKING TO EXPLORE THE RIGHT MORTGAGE DEAL FOR YOUR NEEDS? <<

If you require further information or have any queries regarding your mortgage lending requirements, do not hesitate to get in touch. We are here to help guide you through these challenging financial times. To discuss how we can help you, contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

Source data:

[1] Research forecast data by UK Finance – 11

GREEN MORTGAGES

Incentivising homeowners to make energy-efficient home improvements

GREEN MORTGAGES ARE designed to incentivise borrowers who live in energy-efficient homes or are willing to make their properties more environmentally friendly. While these deals may not always seem attractive at first glance, they offer unique benefits and are growing in popularity.

Government initiatives are also fuelling this growth. As part of its vision for a net-zero future, the government expects all homes to achieve an EPC rating of C or better by 2050. With around 60% of homes currently rated D or lower, according to the Office for National Statistics (ONS), a wave of upgrades is expected in the coming years.

The Financial Conduct Authority (FCA), the mortgage regulator, sees green mortgages playing a 'significant role' in facilitating these sustainable upgrades. In addition to regulatory support, green finance projects aimed at reducing household carbon emissions are receiving a significant financial boost. The government has awarded £4.1 million in funding to 26 different schemes, including small-scale providers, to expand sustainable finance options for homeowners and buy-to-let landlords[1].

UNDERSTANDING GREEN MORTGAGES

A green mortgage, also known as an 'energy-efficient mortgage' (EEM) or 'eco-friendly mortgage', is a financial tool designed to promote and facilitate environmentally friendly home enhancements. Various financial institutions, including banks and credit unions, offer these mortgages. The main objective is to incentivise homeowners to invest in energy-saving upgrades and sustainable construction practices.

These home loans offer favourable terms to those buying or living in homes with high Energy Performance Certificate (EPC) ratings – typically A or B. They also reward homeowners who undertake green renovations like installing solar panels or heat pumps, often with reduced interest rates or cashback incentives.

FUNCTIONING OF GREEN MORTGAGES

Green mortgages incentivise homeowners to make energy-efficient home improvements by offering financial benefits. These enhancements include installing solar panels, energy-saving windows, upgrading insulation and enhancing heating systems. The upgrade cost is typically incorporated into the mortgage amount, spreading the investment over the loan's tenure. The rationale behind this strategy is that the energy savings from these upgrades will balance the additional mortgage cost.

In certain circumstances, homeowners may even qualify for a lower interest rate or discounted fees when choosing a green mortgage. Due to their reduced energy consumption, lenders view energy-efficient homes as less risky, making them more inclined to offer favourable terms to borrowers dedicated to sustainability.

GREEN MORTGAGES

MONETARY SAVINGS

One of the significant benefits of green mortgages is the potential for long-term financial savings. Energy-efficient upgrades can reduce utility bills, freeing up funds to counterbalance the increased mortgage cost.

HOME VALUE BOOST

Energy-efficient improvements can enhance a home's value. As sustainability becomes a priority for more homeowners, properties with greener features will likely be more appealing in the real estate market.

REDUCED ENVIRONMENTAL IMPACT

By investing in energy-efficient upgrades, homeowners directly contribute to lowering carbon emissions and preserving natural resources. This aligns with global efforts to combat climate change and foster a sustainable future.

IMPROVED COMFORT

Many green improvements, like superior insulation and efficient heating systems, can enhance indoor comfort by maintaining consistent temperatures and minimising drafts.

ELIGIBILITY FOR GREEN MORTGAGES

While green mortgages offer numerous benefits, potential applicants should consider their eligibility and financial circumstances. Lenders often require borrowers to undergo a home energy assessment to ascertain potential energy savings and verify the feasibility of the proposed upgrades. Additionally, borrowers should evaluate the projected energy savings against the upgrade cost to ensure the investment makes financial sense. ◆

>> LOOKING TO FIND OUT MORE ABOUT GREEN MORTGAGE OPTIONS? <<

Please get in touch with us if you require additional information or have any queries about green mortgages. We're here to help you navigate the path towards sustainable home ownership. Speak to **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

Source data:

[1] https://www.gov.uk/government/publications/green-home-finance-accelerator-discovery-phase-projects/green-home-finance-accelerator-details-of-discovery-phase-projects

The hidden costs for first-time buyers

First-year home ownership costs are more than just mortgage payments

AFTER YEARS OF diligently saving for a deposit, the moment first-time buyers receive the keys to their property often brings a sigh of relief. While the focus has been on achieving this dream, it's crucial not to lose sight of the additional financial responsibilities accompanying homeownership. As such, budgeting for these extra expenses is of utmost importance.

ADDITIONAL EXPENSES ADD UP ALONGSIDE MORTGAGE PAYMENTS

New research underscores how swiftly additional costs, including home insurance, home improvements and unexpected repairs, can accumulate alongside mortgage payments. A survey involving prospective and recent first-time buyers sheds light on the typical expenses they can anticipate during their first year of homeownership.

AVERAGE MONTHLY MORTGAGE PAYMENTS AND COSTS NEED TO BE CONSIDERED

Excluding mortgage repayments, the research highlights that first-time buyers will pay an average of £2,170 in additional expenses, which include unexpected repair costs, such as fixing a boiler or any work performed on their property[1]. When average monthly mortgage payments are considered, the first-year ownership cost is a substantial £9,434.22.

A WORTHWHILE INVESTMENT DESPITE ADDITIONAL COSTS

Nevertheless, these costs haven't discouraged first-time buyers. A significant majority (77%) are content to cover these additional expenses in exchange for escaping escalating rents (62%) and securing their property's stability.

BREAKING DOWN THE ADDITIONAL EXPENSES

The research indicates that additional expenses can encompass ground rent (£291), repair work (£474), home insurance (£422), annual building maintenance – for communal areas of a flat, for example (£300), annual service charges (£335) and, naturally, unexpected repairs like washing machines or boilers breaking down (£348). ◆

Source data:

[1] Research data from Aldermore's First Time Buyer Index – 2,000 prospective first-time buyers surveyed – 06 October 2023.

>> PLANNING TO BUY YOUR FIRST PROPERTY AND WANT TO DISCUSS YOUR MORTGAGE OPTIONS? <<

If you're a first-time buyer and need help navigating the home-buying process and accounting for these costs, please get in touch. Seeking professional advice when planning to buy a property is invaluable, and we're here to guide you every step of the way. Contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

EQUITY RELEASE

Opportunity to tap into the monetary value locked away in property

"Equity release is a process that allows you to monetise some of your home's value. This option is primarily offered to UK homeowners aged 55 or over as an additional source of retirement income."

FOR HOMEOWNERS, equity release presents an opportunity to tap into the monetary value locked away in their property. With an equity release plan, a cash lump sum can become available for various purposes, from mortgage clearance to home renovations. However, while the prospect may sound appealing, certain restrictions have been established to safeguard both lenders and applicants.

A significant limitation of equity release is the age requirement. For eligibility, you must have celebrated at least 55 birthdays. Nevertheless, lenders typically provide alternative solutions for those falling below the age threshold, offering other avenues for raising necessary funds.

WHAT IT IS AND HOW IT WORKS

Equity release is a process that allows you to monetise some of your home's value. This option is primarily offered to UK homeowners aged 55 or over as an additional source of retirement income. Most equity release schemes revolve around lifetime mortgages, with a minimum age limit of 55.

Other home reversion plans require a minimum age of 60, making equity release schemes the youngest minimum age offering. The equity you can release from your home depends on your age and property value. Moreover, any existing mortgage must be cleared before claiming equity release.

There are several types of equity release, including:

LIFETIME MORTGAGE: RETAINING OWNERSHIP WHILE RELEASING EQUITY

A lifetime mortgage involves securing a mortgage on your property (provided it is your main residence), while retaining full ownership. You have the option to make repayments or allow the interest to accumulate. The loan is fully repaid by selling the property upon the death of the last borrower or their transition into long-term care.

HOME REVERSION: SELLING FOR A LUMP SUM OR REGULAR PAYMENTS

Home reversion involves selling a portion or all of your home to a provider in exchange for a lump sum or regular payments. This arrangement allows you to continue living in the property until your passing, but requires you to maintain and insure it. The percentage you retain remains constant, regardless of fluctuations in the property market (unless you opt for further cash releases). Upon the last borrower's death or move to long-term care, the property is sold and sale proceeds are divided according to ownership proportions.

ENHANCED LIFETIME MORTGAGE: TAILORED TO YOUR HEALTH AND LIFESTYLE

An enhanced lifetime mortgage, also known as an 'impaired' lifetime mortgage, is an equity release scheme where the lending criteria are based on your personal health. A health and lifestyle questionnaire determines the amount of money you can release.

EQUITY RELEASE MORTGAGE: TRADING EQUITY FOR CASH

An equity release mortgage involves a lender providing you with money in exchange for a share of the proceeds when your property is sold at a later date. Unlike a traditional mortgage repaid over an agreed period, your equity release mortgage isn't settled until after you vacate your home. Since equity release gives you access to some of the cash tied up in your home, you receive a tax-free lump sum which can fund various needs, from home improvements to mortgage buyouts.

UNLOCKING FINANCIAL POTENTIAL UNDER AGE 55

If you are under age 55, alternative routes exist, including remortgaging, secured loans and equity transfer.

REMORTGAGING

Homeowners can remortgage their property, allowing them to borrow a larger sum whilst maintaining regular monthly mortgage repayments. Unlike equity release, remortgaging is accessible regardless of your age. It is generally advisable to consider remortgaging to avoid early repayment charges as you approach the end of your existing mortgage term.

SECURED LOANS

Next, we focus on secured loans, alternatively known as homeowner loans. This route involves releasing value from assets, which serve as collateral for the lender. Although these loans are traditionally secured against your home, they can also be underpinned by other valuable assets, such as a vehicle. However, the chosen asset must typically hold a minimum value of £10,000. Secured loans come with an obligation for mandatory monthly payments. Failure to meet these requirements could result in the lender seizing the asset.

EQUITY TRANSFER

Another avenue is available for homeowners under 55 who share joint ownership with someone older – sole equity release applications. Here, you can gift your share of the property to the co-owner, thus enabling them to apply solely for equity release. However, tread carefully. This route involves potential Stamp Duty Land Tax payments if the transferred amount exceeds the threshold. Legal fees may also apply to complete the process.

This also has a considerable risk, particularly if you are not married to the co-owner. In the event of a relationship breakdown, you stand to lose your share of the home and any accrued equity. Furthermore, should the sole applicant move into long-term care or pass away, the remaining owner must repay the equity release lender or face eviction.

Under certain circumstances, the survivor may be able to use equity release to raise funds, depending on their age, the timing of the homeowner's death, the equity release balance and property value performance.

As with any equity release plan, legal advice is essential. The transferring party must seek independent legal advice to understand the transfer's full legal and financial implications. This process may involve signing an occupancy waiver relinquishing any claim to the property. ◆

>> WANT TO DISCUSS YOUR OPTIONS? <<

If you require further information or guidance on these topics, don't hesitate to contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

NEW ERA OF LONG-TERM MORTGAGES

Revolutionising the mortgage scene for homeowner borrowers

AS THE WILLINGNESS of lenders to offer mortgages to borrowers well into their retirement years increases, it's no surprise that mortgage terms spanning 30 to 40 years are becoming the norm. This shift is more a matter of necessity than preference, and borrowers should know that opting for a longer mortgage term will result in a higher interest payback.

With today's high interest rates and steep living costs, lender affordability calculations have pushed some borrowers towards these extended-term mortgages. Most lenders are willing to provide loans until the borrower reaches the age of 70, and in cases where there's adequate post-retirement income, mortgages up to the age of 95 are also available.

UNDERSTAND THE IMPLICATIONS

Alongside the rise of long-term mortgages, interest-only mortgages are also gaining popularity as a way to minimise monthly costs. These types of mortgages offer lower monthly payments, making them an attractive option for those seeking to improve their affordability. They also present the opportunity to make overpayments whenever possible within certain annual limits.

While the prospect of lower monthly payments can be tempting, it's crucial to understand the implications of opting for a longer mortgage term or an interest-only mortgage. These decisions should not be taken lightly; borrowers must consider their long-term financial stability and retirement plans.

DEMAND FOR LONGER-TERM MORTGAGES

According to data, in 2023, a staggering 70.73% of mortgage searches were for terms of 25 years and over[1]. This trend emerged in 2021 when the first 40-year fixed rate mortgage was introduced, revolutionising the mortgage scene.

The demand for these longer-term mortgages has since soared, overshadowing the previously popular 25-year terms and under. In contrast, only 29.27% were looking for terms under 25 years.

RISING DEMAND FOR LONGER TERMS

When comparing data from 2021/22 to 2022/23, this highlights some intriguing trends. For instance, there was a 16.45% rise in the demand for purchase mortgages (excluding first-time buyers) for terms of 40 years or more. All other search term demands experienced a decline.

Remortgage searches saw the most significant surge, with searches for 40-year terms or more increasing by a whopping 54.82%. First-time buyers were not left behind either, with a 43.75% increase in searches for 40 years or more terms.

REMORTGAGING IS A POPULAR CHOICE

The most interesting aspect of these statistics is the prominent rise in remortgage searches. These homeowners have already had a term for at least two years and are now turning to long-term mortgages to reduce their payments.

Will this trend persist into 2024? Only time will tell, but the data certainly suggests so. As living costs continue to escalate, house buyers are actively exploring ways to lower their monthly payments, and opting for extended terms could be one viable solution.

POTENTIAL DOWNSIDE TO CONSIDER

However, it's important to remember that longer-term mortgages can also inflate the total debt size and prolong the repayment period. This could prevent some homeowners from achieving mortgage-free status until after they retire. ◆

>> CONTEMPLATING A LONG-TERM MORTGAGE OR WANT FURTHER INFORMATION? <<

This is a complex landscape with many factors to consider. If you're contemplating a long-term mortgage or want further information about your options, don't hesitate to get in touch. Our expert team is always ready to provide guidance tailored to your unique circumstances and financial goals. For more information, speak to **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

Source data:
[1] Twenty7tec Mortgage Market Report – November 2023

Mortgage affordability

What a lender considers when deciding how much you can borrow

UNDERSTANDING HOW MORTGAGE affordability is calculated is crucial when you're considering buying a property. The lender's decision on how much you can afford might seem shrouded in mystery, but it's based on a simple affordability formula. So, let's explore the factors that mortgage lenders consider.

ROLE OF YOUR INCOME

Historically, your income was the sole factor that mortgage providers relied upon to make their decisions. However, the landscape has evolved and become more intricate since then. Despite these changes, your income remains a critical determinant of whether you can manage to repay the mortgage loan.

Certain mortgage lenders may offer larger loans to individuals in professions with higher earnings or households with higher combined incomes. In some instances, the income multiple you qualify for may depend on the loan-to-value ratio of your borrowing. However, in the wake of the coronavirus outbreak, many mortgage lenders have implemented stricter rules on borrowing amounts.

PROVING YOUR INCOME

As such, you must demonstrate your annual income to mortgage providers. Suppose a significant portion of your income derives from sources other than your regular salary, such as overtime, bonuses, commission or dividends. In that case, you'll need to identify a mortgage provider who will consider these. Some providers may also consider pension income, tax credits and allowances.

YOUR CREDIT SCORE IS A KEY CONSIDERATION

Mortgage providers will check your credit score via a credit reference agency before agreeing to lend you money. Your credit score will reflect any financial difficulties you've experienced in the past six years, including loan defaults, county court judgements, individual voluntary arrangements or bankruptcy. These factors will influence whether a mortgage provider will lend to you, the amount they will lend and the interest rate on offer.

IMPORTANCE OF YOUR DEPOSIT

Having a substantial deposit (relative to the value of the property you intend to buy) demonstrates a degree of financial responsibility to mortgage providers. It also reduces the risk associated with lending to you, as the loan money could be more easily recovered if the property were sold following a default on the loan. In general terms, the more you have saved, the larger the sum you'll be able to borrow.

ASSESSING YOUR OUTGOINGS

In the evolving mortgage lending landscape, understanding your outgoings has become as vital as knowing your income. Changes in affordability checks

"Having a substantial deposit (relative to the value of the property you intend to buy) demonstrates a degree of financial responsibility to mortgage providers."

mean that mortgage providers now scrutinise how much of your income is spent on essential outgoings. After all, dedicating 70% of your earnings to bills and loan repayments paints a less-than-rosy picture of your mortgage affordability.

NECESSARY ESSENTIAL OUTGOINGS

Essential outgoings form the backbone of your expenditure. They include groceries, toiletries, cleaning supplies, household bills such as gas, electricity, broadband, and car costs like vehicle tax and fuel. Other transport costs, insurance premiums (home, life, medical, critical illness), medical costs for things like contact lenses or prescriptions, and any debt repayments also play a significant role.

BEYOND ESSENTIAL LIFESTYLE COSTS

Aside from essentials, mortgage providers consider your lifestyle costs. This includes how much you spend on dining out, entertainment, shopping, holidays, non-essential travel and gym memberships. If a large chunk of your salary is dedicated to these non-essentials, it could hinder your ability to keep up with future mortgage repayments. Therefore, if you're willing to sacrifice certain luxuries to afford a larger mortgage, trim these costs several months before applying.

LOOKING AHEAD AT FUTURE OUTGOINGS

Mortgage providers don't just assess your current ability to afford a mortgage. They need to forecast your future financial situation as well. They'll evaluate various scenarios that could occur during your mortgage term, such as redundancy, serious illness or having a baby. If you're currently pregnant or have young children, the cost of raising them may be factored in, even if it's not reflected in your current spending. Having enough cash savings – at least enough to cover three to six months' worth of outgoings – can demonstrate to a mortgage provider that you'd still be able to afford your mortgage in the face of unforeseen circumstances.

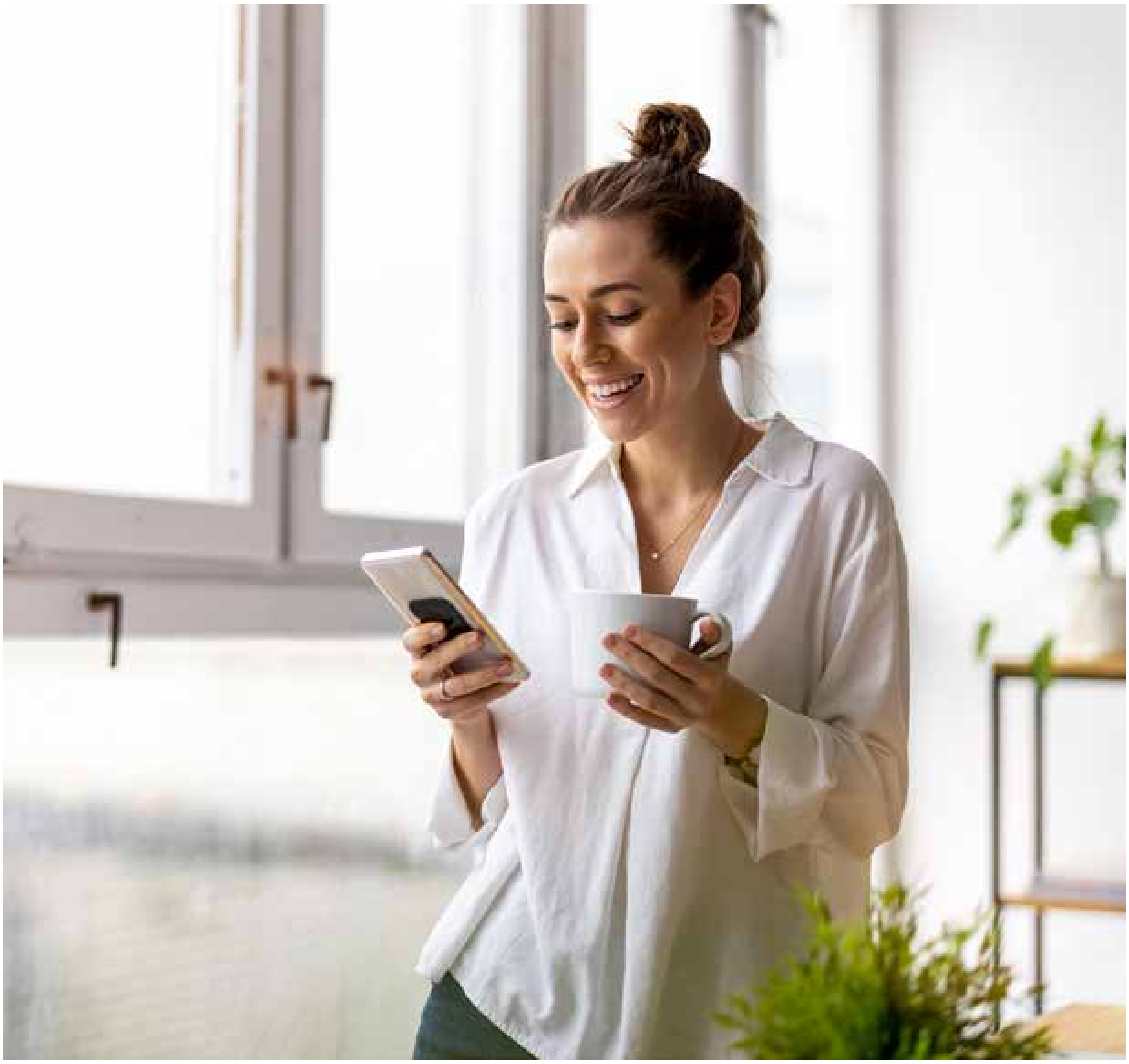
PREPARING FOR A CHANGE IN FUTURE INTEREST RATES

Other future changes, such as interest rate fluctuations, could impact your ability to repay your mortgage. Over the lifespan of your mortgage, rates could rise and fall multiple times, potentially leading to an increase in your monthly repayments. A mortgage provider will check if you still have enough income left after your essential outgoings and other spending to make these repayments, based on certain assumptions they use.

While mortgage providers broadly use the same affordability criteria when deciding how much to lend, there are small differences in what they'll each check. This could mean one mortgage provider might lend you more than another, making it time-consuming to find the provider that will offer you the best deal. ◆

>> READY TO SECURE THE BEST MORTGAGE DEAL AVAILABLE? <<

Navigating the world of mortgages can be daunting, but we're here to help. We can guide you through every stage of finding and applying for a mortgage to ensure you get the right deal. If you require further information or wish to discuss your situation, contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.



GREET LISA

Your tax-efficient route to home ownership

WELCOME LISA INTO your savings journey! A Lifetime Individual Savings Account (LISA) could be your perfect partner if you're eyeing that first step onto the property ladder. As a first-time buyer, it offers an attractive path to tax-efficient savings.

Open to those aged between 18 and 39, a LISA allows you to save up to a £4,000 annual allowance. The cherry on top? All savings are tax-free, and the government generously chips in with a 25% bonus on your contributions, up to a maximum of £1,000 per year.

NAVIGATING ELIGIBILITY AND PROPERTY CRITERIA

You must ensure the house you're keen on carries a price tag of £450,000 or less and will be your sole UK residence. Also, it's a requirement that the purchase is mortgage-backed. If you're buying in tandem with another first-time buyer, you can both open separate LISAs and enjoy these benefits as long as you meet the individual eligibility criteria.

Although you can open multiple LISAs during your lifetime, only one can be opened and contributed to in each tax year. Remember, your LISA allowance is part of your broader annual ISA allowance, currently standing at £20,000 for the 2023/24 tax year.

COMBINING SCHEMES AND WITHDRAWAL GUIDELINES

LISA doesn't stand alone. You can pair it with other government schemes if you meet their eligibility requirements. However, be mindful of withdrawal rules. Within the first 12 months of your initial deposit into a LISA, any withdrawals will face a 25% government charge (2023/24 tax year), potentially leaving you with less than you put in.

This withdrawal charge doesn't apply when buying your first home or if you're diagnosed with a terminal illness. After the 12-month mark, you may withdraw money to buy your first home, but the government charge applies for any other withdrawals before the age of 60.

USING LISA FUNDS FOR AN EXCHANGE DEPOSIT

Here's the exciting part – LISA funds, including the bonus, can be used towards an exchange deposit. The only condition? Your property purchase must be completed within 90 days of your conveyancer receiving the withdrawn funds from your LISA provider.

WHAT IF YOUR PURCHASE FALLS THROUGH?

If your property purchase takes over 90 days, your conveyancer can request an extension from HM Revenue & Customs. If the purchase falls through, or if you don't use the cash to buy your home within three months after the withdrawal, the money must be returned to the LISA by the conveyancer.

There's no restriction on which stage of the property purchase you can put your LISA funds towards. As long as it meets the conditions above, you can use them towards a deposit at the exchange of contracts. ◆

"A Lifetime Individual Savings Account (LISA) could be your perfect partner if you're eyeing that first step onto the property ladder."

>> LOOKING FOR EXPERT ADVICE TO NAVIGATE THE OFTEN COMPLEX WORLD OF MORTGAGES? <<

If you require further information or guidance in making your mortgage decision, don't hesitate to get in touch. Our team of experts is ready and waiting to assist you in navigating the often complex world of mortgages. Contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

Essential steps to prepare for your next move

How to ensure you're well-prepared for your onward journey

PREPARING TO PURCHASE your next property might seem like an uphill task, especially if you're uncertain where to start. But fear not; we're here to guide you through the practical steps to ensure you're well-prepared for your onward journey.

If you plan to sell your existing home, the first action point is to get a valuation from a seasoned agent. This will give you a clearer picture of your property's worth and a realistic idea of what you can afford for your next home.

ASSEMBLING YOUR TEAM

Once you've decided to relocate, it's crucial to register with an estate agent as soon as possible. Ask them pertinent questions right from the onset. If you're selling, inquire about their marketing strategies and contingency plans for selling your property. Find out how they motivate applicants and ask for their views on the market. Most importantly, ask how they'll net you the best result and how they'll handle potential issues, such as challenges that might appear in surveys leading up to the exchange of contracts.

Having these early conversations and understanding your agent's skillset will ensure you're all on the same page. This will alleviate any stress that may come later, should difficulties arise. Registering with an agent early as a buyer will help you build a strong relationship with them. They will be able to understand your needs and wants better and even match you with a property that ticks all your boxes before you even start with your search.

SECURING YOUR MORTGAGE

You'll likely need a mortgage to fund your purchase. We can help you understand your affordability and provide guidance on securing your loan. When searching for a mortgage, we have access to a wide range of mortgage products and lenders, some of which may not be directly available to you. This broad scope enables us to find the right deal based on your specific circumstances.

With our expertise and knowledge of the intricacies of the mortgage market, we'll help you save time and effort in navigating various lenders' criteria and application processes. Furthermore, we provide personalised advice, ensuring that you understand the terms and conditions of different mortgage products. We'll also handle all the paperwork and liaise with lenders, solicitors and surveyors, making the process smoother and less stressful.

LEGAL ASSISTANCE

During the moving process, a solicitor will handle all the legal aspects and oversee your conveyancing process. Your estate agent may recommend a solicitor, but if you choose your own, it's worth instructing your solicitor as early as possible. This will help avoid delays and complete the final parts of your purchase efficiently.

Having a reliable agent, solicitor and mortgage broker on your team will make managing the process much easier. Especially if you're a first-time mover, having a team of experts to guide and support you throughout the process can make the journey less daunting.

MORTGAGE AGREEMENT IN PRINCIPLE

It's crucial to secure a mortgage Agreement in Principle (AIP). Without this vital piece of paperwork, you risk falling in love with properties that are financially out of reach, or, inversely, underselling your purchasing power. An AIP is a preliminary assessment from a lender, indicating their willingness to provide you with a loan.

By analysing basic information such as your credit score and income, lenders can provide an estimate of how much they'd be willing to lend. An AIP isn't a promise, an offer or a contract. However, it does provide a ballpark figure of the mortgage amount a lender might be willing to extend, based on the data you've supplied and the type of property you're eyeing.

CREDIBILITY WHEN VIEWING PROPERTIES

Moreover, an AIP serves as credibility when viewing properties. It signals to estate agents and sellers alike that you're not just window shopping – you're a serious contender in the property market. As you prepare to secure your AIP, you must comprehensively grasp your income and expenses.

Keep a meticulous record of your financial needs and wants, and ensure your bank statements paint a favourable picture of your financial health. We can guide you through the process of preparing for your loan application. However, it's beneficial to familiarise yourself with the documentation you'll need at the outset.

SOLID EVIDENCE OF YOUR INCOME

Every lender will require solid evidence of your income. For those employed under the PAYE system, this typically comes in the form of your last three months' consecutive payslips.

If you're self-employed or a limited company director, lenders will need to see your salary and dividends, as well as your share of net profit. You'll also need at least two years of trading with corresponding accounts, tax year overviews and SA302s. If you're a sole trader, you'll need to present at least two years of SA302s and tax year overviews detailing your self-employment income. ◆

>> ARE YOU PLANNING TO PURCHASE A NEW HOME? <<

We hope this provides a clear roadmap for your journey towards purchasing your next property. If you require further information or have any queries, please don't hesitate to get in touch. We're here to help make your move as seamless as possible. To discuss your mortgage options or for more information, contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

MISSTEPS DURING THE HOME-SELLING PROCESS

What can go wrong, and what should you guard against?

> "Overpricing, especially in a market with falling property prices, can lead to homes taking longer to sell."

IF YOU'RE CONSIDERING selling your property, it's crucial to be clued up on the potential stumbling blocks that could complicate the transaction. The journey from listing to selling can be fraught with numerous pitfalls – from setting the right asking price to effective marketing and even choosing the right conveyancer.

Potential missteps during the home-selling process can lead to costly mistakes. These errors don't just compromise the attractiveness of your property to prospective buyers, but they can also unnecessarily extend the selling timeline and negatively impact the final sale price.

BE PREPARED AND HAVE THE PAPERWORK READY

Before embarking on the selling journey, ensure all the necessary paperwork is readily available. This includes documents related to any planning permissions for works done or installation certificates for items like double-glazed windows. Having these documents at your fingertips allows you to confidently answer potential buyers' questions. It enables you to act swiftly once an offer is accepted, as solicitors often request these documents.

PANICKED PRICE REDUCTION

The successful sale of a property isn't always within the seller's control. Buyers can change their minds at the last minute or face unexpected changes in circumstances, leading to a collapsed sale. Sellers may feel pressured to reduce the price to keep the sale afloat, but caution is advised to avoid falling victim to 'gazundering', a tactic savvy buyers use to secure a panicked price reduction.

PROOF OF FUNDS UPFRONT

Issues with financing can delay or derail the sale process. To minimise this risk, consider dealing only with buyers who can demonstrate a mortgage Agreement in Principle and provide proof of funds upfront.

OVERPRICING IN A FALLING MARKET

Overpricing, especially in a market with falling property prices, can lead to homes taking longer to sell. Be cautious when choosing an agent based on high valuations, as they might just be trying to win your business.

CHOOSING THE WRONG CONVEYANCER

This is another significant decision that requires careful thought. The wrong choice can prolong the process and potentially affect the final sale price. So, be cautious and make an informed decision.

SELECTING THE RIGHT ESTATE AGENT

Additionally, choosing the right estate agent is crucial. Research their reputation, track record and local market knowledge before deciding.

IMPORTANCE OF DETAILED INFORMATION

Marketing your property extends beyond captivating photos. Help the buyer make an informed decision by providing a comprehensive description of your property, information about the area and a clear, accurate floor plan. All of this will prove invaluable to potential buyers and provide a more complete picture of your property.

UNEXPECTED SURVEY FINDINGS

When it comes to selling your property, honesty is paramount. If your property has known issues, it's better to address these up front. Buyers typically engage professionals for inspections, be it a simple survey with mortgage valuation or a comprehensive independent building survey. Any discrepancies found could complicate the selling process.

TRIGGERING A CHAIN DOMINO EFFECT

If your sale is part of a chain and another sale in that chain collapses, it can trigger a domino effect, causing your own sale to fall through. To mitigate this risk, consider finding cash buyers or using part-exchange companies to step in when a chain breaks.

SAFEGUARD AGAINST SCAM

While scams in the housing market are rare, vigilance is always recommended. Always verify who you communicate with, and be wary of unusual requests.

MOVING DAY UNFORESEEN GLITCHES

Moving day can be stressful, with last-minute packing, cleaning and meter readings. Unforeseen glitches in final money transfers can leave all parties uncertain. Part-exchange companies that offer a License to Occupy can help alleviate this stress by allowing sellers to move out at their own pace. ◆

>> READY TO DISCUSS YOUR MORTGAGE OPTIONS? <<
Selling your home isn't something to rush into. It's an important decision that requires careful planning and execution. By being aware of the potential pitfalls, you can avoid costly mistakes, ensure a smooth transaction and secure a favourable sale price. If you require further information or guidance and want to discuss your mortgage options, please contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

Gazundering, what is it and can you avoid it?

More and more people are becoming interested in or affected by this practice

THE TERM 'GAZUNDERING' has been making waves in the property sector, with a 97% increase in Google search activity since the start of 2023. According to research, the rise in gazundering-related searches aligns with the current shift in power towards homebuyers[1].

This significant surge suggests that more and more people are becoming interested in or affected by this practice. So, what exactly is gazundering? Gazundering occurs when a potential homebuyer lowers their initial offer just before contracts are about to be exchanged. This can put sellers in a difficult position, as they are left to decide whether to accept the lower offer or risk losing the sale entirely.

Gazundering is often used as a tactic by buyers when market conditions are cooling, giving them more leverage in negotiations. In an environment of tepid buyer demand or when a sale must be wrapped up swiftly – for instance, in a lengthy chain or when time is of the essence – a seller might find themselves compelled to accept this lower bid. This risks triggering the collapse of the entire sales chain. In these situations, a pressured seller may also reduce their offer on a new purchase, creating a domino effect.

NAVIGATING GAZUNDERING

Remember, while gazundering can be a stressful experience, understanding what

it is and how it works can equip you with the knowledge to navigate it successfully. A recent survey of home sellers found that one in five sellers have been gazundered when selling their home[2]. So, what strategies can one employ to navigate gazundering?

Here are some you might consider:

SETTING CONTRACT EXCHANGE DATES SWIFTLY

One approach is to set a date for the exchange of contracts promptly. This can deter late cold feet or changes of heart from the buyer.

REALISTIC PRICING AND OPENNESS

If you position your property price too high, you risk buyers reducing their offers later in the process. This doesn't mean undervaluing it. Instead, it means setting a price that reflects its true market value, considering factors such as location, property size, condition and comparable real estate prices in your area. Doing so will attract serious buyers and stand a better chance of securing a sale that satisfies all parties involved.

ENCOURAGING TIMELY SURVEYS

Encourage your buyer to complete their property survey without delay. Lenders can sometimes be swamped with work, which could slow down the process if your sale depends on a chain. In these circumstances, the buyer may need to think about switching lenders.

"Gazundering is often used as a tactic by buyers when market conditions are cooling, giving them more leverage in negotiations."

SELECTING THE RIGHT ESTATE AGENT AND MINIMISING DELAYS

Ensure no nasty surprises are lurking in the buyer's survey. Significant repair work can frighten buyers or give them a reason to reduce their offer significantly. Having your estate agent inspect your home for potential issues that a surveyor might highlight could be advantageous. A trustworthy and well-trained agent will do all within their power to guarantee a smooth sale and manage any aggressive behaviour from buyers.

AVOID UNNECESSARY SOLICITOR DELAYS

Procrastination between both parties' solicitors can allow the buyer to revise their offer. Make sure you have promptly supplied all the necessary information to your solicitor. ◆

>> READY TO FIND THE RIGHT MORTGAGE DEAL FOR YOUR UNIQUE NEEDS? <<

If you need further clarification or have any questions about gazundering, don't hesitate to get in touch. We're here to assist you throughout every stage of your home-selling journey and mortgage requirements. Contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

Source data:

[1] Data from GetAgent.co.uk – 25 October 2023.
[2] House Buyer Bureau survey data from over 1,000 UK home sellers selling a property in the last six months – 22 November 2023.

PREPARING TO LIST YOUR PROPERTY?

Understanding what's required can expedite the sales process

GETTING READY TO sell your house or flat can often feel like navigating a labyrinth of paperwork and legal terminology. But fear not; you're not alone in this journey. This article considers the documents you must assemble when selling your property.

Understanding what's required can expedite the process and help you sidestep unexpected pitfalls and delays. Each document ensures a smooth property sale, from your Energy Performance Certificate to proof of identity and property deeds. So, let's unravel this process and explore the key documents necessary for selling your home.

IDENTITY, RESIDENCE AND FUNDS VERIFICATION

First, you must comply with the Anti-Money Laundering (AML) regulations set out by the government. This compliance is a prerequisite for your estate agent to list your property and for your solicitor to manage your transaction.

Consider engaging a conveyancing solicitor who can conduct a single AML check to save both time and money. This means that the AML verification carried out by your solicitor can be shared with your estate agent, thus eliminating the requirement for two separate checks.

To adhere to Anti-Money Laundering Regulations and The Proceeds of Crime Act 2002, you'll need to provide proof of identity and address to your estate agent and legal team. Acceptable identification documents include a valid passport or driving licence, while a recent bank statement or utility bill can serve as proof of address.

For those both buying and selling concurrently, you'll need to furnish evidence of your 'source of wealth' and 'source of funds'. This includes bank statements and other documents demonstrating how and where your money has been accumulated and stored.

HMLR LAND REGISTRY TITLE DEEDS

A crucial step in selling your property involves proving your ownership. This can be achieved through a property register or title deeds that affirm you as the legal owner.

“An Energy Performance Certificate (EPC) is a mandatory document for most residential properties in the UK.”

Official duplicates of the register can be obtained from the Land Registry website or via post.

Title deeds verify your ownership rights and provide comprehensive information about the property’s boundaries, history and any associated rights or restrictions. If your title deeds have gone astray, the Land Registry can issue a replacement, although some may prove trickier to secure than others.

ENERGY PERFORMANCE CERTIFICATE (EPC)

An Energy Performance Certificate (EPC) is a mandatory document for most residential properties in the UK. It provides an energy efficiency rating and suggestions for improvement. Valid for ten years, an EPC must be presented to prospective buyers.

While there are exemptions to this requirement, such as listed buildings and places of worship, it’s wise to consult with a professional to ascertain if your property qualifies for an exemption.

GAS SAFETY CERTIFICATE

For properties equipped with gas appliances, a Gas Safety Certificate is paramount. This document verifies that a Gas-Safe registered engineer has inspected all gas installations and appliances in your property and deemed them safe.

This certificate, valid for a year, gives buyers peace of mind that the gas installations in your property adhere to safety standards. The time taken to obtain this certificate can fluctuate, so scheduling an inspection well in advance is advisable.

ELECTRICAL SAFETY CERTIFICATE

An Electrical Safety Certificate, or an Electrical Installation Condition Report (EICR), is crucial when selling a home. It’s not legally required, but it’s extremely beneficial in proving the safety and regulatory compliance of your property’s electrical systems.

This certificate is obtained after a thorough inspection by a certified electrician. The electrician will assess all the electrical installations in your home, ensuring they meet the necessary safety standards. Presenting this certificate to potential buyers gives them peace of mind that the electrical systems are safe and up to code.

PLANNING PERMISSIONS

Planning permissions are essential for any changes or enhancements made to your property. They are formal approvals from the local planning authority for specific construction activities. Not being able to provide the necessary planning permissions could raise doubts in the minds of potential buyers and disrupt the sale process.

If changes were made without securing the necessary planning permission, you might face penalties or even have to undo the changes. Therefore, securing the appropriate documentation for any modifications to your property is crucial.

BUILDING REGULATION CERTIFICATES

Building Regulation Certificates validate that your construction or modification projects meet the necessary safety measures, accessibility standards and energy efficiency norms. After project completion, these certificates are issued by the local authority or an approved inspector.

As a property owner, it’s imperative to keep these certificates handy. They serve as tangible proof of compliance, giving potential buyers the assurance they need.

GUARANTEES AND WARRANTIES

If you’ve undertaken significant renovations or improvements to your property, offering relevant guarantees and warranties becomes necessary. These documents attest to the quality and durability of the work done and provide assurances to potential buyers.

Whether it’s roofing, damp proofing, double glazing or central heating systems, guarantees and warranties serve as a safety net for buyers. They instil confidence in potential buyers and can significantly enhance your property’s overall value.

“New build warranties, such as the Buildmark warranty, are vital for new builds or properties under ten years old.”

FENSA CERTIFICATION

When upgrading your property’s windows or doors, obtaining a FENSA certification is crucial. This document proves that the newly installed features comply with building regulations, energy efficiency standards, performance requirements and safety norms. Securing this certificate from a FENSA-certified installer assures potential buyers that a qualified professional has installed your property’s upgrades and met all necessary codes.

LEASEHOLD DOCUMENTS FOR SELLING YOUR FLAT

Selling a leasehold property involves several critical documents that can ensure a successful transaction. One of the most important is your lease document, which contains detailed information about your property’s tenure, including the remaining lease duration, the term, current ground rent, service charges and planned increases.

If your lease has less than 80 years remaining, selling your property could be challenging. However, if you’ve lived in the property for at least two years, you may be eligible to extend the lease or initiate the extension process.

SIGNIFICANCE OF NEW BUILD WARRANTIES

New build warranties, such as the Buildmark warranty, are vital for new builds or properties under ten years old. These warranties serve as a safety net for homeowners, offering protection against potential issues or defects with the property.

BUILDMARK WARRANTY

The Buildmark warranty covers any structural defects that might appear within the first ten years of owning a newly built property. This includes defects in crucial structural components like the foundation, roof, walls and windows.

Beyond structural defects, new home warranties often cover other aspects such as plumbing, electrical systems, and heating, ventilation and air conditioning (HVAC) systems. It’s essential to thoroughly review your warranty document to understand its specific terms and coverage.

INTERPRETING YOUR MORTGAGE STATEMENT

If you have an outstanding mortgage on your property, you must obtain a mortgage statement from your provider. This document outlines the outstanding balance, payment schedule and other relevant mortgage information.

It’s also important to notify your mortgage provider of your intention to sell the property and to secure an updated statement reflecting your mortgage’s current status. This ensures that there are no pending financial obligations on your title at completion, leaving the property free of legal charge. ◆

What does 'Sold Subject to Contract' mean?

One of many potentially confusing property jargon terms

EVER COME ACROSS a property listing marked 'Sold Subject to Contract' (SSTC) and wondered what it means? In the maze of property market jargon, SSTC stands out as a key term. It implies that the seller has accepted an offer on the property, but the deal is not yet legally binding – the paperwork and legal formalities are still in progress.

The estate agent should take the property off the market, put up a 'Sold: SSTC' sign outside the property and describe the property in online listings as 'Sold SSTC'. This stage of the property transaction doesn't involve any exchange of funds and nothing is legally enforceable. The agreed price can still be negotiated, and both parties – buyer and seller – can back out.

THE PROCESS OF FINALISING THE DEAL IS IN MOTION

To those outside the immediate circle of the transaction, SSTC serves as a beacon. When potential buyers stumble upon the property during its SSTC phase, this informs them that an offer has been accepted and the process of finalising the deal is in motion. But is a sale guaranteed when a property is under the SSTC status? The simple answer is 'no'.

With approximately one in three sales falling through during the SSTC phase, it's clear that there are no guarantees. Both the buyer and seller retain the right to withdraw from the transaction since there are no legal obligations at this stage. The deal only becomes legally binding after the contract exchange, except in Scotland, where an accepted offer is legally binding.

MITIGATING THE RISK OF A FAILED SALE

One effective way to minimise the risk of a sale falling through is expediting the sale process.

Here are some strategies to ensure a smooth transaction during the SSTC phase:

EARLY APPOINTMENT OF A CONVEYANCER

As a seller, appoint a conveyancer when

your property is put on the market. The estate agent will change the property status from 'For Sale' to 'SSTC' only after conveyancers are appointed for both parties and the buyer's funds are verified. By appointing your solicitor early, you get a head start, enabling the conveyancing process to kickstart promptly once your buyer instructs their solicitor.

UTILISE A SALE-READY PACK

A sale-ready pack, prepared by your conveyancer, can significantly reduce risk, time and unnecessary costs. Although optional in England and Wales, it is mandatory in Scotland. This pack allows early identification and resolution of potential problems, thereby reducing the likelihood of delays later on.

CONSIDER RESERVATION AGREEMENTS

If you're worried about the transaction falling through, ask your conveyancer to draft a reservation agreement or an 'exclusivity agreement'. This ensures that the property won't be subject to other offers within a specified time frame, providing some peace of mind.

GET PRE-QUALIFIED AS A BUYER

Get pre-qualified to make your offer more attractive compared to other potential buyers. This demonstrates your commitment and ability to complete the transaction, reducing the risk of a failed sale during the SSTC phase.

TRIGGERING A CHAIN OF LEGAL PROCEDURES

On achieving the SSTC status, a property sets off a chain of legal procedures led by the buyer's conveyancer. This expert scrutinises the property's legal title, unearths potential issues and offers practical solutions.

To identify potential problems, the conveyancer conducts various searches, including Local Authority, Water Drainage, Contamination and Flood. They also examine the legal deeds from the Land Registry and draft a contract along with supporting documents. These can be collated into a sale-ready pack, which is advisable to prepare early to mitigate risks.

PROBING QUERIES, REPORT ANALYSIS AND CONTRACT EXCHANGE

As part of the purchasing process, the buyer's conveyancer meticulously scrutinises forms completed by the seller's conveyancer. These include the TA6 property information form, leasehold form and lease management on a lease sale. After this review, 'additional enquiries' are raised with the seller's solicitor by the buyer's conveyancer. They also explore whether defects can be covered by fixed or indemnity insurance.

THE FINAL DECISION TO BUY OR NOT TO BUY

Towards the end of the SSTC period, the buyer receives a 'report on title'. Their decision to proceed with the purchase hinges on this report. They instruct their legal team to exchange contracts if they decide to buy. Both parties must reach a consensus on details such as the timeline between contract exchange and completion.

PRICE RENEGOTIATION AND VIEWINGS DURING SSTC

While a property is under SSTC, issues that arise may trigger a renegotiation of the sale price. A pre-prepared sale-ready pack proves beneficial in these circumstances, as it allows for early price adjustments by disclosing crucial information beforehand.

POTENTIAL PITFALLS AND PRICE ADJUSTMENTS

However, problems identified during the SSTC stage, such as those highlighted in a surveyor's report or legal investigation, can also instigate price renegotiations. Additionally, sellers can permit viewings of their SSTC property, but they risk potential buyers backing out.

UNPREDICTABILITY OF GAZUMPING

Gazumping throws another spanner in the works. This occurs when a new buyer makes an offer on a SSTC property, and the seller accepts this new bid. Unless the seller instructs otherwise, estate agents are legally obliged to pass on any offers they receive to the seller.

CONCLUDING THE SSTC PERIOD

The SSTC period culminates with the completion of the transaction. Typically, this process takes around five months, from accepting an offer to exchanging legal contracts. This is followed by a further five to twenty working days until completion.

FACTORS INFLUENCING THE SSTC TIMELINE

However, this timeline can fluctuate based on factors such as the conveyancer's resources, market saturation and the time of year. The SSTC stage concludes once the final contract has been signed, exchanged and the deposit paid. The deal becomes legally binding at this point, with anyone withdrawing facing substantial penalties. ◆

>> STILL PUZZLED OR NEED FURTHER INFORMATION? <<

Don't hesitate to contact us for a more in-depth understanding of the mortgage and property buying process and how to navigate the SSTC phase effectively. To learn more, speak to the team at **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

Selling a mortgaged property

Can I sell my house before the end of the mortgage term?

MANY HOMEOWNERS FIND themselves in a conundrum when it comes to selling their property before they've fully paid off their mortgage. Unless you're fortunate enough to own your house outright or have decided to spend your entire life in your first home, this is a situation you'll likely face.

The good news is that selling your house before the end of the mortgage term is entirely possible. As long as you can afford to pay off the remaining balance of the mortgage, there's no restriction on when you can sell. An alternative option is to transfer your existing mortgage to a new property.

WITHIN THE PERIOD WHEN EARLY REPAYMENT CHARGES APPLY

If you're selling to free up some cash and don't plan on purchasing another property immediately, ensure the sale price is higher than the outstanding mortgage balance. Consider any fees you might be responsible for, such as early repayment charges. Negative equity may present an issue in times of low property prices, though this is relatively rare.

Your next step should be to contact your mortgage lender to determine if you are still within the period when early repayment charges apply. The only surefire way to avoid these charges is to wait until your mortgage deal ends. Most people opt for a fixed term of three to five years, after which early repayment charges will not apply.

SECURING A BETTER DEAL WITH A NEW MORTGAGE PROVIDER

If you can secure a better deal with a new mortgage provider, the savings could outweigh the cost of these charges. It's advisable to discuss your options with us so we can guide you towards the right option for your particular situation.

It's possible to sell your house and keep the mortgage, provided you use the mortgage to purchase another property. This process, known as 'porting' your mortgage, is generally feasible, though it depends on factors such as your income, age, employment status and property type. For specific details about your mortgage, we can liaise with your lender.

TRANSFERRING YOUR EXISTING DEAL TO ANOTHER HOUSE

Porting your mortgage – transferring your existing deal to another house – can be beneficial. It can save you significantly if you have a favourable fixed rate or are still within the early repayment charge window. Plus, it's less hassle than starting an entirely new application with a different mortgage company.

However, there's a catch. If you're selling to buy a more expensive property, porting could require two mortgages – your existing one and a second to cover the price difference. To port a mortgage from one property to another, you must complete a simple application process. Most mortgages are portable, but your personal circumstances and those of your property will determine your eligibility. ◆

>> COMING TO THE END OF YOUR CURRENT MORTGAGE DEAL? <<

Whether you're coming to the end of a fixed rate, switching from a tracker or thinking about moving off a variable rate, we know you're facing a very different market than last time. To look at your options, contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

HOW TO EXPEDITE YOUR HOME SALE

Helping your potential buyers visualise their life in your home

"Redecorating your home with a neutral colour scheme can be a game-changer when it comes to attracting potential buyers."

SELLING A HOUSE often feels like a laborious journey, with homeowners eagerly awaiting the day they can relinquish their keys and step into their next dream home.

While it may seem like an uncontrollable process, there are indeed strategies you can implement to expedite your home sale. The goal is to help potential buyers envision themselves living in your home. Here's a rundown of some proven tips to consider.

SETTING A SENSIBLE INITIAL ASKING PRICE

Beware the lure of an estate agent presenting you with an overly ambitious valuation. An inflated price tag can deter potential buyers, who can easily compare it with other properties on their radar. Overpricing your home often leads to subsequent price reductions, which can raise red flags for buyers, prompting queries like 'Why has the price dropped? What's the catch?'

BOOSTING YOUR HOME'S KERB APPEAL

The term 'kerb appeal' is about the first impression a potential buyer gets when viewing your home from the street. Simple enhancements can significantly boost your property's kerb appeal. Ensure your windows are clean and well-maintained, your roof is in good condition with no missing tiles, and your pathway is clear and accessible.

If you have a garden, keep it tidy and free from dead leaves, weeds and litter, and conceal your wheelie bins from view. Trim any overgrown hedges and ensure fences and walls are in good repair. A fresh coat of paint can work wonders.

TACKLING QUICK WINS AROUND YOUR HOME

Small issues can be a big deterrent for potential buyers. Addressing these minor tasks can make your property more appealing and increase your chances of securing a sale. These quick wins could include descaling the shower screen, replacing broken lightbulbs and cleaning the carpets.

IDENTIFYING AND TARGETING LIKELY BUYERS

Consider the unique features of your property and its location to determine who might be your ideal buyer. Could it be a young family, a single professional or perhaps a retired couple? Once you've identified your target audience, highlight the property features and nearby amenities that would appeal to them in your listing, during discussions with your estate agent and when conducting viewings.

HELPING BUYERS VISUALISE THEIR LIFE IN YOUR HOME

The goal is to help potential buyers envision themselves living in your home.

NEUTRAL TONES ARE THE KEY TO A BUYER-FRIENDLY CANVAS

Redecorating your home with a neutral colour scheme can be a game-changer when it comes to attracting potential buyers. While a deep red feature wall may suit your style, it could deter those who can't visualise their décor ideas within your space. A fresh coat of paint in shades of cream, off-white or subtle hues can help prospective buyers see the potential for their own style to shine through.

DECLUTTERING AND DEPERSONALISING TO CREATE AN INVITING ATMOSPHERE

While it's essential to maintain a sense of warmth and homeliness, too much clutter or personal memorabilia can make it difficult for buyers to imagine themselves in your space. By decluttering and removing personal photos, you create a comfortable, cosy, yet versatile environment where anyone could feel at home.

SIMPLE ADDITIONS FOR BIG IMPACT AND A HOMELY TOUCH

Adding simple touches like curtains, plants and fresh fruit can significantly enhance the homely feel of your property. Mirrors and lamps, particularly in smaller or darker spaces, can bring light and create an illusion of space. These small additions can make a property feel more inviting, helping potential buyers envision themselves living there.

FROM OFF-PUTTING TO INVITING – SCENT MATTERS

Never underestimate the power of scent. If your property has any sources of bad smells, it's crucial to address them at the source rather than merely masking them. From clearing outside drains and thoroughly cleaning kitchens and bins to removing tobacco odour from fabrics, every effort counts. And remember, a pleasant scent, such as fresh coffee or baked goods, can be incredibly inviting.

PREPARATION IS EVERYTHING, SO SECURE A SOLICITOR EARLY ON

Securing a solicitor before finding a buyer might seem unusual, but it can save you a few weeks in the sales process. With a solicitor already in place, you'll be ready to handle the necessary paperwork promptly once a buyer is found.

BOOST AND ENHANCE YOUR LISTING WITH PHOTOS AND HIGHLIGHT FEATURES

If your property listing isn't attracting much interest, it might be time to revamp it. This could mean highlighting unique features, enhancing the quality and quantity of photos, or even hiring a professional photographer. A skilled photographer can optimise lighting, arrange furniture effectively and capture your home's best features, making your property more appealing to online buyers. ◆

>> READY TO TAKE THE NEXT STEP TOWARDS YOUR NEW HOME? <<

Whether you're a first-time buyer or looking to remortgage, we'll help you make sense of your options. From reviewing your credit and understanding your budget to comparing rates from different lenders, we'll answer your questions and help you make informed decisions. Contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

Seasonal selling

The rhythm of real estate

CONSIDERING SELLING YOUR home and venturing further up or down the property ladder? Timing is crucial in this endeavour, as it can help draw in many buyers and secure the most favourable price for your property. It's essential to ensure that your most prized possession is sold at the prime time and most effectively.

Springtime proves to be a golden opportunity for marketing your property. From February to June, the housing market springs into action as prospective buyers commence their search for a new home. This time of the year typically sparks many people's desire for change and fresh beginnings.

THE DECISION TO PURCHASE A NEW HOME

This often translates into the decision to purchase a new home. However, the process of house hunting and viewing enough homes to make an informed decision usually takes a couple of months, which aligns perfectly with the arrival of spring.

Moreover, the aesthetic appeal of homes significantly increases during spring. With gardens blossoming and ample natural sunlight illuminating the houses, they naturally look more appealing. Additionally, the favourable weather conditions of spring are more conducive to house hunting, especially for those travelling considerable distances to view properties.

BETTER MOOD AND MORE OPEN TO MAJOR DECISIONS

Spring also typically fits well into most people's schedules. The season witnesses fewer holidays, and people are generally in a better mood and more open to major decisions like moving houses.

The subsequent ideal period for selling is autumn, specifically between September and October. During this season, many individuals aim to secure a new home before the festive period of Christmas. So autumn can be a good time to sell a house. While

“In 2023, according to Zoopla, properties were under offer within an average of 35 days from being listed.”

fewer buyers tend to be in the market than in spring, they are often more motivated. This is because of a tighter timeline of moving before winter looms.

YOUR HOUSE SHOULD STILL LOOK ATTRACTIVE

Unlike in summer, children are at school, so people have the time to house hunt, and while the weather holds out, your house should still look attractive. October, in particular, is a good time for a speedy sale. But do not leave coming to the market too late. Nobody wants to move over Christmas, and November is generally the worst month possible for marketing a house.

On the flip side, the quietest periods for the housing market are the summer months of July and August. While summer may be a season of sunshine and holidays, it isn’t necessarily the best time to put your house on the market. There are several reasons why this period often sees a slowdown in real estate activity.

FAMILIES TYPICALLY BEGIN THEIR HOUSE HUNT EARLIER IN THE YEAR

Firstly, the summer months can be quite hectic with children out of school and families planning holidays. This leaves little time for prospective buyers to browse the housing market and attend viewings.

Additionally, families typically begin their house hunt earlier in the year to settle into their new homes before the next academic year begins. This minimises disruption to their children’s education and allows for a smoother transition.

TIMING YOUR PROPERTY’S LISTING TO YIELD BETTER RESULTS

Therefore, the summer months may not be ideal for marketing larger properties that will likely attract families as potential buyers. The house-hunting activity usually picks up again in September when the kids return to school. Thus, timing your property’s listing for this period could yield better results.

Moreover, factoring in the average timeline of a no-chain house sale, typically 16 weeks, a September listing aligns well with buyers’ desire to move into their new homes before Christmas.

BUYERS WHO MIGHT BE LESS WILLING TO VENTURE OUT FOR VIEWINGS

However, one exception to this trend is bungalows. These properties are often popular among older buyers who might be less willing to venture out for viewings in colder, darker conditions. Therefore, they may continue their house search during the summer months.

Selling a house in winter can be difficult compared to other seasons. Given the chillier temperatures and shorter daylight hours, fewer people are inclined to travel around for house viewings. This can lead to less foot traffic and lower offers for your property.

EMPLOY A FEW STRATEGIES TO NAVIGATE THESE CHALLENGES

However, sellers can employ a few strategies to navigate these challenges effectively. Some real estate experts suggest temporarily removing your listing from the market if it hasn’t sold by Christmas, only to relist it in the New Year. This could be as early as Boxing Day, but waiting until February is typically advised.

The rationale behind this strategy is that while many people start their house hunt in January, they usually don’t make purchase decisions until February. By relisting your home in February, your property may stand out from those that have been on the market since late December or early January. These listings may seem less appealing to buyers who have been searching for a couple of months.

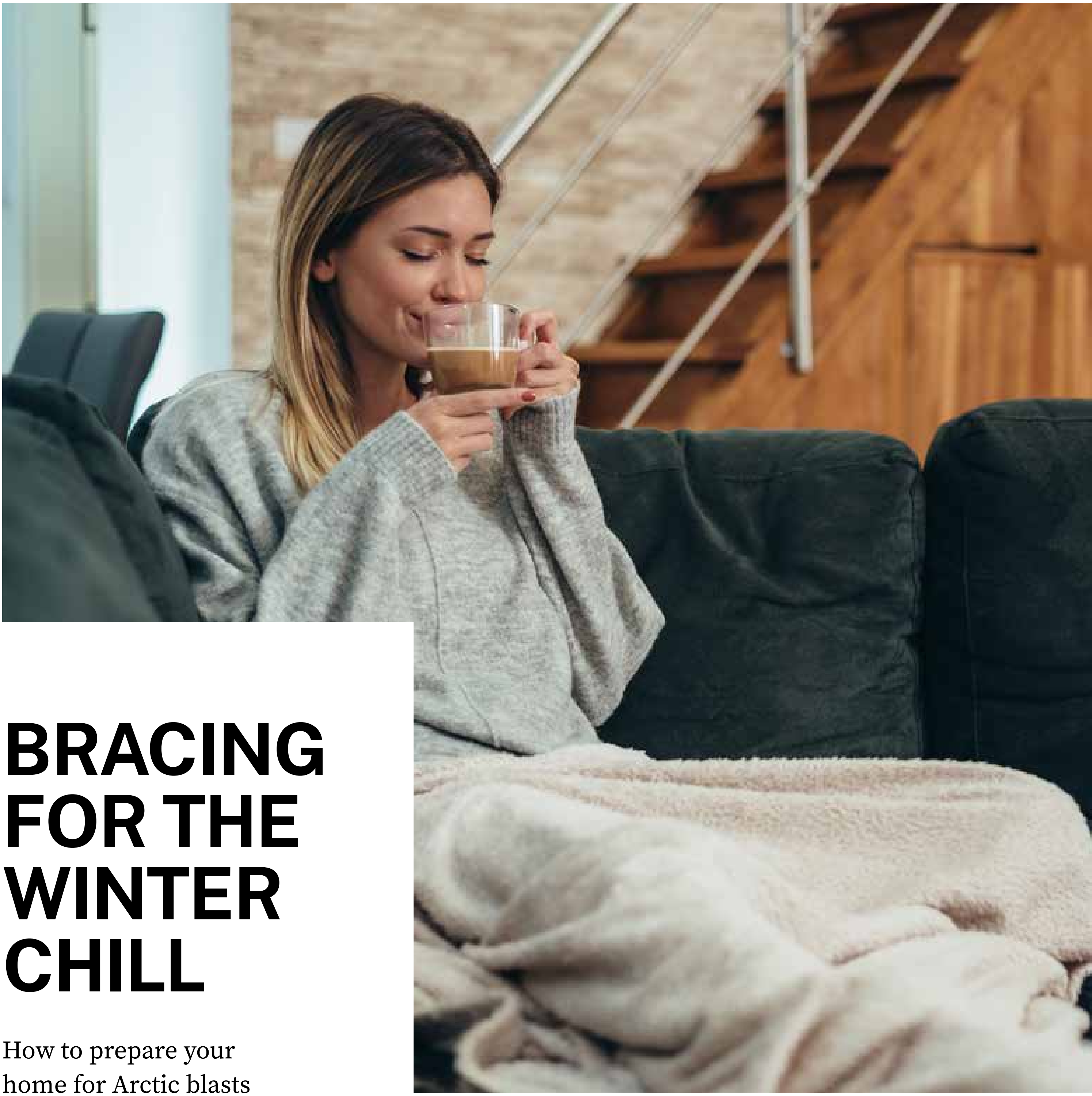
SELLING YOUR HOME DURING THESE LESS ACTIVE PERIODS

While selling a house in winter requires more strategy and patience, it’s not impossible. You could still find the perfect buyer for your property with the right approach. However, opting to sell your home during these less active periods could result in your property lingering on the market. This could lead to buyers suspecting issues with your home. On average, selling a property takes approximately 25 weeks, from the initial listing to the final exchange of keys with your buyer.

In 2023, according to Zoopla, properties were under offer within an average of 35 days from being listed. However, the process of selling a home is subject to various factors and can span anywhere between 17 and 34 weeks. The main delays often occur due to poor communication, conveyancing or mortgage application process postponements and prolonged searches. ◆

>> READY TO SECURE YOUR DREAM HOME? LET’S MAKE IT HAPPEN! <<

Whether you’re a first-time buyer brimming with excitement or an experienced homeowner seeking your forever home – the process of securing a mortgage can feel overwhelming. But don’t let that deter you from your dream. With the right information and guidance, this journey can be navigated successfully. To discuss your mortgage options, contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.



BRACING FOR THE WINTER CHILL

How to prepare your home for Arctic blasts

10 TIPS FOR FORTIFYING YOUR HOME AGAINST STORMY WEATHER

1. Prune any trees or shrubs in your garden. Overhanging branches can wreak havoc on windows and roofs during blustery conditions.

2. Fasten any external installations, such as garden lights and hanging plants. Better yet, bring outdoor furniture indoors to prevent damage.

3. To ensure your roof and gutters are winter-ready, engage a qualified professional to inspect your roof; loose tiles or bricks could be detrimental in windy weather.

4. Clear all gutters and pipes of debris to avoid overflow in the event of heavy rain.

5. Safeguard your garden, ensuring that fencing and walls are in good repair.

6. Keep your mobile phone charged and store your insurer's number and any other emergency contacts.

7. Prepare a home emergency kit with essential items such as torches, tinned food, medication, blankets, warm clothing, home insurance documents and emergency contact details.

8. Review your insurance coverage to know precisely what you're covered for and who to contact if disaster strikes.

9. Stay informed and keep abreast of weather alerts – the Met Office provides live storm updates via X and email.

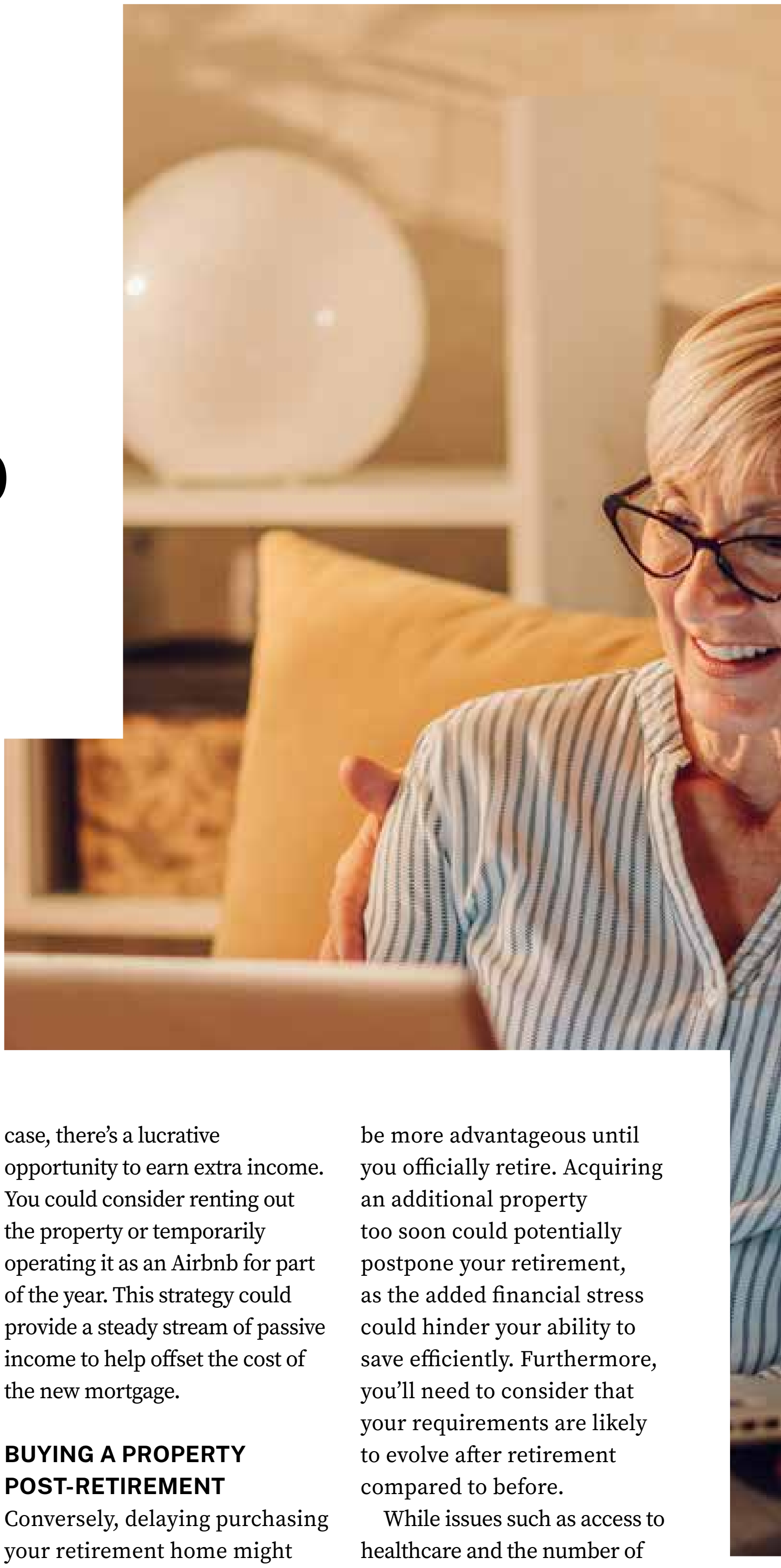
10. Familiarise yourself with the locations of your electricity, gas and water supplies in case they need to be switched off.

Remember, preparation now could save you a lot of hassle later. ◆

AS WINTER TAKES HOLD, households across the UK need to consider bolstering their homes against the elements. January and February typically bring the coldest weather, so it's prudent to anticipate some frosty conditions before spring graces us with its presence.

By taking proactive measures now, homeowners can sleep a little easier, knowing they're prepared should the weather take a turn for the worse.

>> WANT TO TAKE THAT FIRST STEP OR PLAN YOUR NEXT MOVE? <<
Find and apply for the right mortgage with our guidance and help. Whether you want to take that first step or plan your next move, your search starts here. Contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.



Re-imagining homeownership in retirement

Heralding a substantial shift in living, lifestyle and priorities

AS YOU APPROACH the golden years of retirement, you may find yourself contemplating a change in your living circumstances. Retirement often heralds a substantial shift in living, lifestyle and priorities, giving retirees the freedom to indulge in passions and interests that their working years may not have permitted.

Retirement often paves the way for extensive travel experiences. Whether it's reuniting with loved ones across the country, discovering new cities or embarking on global adventures, the opportunity to explore can be one of the most thrilling aspects of this stage in life.

Retirees frequently find themselves in homes that may feel overly spacious or vacant once their children have flown the nest. Opting for a smaller, more manageable property can liberate finances and decrease living costs, enabling retirees to invest more in their leisure pursuits.

BUYING A PROPERTY PRE-RETIREMENT

Have you ever pondered the prospect of buying your retirement home right now? There are some undeniable benefits to securing your future abode during your working years. Firstly, the stability of your employment and consistent income might make qualifying for a mortgage easier.

Secondly, suppose you're not planning on moving into this property full-time until retirement. In that case, there's a lucrative opportunity to earn extra income. You could consider renting out the property or temporarily operating it as an Airbnb for part of the year. This strategy could provide a steady stream of passive income to help offset the cost of the new mortgage.

BUYING A PROPERTY POST-RETIREMENT

Conversely, delaying purchasing your retirement home might be more advantageous until you officially retire. Acquiring an additional property too soon could potentially postpone your retirement, as the added financial stress could hinder your ability to save efficiently. Furthermore, you'll need to consider that your requirements are likely to evolve after retirement compared to before.

While issues such as access to healthcare and the number of

stairs in a property may not be at the forefront of your mind now, they could become significant considerations later on. If you're still undecided about your ideal retirement location, wait until your future plans are more firmly established before investing in a property where you'll spend a substantial portion of your time.

Several factors come into play when choosing a retirement home, with size being just one of them.

HERE ARE SOME KEY CONSIDERATIONS TO BEAR IN MIND:

LOCATION AND LIFESTYLE

Consider your desired neighbours and the amenities and facilities you'll require. Proximity to family and friends often takes precedence, but remember to factor in healthcare, shopping, leisure facilities, green spaces and public transportation. Plan for a future where driving might become more challenging.

PROPERTY TYPE

You now have an unprecedented array of options. Beyond traditional homes, specialised housing options exist for those over 55, such as retirement villages and shared ownership schemes. Single-storey properties may be a prudent choice as you age. Consider modern homes with warranties, energy efficiency and low maintenance requirements.

ROOM REQUIREMENTS

Evaluate the number and type of rooms you'll need. Consider space for visitors, a home office or hobbies beyond your daily living needs. Even if you're not working, having a designated area for personal administration can be beneficial.

FINANCIAL CONSIDERATIONS

Evaluate your financial standing and determine whether you'll pay for your new home outright or if a mortgage will be necessary. Consider options like retirement interest-only mortgages or equity release 'lifetime mortgages'. Consider ongoing costs such as service charges, maintenance and repairs. Consult a legal expert to ensure your property can be passed on efficiently and check for any selling restrictions.

Retirement is an exciting time of new beginnings and choices. By considering these factors, you can make an informed decision that caters to your needs and enhances your retirement lifestyle. ◆

>> WANT TO DISCUSS HOW TO PURCHASE YOUR PERFECT RETIREMENT HOME? <<

If you require further information or guidance, don't hesitate to get in touch. Our team of experts is here to help you navigate the journey to your perfect retirement home. To discuss your options, please contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

NEW BUILD HOME WARRANTIES

Shielding homeowners from defects in a newly constructed property

NEW BUILD HOME WARRANTIES are insurance policies that shield homeowners from defects in a newly constructed property. Unlike traditional home insurance, which is the homeowner's responsibility, the developer takes out these warranties to assure homeowners that any issues will be promptly resolved. Typically, these warranties span a period of ten years from the completion of your new build home purchase.

The warranties primarily cover two areas: defects for two years and structural issues for ten years. The first category includes problems like leaky windows due to improper sealing, faulty plumbing or electrical wiring. If any such defect is identified during this period, the developer is required to rectify it.

SERIOUS STRUCTURAL PROBLEMS

On the other hand, the ten-year coverage looks after structural issues, covering defects related to the home's load-bearing elements. However, only serious structural problems are included, such as issues with the roof, load-bearing walls and foundations of the property. The warranties also protect your deposit if your developer goes out of business after you've made a down payment but before your home is complete.

Things that new build warranties don't cover include defects that occur after the first two years, minor structural issues not caused by substandard building work, damp or condensation issues not attributed to the builders, natural wear and tear, damage due to adverse weather conditions, and issues resulting from failing to maintain your property.

DEVELOPERS OFFER VARYING WARRANTIES

Different developers offer varying warranties. Therefore, it's crucial to check what's covered. The National House-Building Council is the main provider of new build warranties, accounting for approximately 70% to 80% of the market. Other schemes include LABC Warranty,

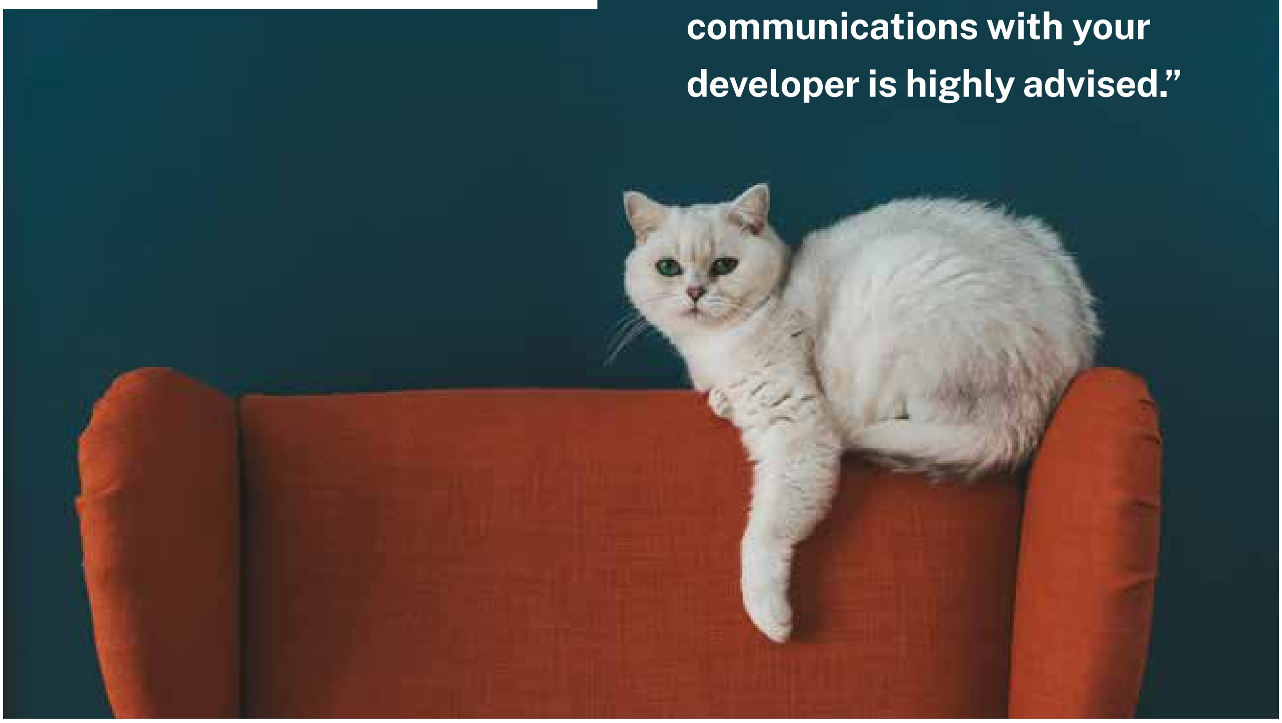
All these schemes are members of the Consumer Code for Home Builders. While the coverage is broadly similar across all, it's advisable to read the policy to understand exactly what is and isn't covered. The differences between different warranties often boil down to the insurer underwriting the policy.

SWIFTLY ADDRESS ANY POTENTIAL ISSUES

When it comes to claiming on your new build warranty, swiftly addressing any potential issues is key. If you notice a problem that you suspect falls under the scope of your warranty, don't delay reporting it. Any worsening of the issue due to delayed reporting may render it ineligible for warranty coverage.

Defects should be reported to your developer during the initial two years following purchase. They must have reasonable time and access to your property to resolve the issue. To safeguard yourself against potential future disputes, maintaining a record of all communications with your developer is highly advised.

"To safeguard yourself against potential future disputes, maintaining a record of all communications with your developer is highly advised."



“Navigating the ins and outs of new build home warranties can be complex. But worry not; our team is ready to assist you with any questions or concerns you may have.”

COMPLIMENTARY DISPUTE RESOLUTION PROCESS

Structural issue claims should be directed to your new-build warranty provider for properties over two years. This approach changes from the initial two-year period when the developer is primarily responsible.

If your developer is failing to address reported issues appropriately or their response is unsatisfactory, you can escalate your concerns to your warranty provider. Organisations such as the National House-Building Council typically offer a complimentary dispute resolution process.

NEW BUILD WARRANTY ISN’T TIED TO YOUR BUILDER

If your warranty provider’s response is less than satisfactory, your next port of call is the Financial Ombudsman Service. As new home warranties are technically insurance products, they fall within the jurisdiction of this ombudsman service.

Your new build warranty isn’t tied to your builder. Hence, it remains unaffected if they go out of business. However, if your warranty insurer goes bust, another insurer might take over the warranties, albeit likely at an additional cost to you. You may also receive some compensation from the Financial Services Compensation Scheme, though the amount is not substantial.

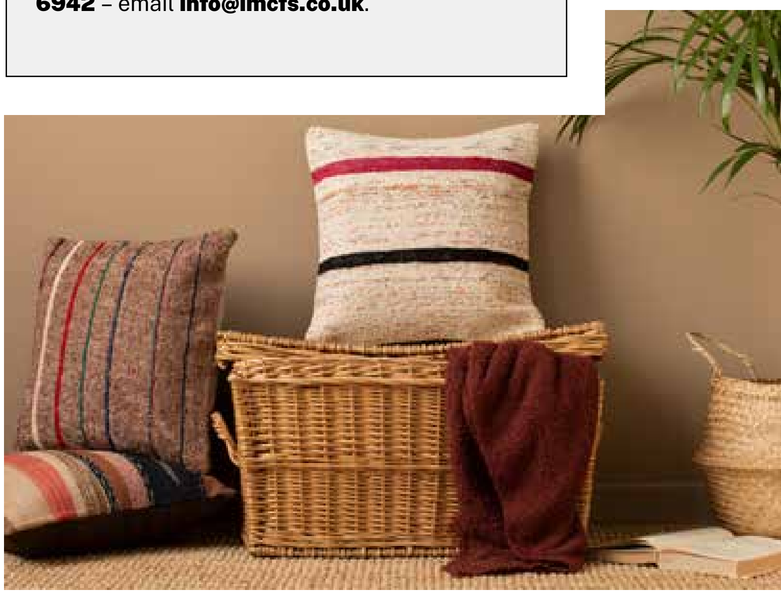
NEW BUILD WARRANTY STAYS WITH THE PROPERTY

A new build warranty stays with the property, irrespective of ownership changes. Hence, if you purchase a property under ten years old, you will still benefit from the warranty coverage. Ensure you receive the policy details and certificate from the seller’s solicitor. However, remember that the warranty won’t cover any work the previous owner carried out on the home.

Navigating the ins and outs of new build home warranties can be complex. But worry not; our team is ready to assist you with any questions or concerns you may have. We’re committed to ensuring you have the necessary protection and guidance for your property investment. We’ll help you understand the details of your warranty, provide advice tailored to your specific needs and ensure you’re well-equipped to make informed decisions about your property. ◆

>> LOOKING FOR PROFESSIONAL ADVICE ON NAVIGATING THE MORTGAGE PROCESS? <<

Feeling overwhelmed is common when navigating the mortgage process, but it doesn’t need to be this way. With professional guidance and expert advice, we can assist you in securing a mortgage that is right for your needs. For more information, please contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.



DEMYSTIFYING CAPITAL GAINS TAX

Understanding the impact of Capital Gains Tax when contemplating a sale

“Another key period that qualifies for PRR is the last nine months of ownership. You can claim this period, provided the property has been your main home at some point during your ownership.”

FOR THOSE LUCKY enough to have more than one property in their portfolio, understanding the ins and outs of Capital Gains Tax (CGT) becomes essential, especially when considering selling one of these assets.

When you're considering selling a residential property in the UK that isn't your main home, you'll find yourself under the spotlight of HM Revenue & Customs (HMRC). However, with a keen eye on current regulations and available reliefs, you can strategically plan your tax affairs to mitigate your liability.

SO, WHAT IS CGT?

In simple terms, it's a tax applied to the profit you make when you sell or gift an asset that has increased in value since you acquired it. It's how HMRC ensures everyone pays their fair share on profits from asset sales. When you dispose of such an asset, a CGT assessment must be carried out for that specific tax year.

This is usually calculated as the difference between the sale price and the original purchase cost. The HMRC website provides comprehensive instructions on how to calculate this. A CGT payment will be due to HMRC if a taxable gain is made.

CGT RATES AND RELIEFS

The exact rate of CGT depends on the type of asset sold or gifted. For instance, residential property disposals are taxed at either 18% or 28%, whereas non-residential properties (like shares) attract a rate of 10% or 20%. However, certain CGT reliefs available could reduce this liability, particularly when selling a business.

PRIVATE RESIDENCE RELIEF AND YOUR RESIDENTIAL PROPERTY

When selling your residential property, it's crucial to consider the potential financial gain and how this might be offset by Private Residence Relief (PRR). PRR is a form of CGT relief that can exempt all or part of the financial gain from selling your 'primary residence'. The property must have been your main home throughout your ownership period to qualify for full relief. However, the relief always covers the last nine months of ownership.

WORKING OUT YOUR RELIEF

If your property hasn't been your main home for the entire time you've owned it, PRR is calculated based on actual and deemed occupation periods. Actual occupation refers to your time in the property as your primary home.

There's no minimum time requirement for this, but a key test is whether an average observer would consider it your main residence. Deemed occupation applies when you're physically absent from the property but still meet the necessary conditions for it to be considered your main home.

CRITERIA FOR PRIVATE RESIDENCE RELIEF

To qualify for PRR, certain key conditions must be met. One of the most crucial is that the qualifying 'deemed periods' must be sandwiched between periods of actual occupation.

Some examples of deemed periods that qualify for relief include:

- Those who work abroad can claim relief, regardless of how long they have spent overseas.
- If you are employed or self-employed and required to work elsewhere in the UK, you can claim up to a maximum of four years for the deemed occupation.
- Any period of absence from the property, regardless of the reason, can also be claimed for relief, up to a maximum of three years.

For further insight on these conditions, visiting the HMRC website is recommended.

FINAL MONTHS OF OWNERSHIP AND PRIVATE RESIDENCE RELIEF

Another key period that qualifies for PRR is the last nine months of ownership. You can claim this period, provided the property has been your main home at some point during your ownership. However, this period is extended to 36 months for disabled individuals or long-term care home residents who are selling their main home.

SCOPE OF PRIVATE RESIDENCE RELIEF

PRR conditions apply to properties with gardens and grounds within half a hectare. However, exceptions can be made if the area exceeding this is required for the 'reasonable enjoyment' of the property. Each claim will be assessed on an individual basis.

For spouses and registered civil partners living together, only one residence can qualify as the main residence at any given time.

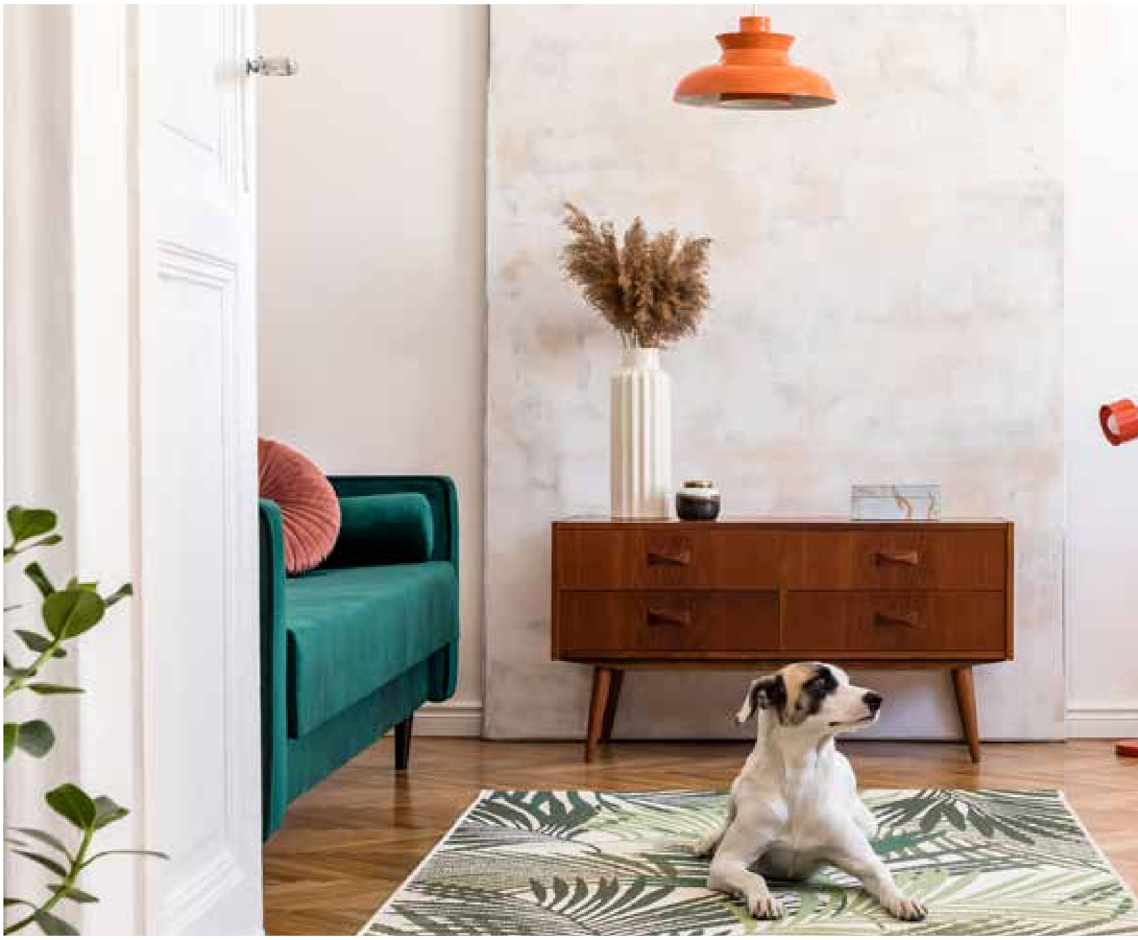
If they own more than one residence, they may need to confirm with HMRC which of their properties is their main home.

HOW YOUR MAIN RESIDENCE IS DETERMINED

Without a formal declaration, HMRC will determine your main residence based on several factors, including where your family lives, your place of work, your voter registration location and your correspondence address with HMRC, medical practitioners and banks.

EXCEPTIONS TO PRIVATE RESIDENCE RELIEF

PRR does not apply to buy-to-let properties, business premises such as furnished holiday lets, land and inherited property that is not used as your main home. For individuals living abroad, separate rules apply, so seeking specialist advice is advisable.



LETTINGS RELIEF AND PARTIAL PRIVATE RESIDENCE RELIEF

In cases where you only receive partial PRR relief, you might be eligible for another type of Capital Gains Tax relief called 'lettings relief'. This applies when you sell a home that was once your main residence and part of it was rented out while you lived there. However, lettings relief no longer applies if the entire house was rented out for a period.

CGT ON ADDITIONAL PROPERTIES

Getting to grips with CGT on a second property can initially seem complicated. The first step in this process is determining your chargeable gain. This involves subtracting any capital losses you've incurred during the current tax year. If you have capital losses from previous years, you can also use these to lower your gain, but only up to your CGT annual exempt amount.

HOW TIME AFFECTS YOUR CGT ANNUAL EXEMPTION

As we navigate through the current tax year that began on 6 April 2023, every individual has a CGT annual exemption of £6,000. However, it's important to note that this figure will drop to £3,000 from 6 April 2024. Once you've calculated your taxable gain or loss, you can then establish your CGT liability and get to grips with the necessary reporting requirements.

UNDERSTANDING CGT RATES AND REPORTING OBLIGATIONS

CGT on residential property and carried interest typically fall into 18% and 28% tax rates. The portion of taxable gain within your basic rate tax bracket will be taxed at 18%. However, any gains that exceed this bracket will attract a CGT rate of 28%. This means that higher rate and additional rate taxpayers will face a 28% CGT on residential disposals.

REGULATIONS FOR UK RESIDENTS

If you're a UK tax resident with a CGT liability from selling a UK residential property, you must submit a '60 day' CGT return. This requirement was introduced on 6 April 2020, initially requiring submission and payment of tax within 30 days from the completion date.

However, this timeframe was later extended to 60 days for disposals made on or after 27 October 2021. It's crucial to remember that the CGT return is independent from the self-assessment tax return, meaning you may need to make two submissions for the year.

GUIDELINES FOR NON-RESIDENTS

Since 6 April 2015, CGT return requirements have been in place for non-residents selling UK residential property. Like UK residents, non-residents had a 30-day deadline to submit their returns from 6 April 2020, which was later extended to 60 days for disposals made on or after 27 October 2021. However, non-residents must submit a CGT return regardless of whether they have a liability to pay.

WORKING OUT GAINS ON OLDER PROPERTIES

For non-UK residents who owned UK residential property before 6 April 2015, they should calculate their gain using the market value as of 5 April 2015, rather than the actual purchase cost. From 6 April 2019, non-UK residents are also subject to CGT on capital gains from direct or indirect disposals of all types of UK land and property, including interests in UK property-rich entities. Due to the complexity of these rules, it's wise to seek professional advice.

EXCEPTIONS TO KEEP IN MIND

In certain circumstances, you may not need to pay CGT on a second property. For instance, if you transfer an interest in a property to your spouse or registered civil partner (from whom you're not separated), you won't incur any CGT liability due to specific CGT rules applicable to spouses and registered civil partners.

CONSIDERING RELIEF OPTIONS AND PROACTIVE PLANNING

Certain relief options exist in the labyrinth of residential property sales that lighten your tax burden. One such pathway is the infrequently utilised dependent relative relief. While not commonly relevant, this specific type of relief can offer substantial advantages under appropriate conditions. However, it's entwined with complexities and specific conditions, making it highly advisable to seek professional guidance before submitting a claim.

Engaging in pre-sale consultations with your accountant can be exceptionally beneficial. Forward planning and understanding your tax responsibilities can significantly alleviate potential CGT liability, ensuring you're financially equipped for the property sale process.

DELVING INTO LETTINGS RELIEF AND PARTIAL PRIVATE RESIDENCE RELIEF

Navigating the nuances of CGT relief requires understanding the details of Partial Private Residence Relief (PPR) and lettings relief. If you're eligible for partial PPR relief, you may also qualify for an additional boon known as 'lettings relief'. This relief comes into play when you sell a residence that was once your primary abode and a section of the property was let during your period of occupancy.

However, there's a crucial caveat to lettings relief. This relief ceases to apply if the entire property was rented out for a certain duration. Being aware of these subtleties can aid you in maximising your relief benefits and efficiently managing your CGT responsibilities. ◆

>> WANT TO DISCUSS GETTING A SECOND HOME MORTGAGE? <<

You don't have to figure it all out by yourself. We're here to provide guidance and support at each step. When buying a second property, there are specific mortgage requirements to consider. Your dream second home is just a decision away. Contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

IT’S TIME TO UNCORK THE CHAMPAGNE – YOU’RE MOVING HOUSE!

But who are the primary organisations that should be alerted before you move?

"If you receive government benefits, updating your address with the Department of Work and Pensions is crucial. This can be done via a simple phone call to the relevant helpline."

IT'S TIME TO UNCORK the champagne – you're moving house! Moving to a new home is an exciting chapter in life, but it also comes with a significant to-do list. Telling your friends and family about your new address is just the tip of the iceberg. An array of organisations and companies also need to be informed.

Amidst packing your possessions and organising transport, making each step as stress-free as possible is essential. But the question remains: who should be on your priority list when moving? Initially, you might be perplexed about who needs to be notified first. Here are the primary organisations that should be alerted before your relocation.

To simplify this task, we've compiled a checklist to help you keep track.

YOUR CAREER AND YOUR MOVE

Employer – Informing your employer about your change of address is crucial. They need this information not just for updating your contact details but also for payroll purposes.

National Insurance – Your National Insurance (NI) number is an essential identifier used by government bodies such as the DVLA, HMRC and your employer. Therefore, updating your NI information is vital. You can find the necessary contact details and timings online but remember to have your NI number at hand.

KEEP THE TAXMAN INFORMED

Inland Revenue – Another organisation that needs to know about your move is the Inland Revenue. This information is required for tax purposes. Instructions on how to update this information can be found on gov.uk.

LOCAL AUTHORITIES NEED TO KNOW

Council Tax – To change your Council Tax address, visit the relevant gov.uk site related to your area. Each site provides a unique form to assist with changing your address.

Electoral Roll – Updating your details on the Electoral Roll is another important step when changing address. To re-register in your new area, visit https://www.gov.uk/register-to-vote.

Department of Work and Pensions – If you receive government benefits, updating your address with the Department of Work and Pensions is crucial. This can be done via a simple phone call to the relevant helpline.

LEISURE AND RECREATION

When moving a significant distance, remember to cancel subscriptions to local gyms or clubs you won't frequent anymore. This can be done over the phone or in person during your final visit before your move.

Also, inform any postal subscriptions about your move and provide them with your new address. If you've set up a temporary postal redirect, this can be done after you've moved.

- Health Club/Gym
- Newspaper/Magazine subscriptions
- Clubs and societies

KEEPING YOUR HOUSEHOLD CONNECTED

Cable/satellite services – As you transition to your new home, updating your cable or satellite provider with your new address is essential. This ensures accurate billing and allows them to update your contact information. Plus, it's worth investigating if a new satellite dish or cable needs to be installed at your new residence. Otherwise, you might be paying for a service you can't utilise.

Phones and broadband – If you have a landline, notify your provider about your move, as you'll likely receive a new phone number at your new home. This update usually coincides with your broadband change. For mobile phones, updating your address ensures bills are sent to the correct location. You can do this by contacting your provider over the phone or visiting one of their stores. As for broadband, consider cancelling your current subscription, as moving often presents an opportunity for a better deal at your new property.

TV licence – A crucial detail that can be overlooked during a move is updating your TV Licence. Remember, your current TV Licence won't cover your new property. Visit the TV Licensing website to change this information, which you can do up to three months before your move.

VEHICLE-RELATED CHANGES

DVLA (Updating your driving licence) – Post-move, updating your driving licence with your new address as soon as possible is essential. You can do this for free on the DVLA website, and they should send you an updated licence within 2-4 weeks.

Vehicle breakdown cover – Changing your information for breakdown coverage is another critical step, especially for providers who charge rates based on area. They also need to know where to take you in case of a breakdown.

Car insurance – Inform your car insurance provider about your change of address for both your insurance payments and contact information in case of an accident. Be mindful that your payment rate may change depending on your new location. You can update this information either online if you've registered your account or over the phone if you haven't.

V5C vehicle log book – Don't forget to update your V5C for your vehicle tax. Failing to do so could result in a fine of up to £1,000. You update this information by post or online.

EDUCATIONAL INSTITUTIONS

School or university – Whether your children are in school or university, keeping their learning institutions updated with your new address is vital. Moving homes can be stressful for young ones and maintaining open communication with their schools can help ease the transition.

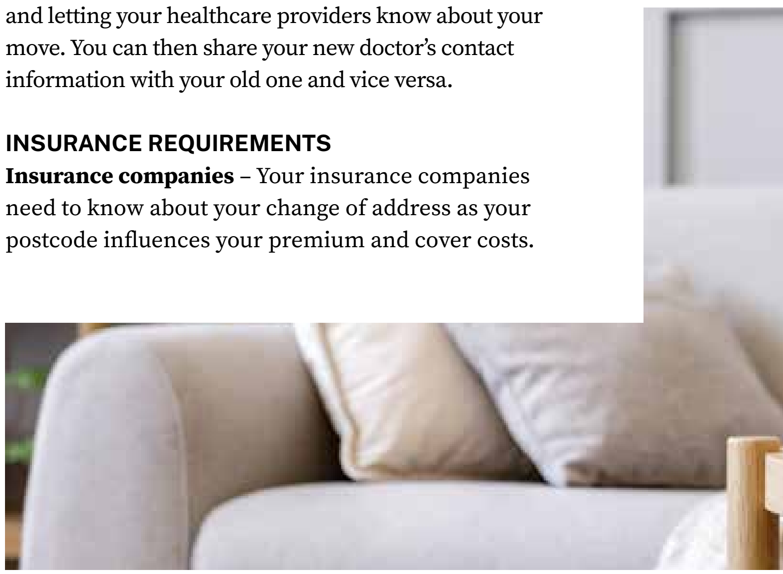
Private schools and universities also require your current address to send over tuition fee invoices for each term. So, ensure they have your new contact details if you plan to continue with their services post-move.

HEALTH MATTERS

Doctor, dentist, opticians and veterinarians – A change of address often means a change of doctors. This involves your current medical practitioner forwarding your medical records to your new one. This procedure applies to dentists, opticians and even veterinarians who care for your pets. Before you move, consider having a check-up and letting your healthcare providers know about your move. You can then share your new doctor's contact information with your old one and vice versa.

INSURANCE REQUIREMENTS

Insurance companies – Your insurance companies need to know about your change of address as your postcode influences your premium and cover costs.



Living in an area perceived as 'risky' could increase your insurance cost, whereas moving to a less 'risky' region could reduce it. However, some insurance policies aren't dependent on your location, but they still need your new address to update your contact information and billing details. To notify your insurers about your address change, visit their websites or call them directly to arrange an update.

SERVICE PROVIDERS

Property maintenance and professional services – If you employ anyone for property maintenance, remember to cancel their services before moving. If your new home is nearby, you may choose to continue their services – don't forget to share your new address. You will also need to update your address with other professionals who might need to send you important and confidential mail, such as accountants or solicitors. You wouldn't want these documents getting lost in the post after your move.

FINANCES

Bank and building society – When it comes to moving home, ensuring your bank or building society is aware of your new address is paramount. This crucial information is a key component in verifying your identity. Failing to update these details may leave you vulnerable to identity theft. Most banks offer online services where you can swiftly update your details. Alternatively, a visit to your local branch should suffice.

Investments – If you have Individual Savings Accounts, investment trusts, stocks and shares, and other investments, be diligent about updating companies with your new contact details.

Pensions – If you're enrolled in a private pension scheme, remember to give your new address to your provider. This ensures you continue receiving important correspondence without interruption. The same applies if you're on a State Pension – update your details on the gov.uk pension page.

Loans – Loan companies also need to be informed about your change of address. This can be done by contacting them directly via phone or email.

Credit and debit cards – In the process of updating your bank details, don't overlook your credit and debit cards. These require your current address for accurate billing and additional identification steps. Store cards are another area that needs attention. Updating your address ensures smooth delivery of orders.

UTILITIES

Electricity and gas – Informing your energy provider well before your move is crucial. It can take up to 48 hours for them to update your information. Check if there are any early termination charges or if you can transfer your current deal to the new property. Gas providers also need to know your moving date. Remember to take a reading of your gas and electricity on the day you leave, so you aren't charged for what you haven't used. Moving could also be an opportunity to compare providers and secure a better deal.

Water – Like your gas and electricity providers, your water provider needs to know when you'll no longer need their services. Inform them of your moving date to avoid any unnecessary charges.

Post – Consider setting up a postal redirect with Royal Mail. This service will forward any mail sent to your old address to your new one. It's a temporary solution, giving you some breathing space to update your address with everyone else. ◆

>> ARE YOU SEEKING ADVICE ON MORTGAGES AND THE PATH TO HOMEOWNERSHIP? <<
Please contact us at **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

SHOULD FIRST-TIME BUYERS OPT FOR AN OLDER PROPERTY OR A NEW BUILD?

Finding a home that suits your lifestyle and needs is the key

AS A FIRST-TIME BUYER, you will have unique motivations for deciding between a new build or an older property when buying your first home. Ultimately, finding a home that suits your lifestyle and needs is the key. As a first-time buyer, you must carefully contemplate what you want in a property. Visiting examples of new and older homes is important to gaining a realistic perspective.

Choosing between a new and an old home can be challenging for prospective homeowners. Both properties have unique charms and features that could cater to different preferences. Age might seem trivial to consider when buying a home, but it's more significant than many realise. From construction techniques to design trends, the age of a house can tell you much about its characteristics.

LATEST BUILDING CODES AND STANDARDS

New homes often boast modern designs, energy-efficient features and up-to-date technology. They're typically built according to the latest building codes and standards, which could mean better safety and comfort.

On the other hand, old homes have a unique charm and character that's hard to replicate. They often feature classic architecture, detailed craftsmanship and mature landscaping. However, they might lack some of the modern conveniences in newer homes.

BUILT WITH TRADITIONAL METHODS AND MATERIALS

The construction methods and materials used in a home vary significantly depending on age. Older homes were often built with traditional methods and materials, which can contribute to their unique aesthetic appeal. However, these homes may require more maintenance and repairs compared to newer homes.

New homes are usually constructed using modern methods and materials, which can offer improved durability and efficiency. However, they might not have the same level of character and charm as older homes.

WHY CHOOSE AN OLDER PROPERTY?

ESTABLISHED ACTIVE COMMUNITY GROUPS

Predominantly, existing properties are nestled within mature neighbourhoods. This presents an opportunity to familiarise yourself with your neighbours even before moving in. Established areas often have active community groups, ensuring resident safety and wellbeing.

Additionally, they frequently boast various local amenities, such as shops and restaurants, a luxury not always afforded by new builds, which are often constructed on vacant, undeveloped plots.

SENSE OF CHARACTER AND A UNIQUE HISTORY

Older properties come with a sense of character and a unique history that you'll seamlessly blend into. Whether you're intrigued by the previous owner's gardening prowess or captivated by the charm of an older house with period features, the opportunity to add your personal touch is enticing.

As a first-time buyer, you may want to personalise your new home, and older properties provide ample scope for adaptation, including significant renovations.

CONFIDENCE IN YOUR INVESTMENT

With an existing property, what you see is what you get. If you've diligently conducted a home survey, scrutinised the Energy Performance Certificate (EPC), and are satisfied with the findings, you can confidently place your bid. This assurance may not be as strong when you opt for an off-plan purchase.

NEGOTIATION BETWEEN THE BUYER AND SELLER

For existing properties, the purchase price is open to negotiation between the buyer and seller. The final mutually agreed price may be influenced by market demand, the property's condition as revealed by the survey and the seller's eagerness to relocate.

While older properties are more likely to uncover issues in your survey – a potential disadvantage – this does offer first-time buyers additional room for negotiation.

WHY CHOOSE A NEW BUILD PROPERTY?

PERSONALISED STYLE AND FREEDOM FROM CHAINS

When deciding on your first home, a newly built property offers the enticing prospect of personalisation. With no existing decor to contend with, you're free to instil your unique style into every corner of your home.

Whether it's selecting the perfect tiles or choosing the latest appliances, your home will be an authentic reflection of your tastes. It's worth noting, however, that new builds often need time to 'breathe', so be prepared to wait before hanging pictures or adding a splash of paint.

Avoiding a moving chain is another significant advantage of buying a brand-new home. You won't have to worry about the stress and unpredictability of a property purchase falling through due to chain issues. Plus, there's zero chance of gazumping or dealing with previous owners' personal issues. Remember, though, that construction delays could affect your move-in date.

HIGH-SPEC LIVING AND COMMUNITY BUILDING

New builds are synonymous with high-quality materials and modern appliances, often surpassing the specifications of older properties. These homes adhere to the latest building regulations, ensuring top-notch heating systems and insulation. This feature especially appeals to first-time buyers keen to avoid DIY and maintenance costs and enjoy their new home.

Opting for a brand-new home also means becoming part of a burgeoning community. Instead of integrating into an established neighbourhood, you'll have the chance to form new friendships and share experiences with other first-time buyers in your area.

ENERGY EFFICIENCY AND GUARANTEED QUALITY

New-build properties are lauded for their energy efficiency, reportedly being six times more efficient than older homes. Such a home can reduce household carbon dioxide emissions by around 60%. This environmental friendliness can translate into substantial annual savings on your energy bills.

About 80% of new builds come with an NHBC ten-year warranty, providing you with assurance against potential issues. The NHBC sets the standards for new and newly converted homes, offering warranty and insurance coverage to ensure your new home's quality.

Despite the appeal of new builds, existing properties can offer lower house values, enabling first-time buyers to step onto the property ladder. When choosing a property, carefully considering your current needs and future desires is crucial. ◆

>> READY TO SECURE YOUR FIRST MORTGAGE FOR YOUR NEW HOME? <<

Choosing the right mortgage is a critical step in your home-buying journey, depending on your circumstances. Factors such as your age, the amount you wish to borrow and the size of your deposit all play a role. Speak to our professional advisers for expert advice on securing the right mortgage for your needs. Contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

"Old homes have a unique charm and character that's hard to replicate. They often feature classic architecture, detailed craftsmanship and mature landscaping."

THE DEVIL’S IN THE DETAIL

Understanding mortgage valuations


A MORTGAGE VALUATION is a process initiated by your lender when you are applying for a mortgage or considering a remortgage. This valuation aims to ascertain whether the property’s price matches its actual worth and calculate the loan-to-value (LTV) ratio.

DECODING MORTGAGE VALUATIONS

When you apply for a mortgage, your lender commissions a valuation survey or mortgage valuation. This process assesses if the property’s asking price aligns with its real value. Furthermore, it helps lenders determine the LTV ratio – the amount you wish to borrow in relation to the property’s value.

The LTV ratio impacts the mortgage rates you qualify for; a lower LTV means a wider range of mortgage options. It’s worth noting that lenders may also commission a mortgage valuation during a remortgage process.

DISTINGUISHING MORTGAGE VALUATIONS

To avoid misunderstanding, it’s crucial to distinguish mortgage valuations from house price valuations and house surveys. House price valuations are conducted by estate agents advising on the market price for your home, while house surveys assess a property’s condition before purchase.

By contrast, mortgage valuations primarily serve the lender’s interests. The lender will insist on using a trusted company, and you’re unlikely to see the report. You’ll also bear the cost unless the lender offers a free valuation.

WHAT DOES A MORTGAGE VALUATION SURVEYOR LOOK FOR?

The approach to mortgage valuations varies depending on the type of valuation the lender instructs the surveyor to perform. Traditionally, surveyors would visit the property, but with technological advancements and post-COVID changes, more valuations are being done remotely.

The lender decides the type of survey conducted based on various factors, such as potential lending issues or lack of information about the property.

THE SURVEYOR'S VISIT TO THE PROPERTY

If a surveyor visits the property, they typically spend around 15-30 minutes identifying any conspicuous defects that might affect its value. Post-visit, the surveyor provides their opinion on the property's market value based on historical sales of similar properties and their market knowledge.

They may also offer insight into the 'minimum reinstatement value', which is the property's rebuild cost. This information can be beneficial when seeking buildings insurance.

DRIVE-BY AND DESKTOP APPROACH

How exactly do drive-by and desktop valuations work? It's simpler than you might think. As the name suggests, desktop valuations can be performed from the comfort of a desk. These use publicly available data, such as Land Registry information, property portal archives and even satellite imagery.

A valuation figure is derived by analysing the sale prices of similar local properties. This process is often assisted by an Automated Valuation Model (AVM), an index-linked system that estimates values based on fluctuations in house prices within a specific area or postcode.

ON-THE-ROAD ASSESSMENTS

In some instances, a 'drive-by valuation' may be conducted. This involves a surveyor assessing the exterior of the property. During this cursory inspection, they'll look for significant issues – problems with the roof or walls, for instance – that could potentially impact the property's value.

MORTGAGE VALUATIONS VS SURVEYS

One question that often arises is whether a mortgage valuation is the same as a survey. The answer is a resounding 'no'. While both are important, they serve entirely different purposes. A mortgage valuation is conducted to reassure your lender that the property offers sufficient security for the loan. You might not even see the report.

HOUSE SURVEY THOROUGH INSPECTIONS

On the other hand, a house survey is a thorough inspection of the property's condition, usually organised by the prospective buyer. The surveyor will identify any issues, from minor snags to significant structural problems, advising on necessary repairs and alterations. The degree of detail covered in your house survey depends on the type you choose.

VALUATION OF A HOUSE SURVEY

It can feel as though buying a house involves endless expenses, and viewing a survey as just another cost is tempting. However, they can prove invaluable, especially if they uncover potential problems with the property. If the house you're considering fares poorly in a survey, you can negotiate repairs or reduce the asking price before you move in.

A DEEPER LOOK INTO VALUATION SURVEYS

Valuation surveys aren't solely for mortgage applications processed by banks or building societies. They serve other purposes, too. You may

require a valuation survey for probate if a property owner has passed away or during a divorce to ascertain an accurate property value. A valuation survey will be needed if you plan to sell, remortgage or buy a shared-ownership home.

CHOOSING THE RIGHT SURVEYOR

It's important to choose your surveyor wisely. Engage with prospective surveyors before committing and ensure they have the necessary qualifications, accreditation, experience and insurance. A Chartered Surveyor, identifiable by the MRICS or FRICS letters after their name, is a member of the Royal Institution of Chartered Surveyors (RICS). This guarantees professional standards in their work.

MORTGAGE VALUATION SURVEY COST FACTOR

The cost of a mortgage valuation survey usually depends on the property size, although some lenders charge a flat fee. Some lenders may include free valuations as part of a mortgage deal, but don't let that be your sole deciding factor. A lower interest rate could save you more in the long run, even if you pay more for the mortgage valuation.

WHAT FOLLOWS A MORTGAGE VALUATION?

Post-mortgage valuation, the surveyor reports back to your lender with their property valuation. If they agree with the sale price or remortgaging amount, this can be a significant step towards mortgage application approval.

However, a completed mortgage valuation doesn't guarantee approval. There could be other unmet requirements. Additionally, mortgage valuations can highlight issues such as a property's poor condition affecting loan security or a lower property value than the offer price.

THE DOWNSIDE OF A DOWN VALUATION

A 'down valuation' can occur when a surveyor determines that a property's worth is less than the agreed sale price. This might happen if house prices are plummeting more rapidly in certain areas, causing a disparity between what estate agents and sellers believe the property is worth versus the surveyor's opinion.

When a mortgage valuation falls short of the agreed sale price, it can trigger significant issues with your mortgage offer. The lender may decide to reduce the amount they're willing to lend you, and you might not be able to borrow at the same interest rate.

But what happens if the mortgage valuation is higher? Interestingly, there are instances when your mortgage valuation exceeds the purchase price. This usually indicates that the purchase price is lower than the market value.

Assuming that the valuation doesn't present any problems and all application components are in order, you can expect your mortgage offer about a week after the valuation. However, this timeline can vary based on individual circumstances.

When it comes to a house valuation, what exactly do surveyors check? If the surveyor conducting the valuation believes the property warrants further investigation, they will inform the mortgage lender. However, remember that the level of detail regarding defects is limited, and you may not even see the report.

IMPACT OF DEFECTS ON MORTGAGE VALUATIONS

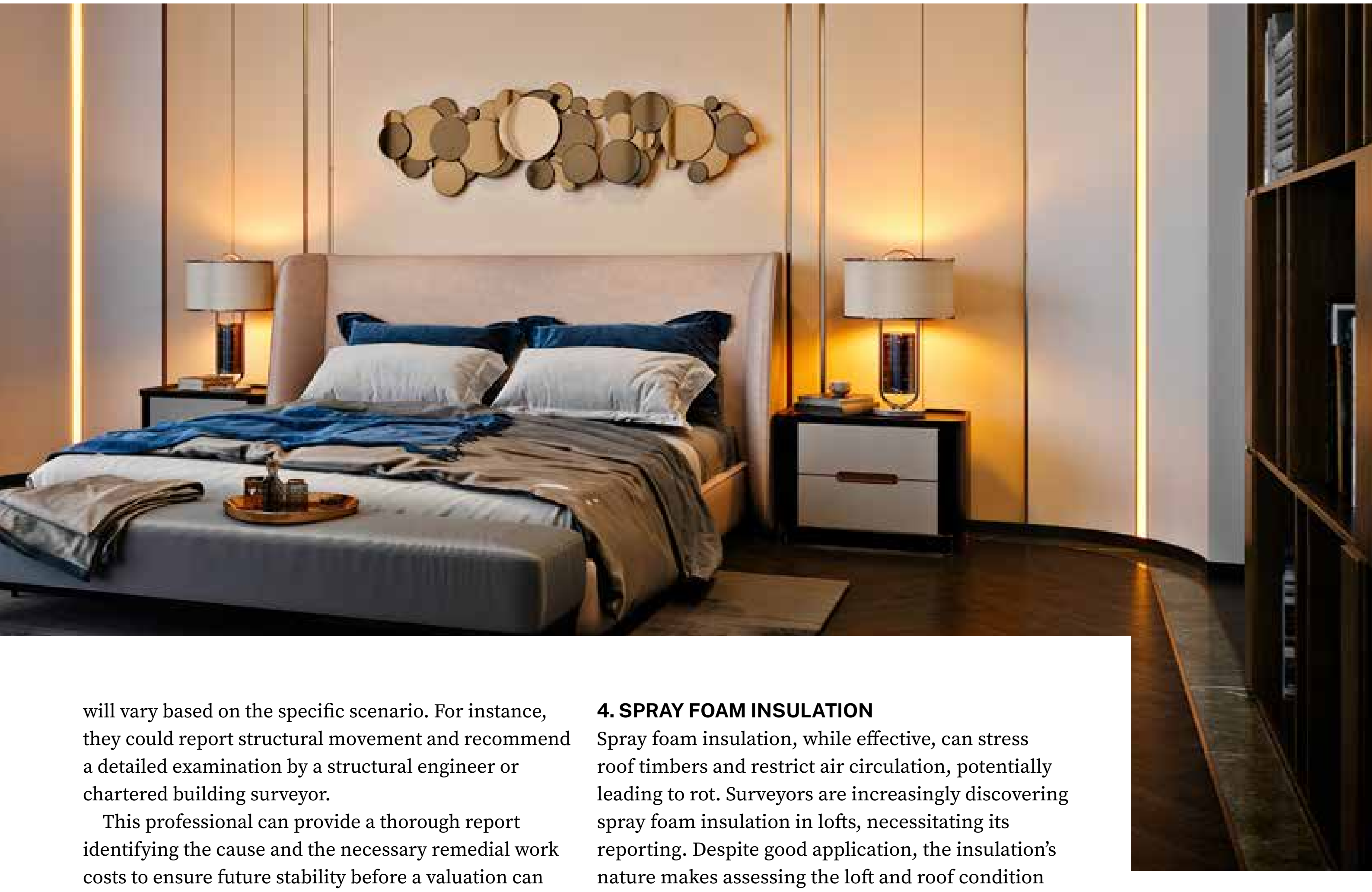
Regarding mortgage valuations, any defects identified could influence your lender's decision to approve your application. They might require further investigation or insist that the issue be rectified before proceeding.

WHAT DOES A MORTGAGE VALUATION REVEAL?

Mortgage valuations are a crucial tool for lenders, flagging potential defects that may affect a property's value. If you're wondering what exactly these valuations seek out, let's delve into some typical examples.

1. SUBSIDENCE ISSUES

Subsidence, whether merely suspected or actual, can be a significant concern. The feedback on this issue



will vary based on the specific scenario. For instance, they could report structural movement and recommend a detailed examination by a structural engineer or chartered building surveyor.

This professional can provide a thorough report identifying the cause and the necessary remedial work costs to ensure future stability before a valuation can be finalised. They may also suggest seeking specialist advice if trees are close to the property.

2. A HIDDEN MENACE

If there is evidence of dampness, this could indicate a need for a damp and timber treatment contractor to investigate the full extent of the issue.

3. CONCRETE CONSTRUCTS

When a surveyor suspects that the property is concrete built, your lender might require an intrusive survey by a structural engineer or chartered building surveyor. This evaluation will confirm if the property was indeed constructed using concrete.

4. SPRAY FOAM INSULATION

Spray foam insulation, while effective, can stress roof timbers and restrict air circulation, potentially leading to rot. Surveyors are increasingly discovering spray foam insulation in lofts, necessitating its reporting. Despite good application, the insulation's nature makes assessing the loft and roof condition challenging. Consequently, surveyors typically recommend further investigation, leading mortgage lenders to withhold lending until the spray foam insulation is removed. ◆

THE COST OF BUYING A PROPERTY

Weighing up your financial readiness to make your move

HOW MUCH DOES IT COST to buy a house or a flat? The cost of buying a home will vary significantly depending on whether you're a first-time buyer or are selling a home simultaneously.

As you weigh your financial readiness to purchase a property, you need to factor in the immediate costs. Building up savings for these costs, such as a deposit and other associated fees and costs, is a substantial undertaking.

If you're contemplating stepping into the realm of homeownership or moving to another property, here's an overview of the financial considerations involved in making your move.

DEPOSIT

The deposit is the initial sum you contribute towards the cost of your new home. Generally speaking, the larger the deposit you can afford, the more favourable your mortgage terms will be. This is subject to satisfactory results from a mortgage affordability assessment. As a rule of thumb, you will require between 5% and 20% of the purchase price. For instance, if you buy a property worth £200,000, you would need a deposit ranging from £10,000 to £40,000.

VALUATION FEES

Your mortgage lender will conduct a valuation of the property to determine the maximum amount they will lend you. Valuation fees vary, typically ranging from £150 to £1,500, depending on the property's value. Some lenders may waive this fee, depending on your chosen mortgage product. However, it's important to note that a lender's valuation isn't as comprehensive as a full structural survey and may not identify all necessary repairs or maintenance.

SURVEYOR'S FEES

Before finalising your property purchase, it's crucial to have the property inspected by a surveyor. This step is essential to uncover potential issues before committing to the purchase. Surveys vary in detail and cost, with a basic home condition survey starting at around £250, while a full structural survey could cost £600 or more. Investing in a thorough survey can ultimately save you money by highlighting potential repair costs early on.

STAMP DUTY

If you're purchasing a property costing more than £250,000, you'll likely have to pay Stamp Duty unless you're a first-time buyer. Eligible first-time buyers are exempt from Stamp Duty for properties costing up to £425,000. They pay 5% on the portion between £425,001 and £625,000. This means first-time buyers who buy a property worth up to £625,000 will pay no Stamp Duty on the first £425,000 and only pay 5% on the remaining amount.

The Stamp Duty rates announced in the mini-budget on 23 September 2022 remain unchanged until 31 March 2025. If you're buying a second property, be prepared to pay an additional 3% Stamp Duty. This tax applies to both freehold and leasehold properties. Stamp Duty is replaced by the Land and Buildings Transaction Tax (LBTT) and Land Transaction Tax (LTT) for properties in Scotland and Wales.

LEGAL FEES

You'll typically need a solicitor or licensed conveyancer to handle the legal work of buying and selling your home. Legal fees usually range from £850 to £1,500, including VAT at 20%. These professionals will also conduct local searches between £250 and £300 to identify any local plans or issues that could impact your property.

ELECTRONIC TRANSFER FEE

An electronic transfer fee, usually between £40 and £50, covers the lender's cost of transferring the mortgage money to the solicitor.

MORTGAGE FEES

You might encounter additional costs such as a booking fee ranging from £99 to £250, an arrangement fee of up to £2,000, and a mortgage valuation fee that could be £150 or more.

ESTATE AGENT'S FEE

On the other hand, the seller pays the estate agent's fee for the estate agent's services. This fee is negotiated when the property is listed and is typically 1% to 3% of the sale price plus 20% VAT or a flat fee for online estate agents.

CONDUCTING THOROUGH RESEARCH

The costs mentioned in this article are only provided as illustrations and should not be used as exact figures. The actual expenses you may incur can vary significantly based on many factors, such as geographical location, specific providers, individual circumstances, market fluctuations and more. Always conduct thorough research and consult with professionals to get a realistic estimation of the potential costs involved in your specific situation. ◆

What to do if your property has negative equity

Exploring some frequently asked questions

MANY PEOPLE PERCEIVE PURCHASING a property as a long-term financial investment. However, like any investment, there's no surefire guarantee of growth. The UK housing market has historically experienced some periods of falling property values. If this occurs while you own a property, it might be worth less than the amount you owe on your mortgage. This unfortunate situation is referred to as 'negative equity'.

The property market has been on a seemingly unending upward trajectory over the past decade, leading many to relegate the notion of negative equity to the recesses of their minds. However, a property value fall poses a significant risk of negative equity for some mortgage homeowners.

While buying a home can be a sound financial investment, it's crucial to understand its risks, including the potential for negative equity. In light of the current economic climate, which has had a knock-on effect on some property prices, you may be apprehensive about the potential implications.

Let's explore some frequently asked questions about negative equity.

WHAT IS NEGATIVE EQUITY?

Negative equity is a situation where the market value of your property falls below the outstanding mortgage you still owe on it. Under normal circumstances, homeowners have positive equity in their properties. For instance, if your house is valued at £200,000 and you have a mortgage of £190,000, you possess equity of £10,000 in your home.

However, if your property's worth drops to £180,000 and you have a mortgage of £190,000, you're left with equity of negative £10,000. In simpler terms, you've entered the realm of negative equity.

HOW DOES NEGATIVE EQUITY OCCUR?

Negative equity predominantly occurs when a buyer secures a mortgage with a high loan-to-value (LTV) ratio, followed by a drop in house prices. For example, a £190,000 mortgage against a £200,000 property is deemed a high LTV mortgage because it accounts for 95% of the property's value. If house prices plunge and the property's worth dips to £180,000, the buyer is left grappling with negative equity.

"If your property's worth drops to £180,000 and you have a mortgage of £190,000, you're left with equity of negative £10,000. In simpler terms, you've entered the realm of negative equity."

IDENTIFYING IF YOUR PROPERTY IS IN NEGATIVE EQUITY?

You may not be aware of being in negative equity. If you've recently purchased a home with a high LTV mortgage and house prices have seen a subsequent decline, it would be prudent to investigate your equity status.

To do this, consult with your mortgage provider to ascertain exactly how much you owe, and engage an estate agent or surveyor to determine your property's current market value. Then apply this formula: Property market value minus the mortgage owed equals the equity (or negative equity).

WHAT ARE THE IMPLICATIONS OF NEGATIVE EQUITY?

Negative equity might not impact your daily life if you intend to remain in your home for many more years. However, it becomes a significant issue if you are considering selling your home or if your mortgage deal is nearing its end.

CAN I SELL MY PROPERTY WITH NEGATIVE EQUITY?

Selling your home for less than the amount you owe your mortgage provider necessitates an alternative means of repaying the total debt. If your mortgage provider doubts your ability to do this, they will not permit you to sell.

CAN I REMORTGAGE WITH NEGATIVE EQUITY IN MY PROPERTY?

Remortgaging at the end of your current deal can prove challenging if you're dealing with negative equity. Unless you reduce your negative equity, you may have to start making repayments at your mortgage provider's standard variable rate (SVR), which could be higher than what you're accustomed to. If this poses a risk of financial hardship, it's crucial to communicate with them at the earliest opportunity.

If you find yourself grappling with negative equity, it might feel like you're in a financial maze. But do not fret! You can take several pathways to

steer your way out of this situation. Let's delve into the options at your disposal.

KEEP CALM AND CARRY ON

If your financial circumstances allow you to meet your mortgage repayments comfortably, and there's no compelling need to move house, then biding your time could be a viable strategy. By consistently making your monthly repayments, you're incrementally building your equity. In due course, as property prices generally ascend, your negative equity could naturally evaporate.

ACCELERATE REPAYMENTS

Should you have available funds elsewhere, it might be worth exploring whether your mortgage provider permits early repayments. You can eradicate your negative equity by settling the gap between your property's market value and the outstanding mortgage. This then paves the way for negotiating a new mortgage deal or selling your property.

NEGATIVE EQUITY MORTGAGE

Very occasionally, some mortgage providers may agree to let you move house and transfer your negative equity to the new property. This option demands a deposit for the new property and means surrendering any money you had previously paid towards your existing home. It's an uncommon route, but worth investigating if it aligns with your situation.

BECOME A LANDLORD

If your mortgage repayments start to climb and become unaffordable, you could rent out your own home and move into a different property with lower rent. However, this option requires obtaining permission from your mortgage provider.

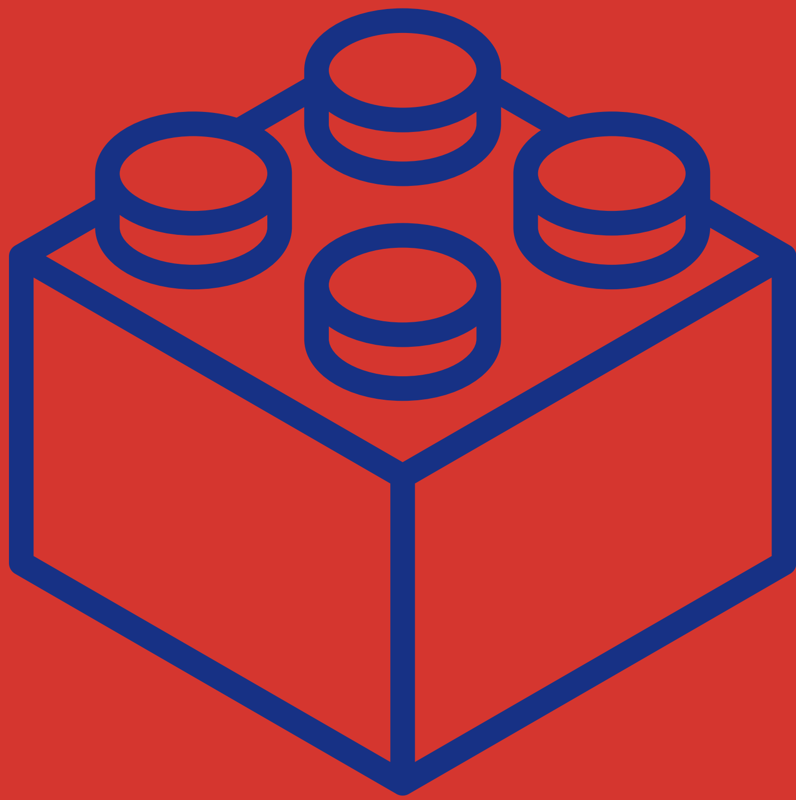
BOOST THE PROPERTY VALUE

Another approach to reducing negative equity is by enhancing the value of your home so that your mortgage constitutes a smaller percentage of its worth. This could be achieved through careful budgeting and execution of home improvement projects.

It's important to note that most of these approaches come with associated costs. Therefore, running some meticulous calculations is crucial before making any final decisions. ◆

>> NEED MORE INSIGHT ON MORTGAGES AND NEGATIVE EQUITY? <<

No matter your circumstances, we've likely handled something similar before. For further information or to discuss your situation, we're here, ready to assist you. Contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.



UNDERSTANDING STAMP DUTY

A simple guide and the numbers you need to know

STAMP DUTY, OR to give it its full name, Stamp Duty Land Tax, is a tax that applies to purchasing houses, flats, and other land and buildings in the UK that exceed a certain price threshold. In England and Northern Ireland, Stamp Duty applies to residential house purchases, and if you're considering purchasing a non-residential asset, you'll still need to calculate the Stamp Duty amount.

However, if you're buying property or land in Scotland, you won't be subject to Stamp Duty. Instead, you'll be required to pay the Land and Buildings Transaction Tax. Similarly, if you purchased a property in Wales on or after 1 April 2018, you will be subject to the Land Transaction Tax.

WHO PAYS STAMP DUTY?
The threshold for paying Stamp Duty on residential properties begins at £250,000 unless you're a first-time buyer and qualify for relief. If you fall into the category of first-time buyers, you're exempt from this tax on properties costing up to £425,000. Furthermore, you'll enjoy a reduced rate on purchases up to £625,000. This applies to both freehold and leasehold properties, irrespective of whether you're buying outright or with a mortgage.

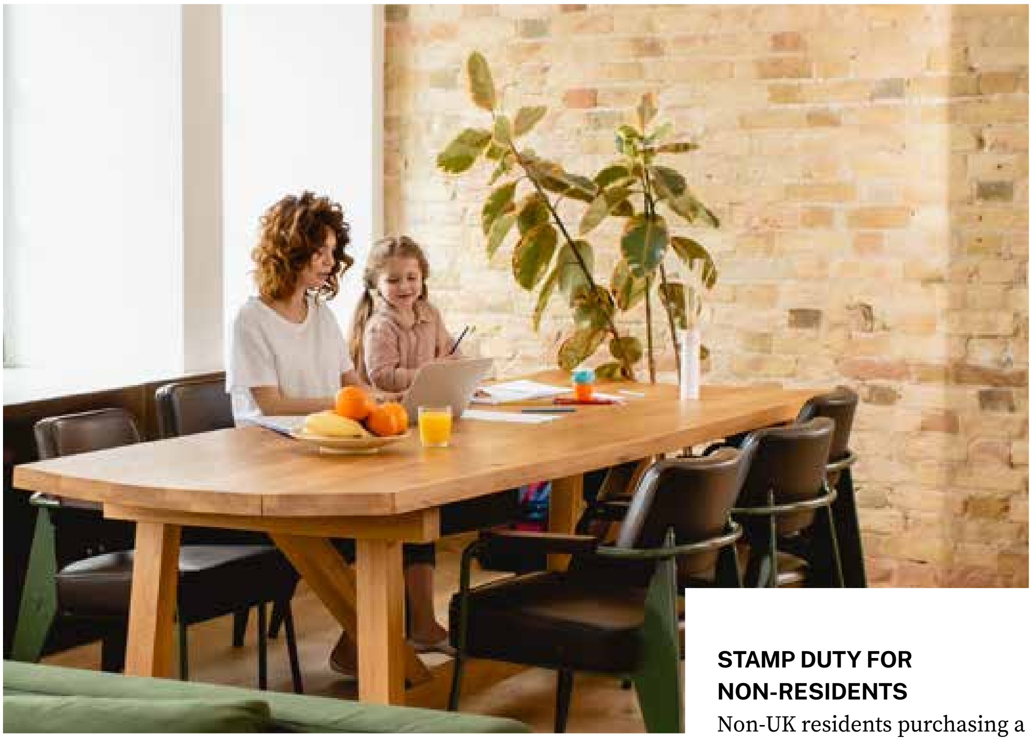
CALCULATING STAMP DUTY
So, how much exactly is Stamp Duty? This tax operates on a sliding scale, with several rate bands. The tax is calculated based on the portion of the property purchase price that falls within each band. For your main property costing more than £250,000, Stamp Duty will apply unless you're a first-time buyer.

STAMP DUTY ON SECOND HOMES
The rules change if you buy an additional property, such as a second home. In this case, you'll pay an extra 3% in Stamp Duty on top of the standard rates. This increased rate applies to properties purchased for £40,000 or more. However, it's worth noting that this does not apply to caravans, mobile homes or houseboats.

Minimum property purchase price	Maximum property purchase price	Stamp Duty rate
£0	£250,000	0%
£250,000	£925,000	5%
£925,000	£1,500,000	10%
Over £1.5 million	-	12%

Minimum property purchase price	Maximum property purchase price	Stamp Duty rate (only applies to the part of the property price falling within each band)
£0	£250,000	3%
£250,001	£925,000	8%
£925,001	£1.5 million	13%
Over £1.5 million	-	15%

"For properties costing up to £625,000, you'll pay no Stamp Duty on the first £425,000. The remaining amount, up to £200,000, will be taxed at the relevant rate of 5%."



FIRST-TIME BUYERS AND STAMP DUTY RELIEF

If you're a first-time buyer in England or Northern Ireland, you're exempt from Stamp Duty on properties valued up to £425,000.

PROPERTY PRICE CAPS

For properties costing up to £625,000, you'll pay no Stamp Duty on the first £425,000. The remaining amount, up to £200,000, will be taxed at the relevant rate of 5%. If the property you're buying is worth over £625,000, you will need to pay the standard rates of Stamp Duty and won't qualify for first-time buyer's relief.

STAMP DUTY FOR NON-RESIDENTS

Non-UK residents purchasing a residential property in England or Northern Ireland may have to pay an additional 2% on top of the existing Stamp Duty rates for properties costing more than £40,000.

REPAYMENT OF HIGHER RATES

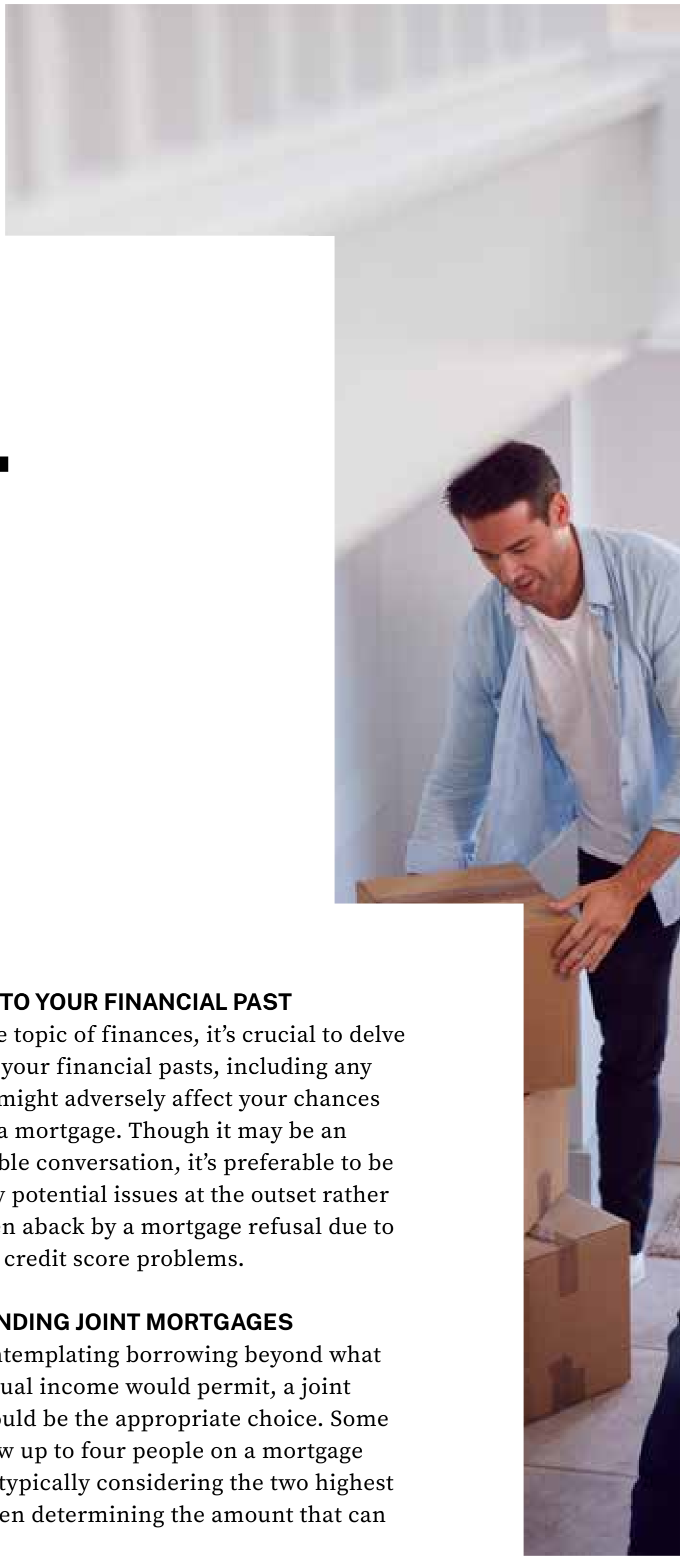
In some instances, where you buy a new main residence but experience a delay in selling your previous main residence, you might have to pay the higher rates of Stamp Duty as you'll now own two properties.

However, if you sell your previous main home within three years of buying your new home, you can apply for a refund of the higher Stamp Duty rates you paid when you purchased your new home. This refund is obtainable if you sell your previous main residence within three years and claim the refund within 12 months of the sale or 12 months of your Stamp Duty tax return filing date, whichever comes later.

Please note that these taxes and their respective thresholds are subject to change. ◆

>> WANT TO DISCUSS YOUR HOMEOWNERSHIP OPTIONS? <<

For more insights or assistance, don't hesitate to contact us. We're here to help you navigate through your homeownership journey. Speak to **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.



VENTURING INTO A JOINT PROPERTY PURCHASE?

Important information should you know before you begin

IN THE CURRENT FINANCIAL CLIMATE, some homebuyers will ponder who they might purchase a property with. If this is the route you are considering, you must equip yourself with the necessary information before venturing into a joint property purchase. Before embarking on your search for a new home, you and your potential co-buyer need to discuss your financial capacities openly.

This includes the initial deposit, monthly mortgage repayments and routine living expenditures. When resources are combined, you often find you can afford a larger property in a more sought-after location, dividing the mortgage and regular bills. It's akin to sharing rent with mates, but instead, your money is channelled into your mortgage rather than into your landlord's pocket.

DELVING INTO YOUR FINANCIAL PAST

While on the topic of finances, it's crucial to delve into both of your financial pasts, including any details that might adversely affect your chances of securing a mortgage. Though it may be an uncomfortable conversation, it's preferable to be aware of any potential issues at the outset rather than be taken aback by a mortgage refusal due to undisclosed credit score problems.

UNDERSTANDING JOINT MORTGAGES

If you're contemplating borrowing beyond what your individual income would permit, a joint mortgage could be the appropriate choice. Some lenders allow up to four people on a mortgage agreement, typically considering the two highest incomes when determining the amount that can be loaned.

However, each person is equally accountable for the mortgage repayments and charges, and if one party defaults, the lender can insist on full payment from the other borrowers. Before finalising an agreement, every borrower must meet the lender's prerequisites and credit criteria.

CONTEMPLATING 'TENANTS IN COMMON'

Purchasing as 'tenants in common' rather than joint tenants empowers you to own your portion of the property independently and proportionally. This allows you to sell your share and receive a return on your investment relative to your contribution. For instance, if you contribute 50% towards the deposit and mortgage, you own 50% of the property's value, regardless of whether it rises or falls.

DRAFTING A LEGAL CONTRACT

Regardless of your connection with your co-buyer – whether they're a sibling, friend or partner – it's essential to have a legal contract drafted by a professional solicitor. This document safeguards you if one party decides to sell their share, relocates or encounters financial difficulties. It may seem awkward now, but such contracts can avert future disputes and protect your relationships.

CONSULTING A PROFESSIONAL MORTGAGE ADVISER

Before finalising a property or exploring mortgages, consult a professional mortgage adviser. We can address any queries, assist in determining your potential borrowing amount for a joint mortgage, and provide access to rates and deals not typically available on the high street. As part of the process, we will ensure you find the most suitable mortgage for your circumstances. ◆

>> IN NEED OF PROFESSIONAL MORTGAGE ADVICE? <<

Applying for a mortgage is a significant financial decision. We're here to guide you step-by-step on locating and applying for the right mortgage. For further information, don't hesitate to contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

LAYING SOLID FOUNDATIONS FOR YOUR HOME EXTENSION

Looking to amplify your living space and enhance the value of your property?

INITIATING AN EXTENSION project can be daunting. So, where should you begin? The first port of call in any home extension journey is the creation of comprehensive plans. These blueprints should encompass every nook and cranny of the proposed extension – from length and breadth to depth.

This granular degree of detail leaves little to the imagination, ensuring your dream is lucidly conveyed to your builders. With such meticulous plans in place, you're priming the stage for precise budgeting, efficient scheduling and an overall seamless process.

FISCAL FORESIGHT

Budgeting isn't a step that should be skimmed over. Each component of your extension must be accounted for, and it's essential to be frank about your financial constraints. You might need to compromise to fit your budget, but early planning is key.

Your in-depth initial plans will help your builders provide accurate quotes. However, do remember to set aside a contingency fund for unexpected costs that could arise along the way. Always prioritise quality over cost when selecting a builder, as the cheapest option could lead to costly complications later on.

LEGAL LABYRINTH

It's crucial not to take for granted that your extension will fall within permitted development rights. Invest time in understanding the rules and regulations and determining whether you need to apply for planning permission. Elements such as previous extensions and the size and position of the new one could influence whether your plans fall under permitted development.

If you're building under permitted development, bear in mind there are stringent guidelines to follow. If these restrictions curtail your dream extension, consider applying for planning permission instead.

SEASONAL STRATEGY

A significant aspect of planning is considering the season. Now we are in the winter months, it is recommended that you avoid this time of the year, as conditions like frozen ground and inclement weather can cause substantial delays. Spring is an ideal starting point, particularly for larger projects.

But now is the time to engage in open dialogues with your contractors about estimated timeframes and plan accordingly. If you're responsible for arranging the delivery of materials, allow ample time to avoid any delays.

THE BIGGER PICTURE

Throughout the process, it's essential to consider how the extension will impact the rest of the house, both now and in the future. Evaluate how the additional space might affect the flow between rooms and the functionality of existing spaces.

Consider how your household's needs may change over time, ensuring your extension is planned with this in view. Don't let minor issues distract you from your end goal. Keep your vision at the forefront of every decision and use it as a motivational tool to stay on track. ◆

>> READY TO EXPLORE YOUR FUNDING OPTIONS? <<

With many options available to fund your home extension project, understanding each one's benefits and how they align with your unique plans is crucial. Don't hesitate to contact us for more detailed information and personal guidance. Speak to the team at **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

Home buyers currently enjoying an average saving of £18,000

Discount on asking prices for successfully completed sales reaches a five-year high

HOME BUYERS ARE currently enjoying an average saving of £18,000 on their next home, according to a recent House Price Index[1]. This figure, which is helping to seal many a property deal, points towards a strengthening buyers' market.

With mortgage rates climbing, demand has been impacted. However, increased available properties have resulted in more choice and room for negotiation.

The discount on asking prices for successfully completed sales has reached a five-year high. Specifically, the first half of last November saw a 5.5% discount compared to an average of 3.4% during the same period in 2023.

SOUTH OF ENGLAND FEELS THE IMPACT

This trend is particularly pronounced in the south of England. In London and the South East, the average discount on asking prices is an impressive 6.1%. To put it into perspective, that's £25,000 sliced off the initial asking price.

Despite a 13% drop in buyer demand compared to 2019, new sales are still being agreed. The total volume is now 15% higher than this time last year and even 5% up on 2019 levels.

SELLERS ADJUSTING TO THE MARKET

This suggests that sellers are adjusting to the market realities, and potential movers are banking on the possibility that mortgage rates may have peaked. They could start to fall later in 2024.

Sales are also holding steady in many parts of Scotland and inner London, where the market has been somewhat sluggish compared to the rest of the UK in recent years.

RECORD SUPPLY OF HOMES ON THE MARKET

In a welcome development for prospective buyers, the number of homes up for sale reached a six-year high. There are now 34% more homes on the market than a year ago.

MORE CHOICE, MORE NEGOTIATION

This means that the average estate agency branch now boasts over 31 homes for sale, a significant increase from the pandemic-induced low of just 14. Consequently, the boosted supply gives buyers more choice but is likely to keep prices under downward pressure as price-sensitive buyers negotiate.

London house prices, while high in absolute terms, have lagged behind the rest of the UK over the last six years. The average value of a London home is only 8% higher than seven years ago, compared to a 28% increase across the rest of the UK.

THE FUTURE LOOKS BRIGHT

New sales are still being agreed at a faster rate than a year ago and pre-pandemic. This indicates that house prices do not need to post larger falls to get people moving, but sellers should brace themselves for more price negotiations.

>> READY TO BEGIN YOUR MORTGAGE JOURNEY? <<

Understanding the significance of securing the right mortgage is crucial. Therefore, let's collaborate to find the right mortgage for you. Discover how much you could borrow. To learn more about how we can help you – speak to **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

Source data:

[1] https://www.zoopla.co.uk/press/releases/buyers-securing-average-18000-discount-off-their-next-home-as-number-of-homes-for-sale-reaches-six-year-high/

PLANNING A MOVE IN 2024?

Key considerations for venturing into pastures new this year

CONSIDERING A CHANGE of scenery this year? We've often heard the saying that 'Home is where the heart is', but what happens when your heart's destination isn't quite clear? You may be pondering a nationwide move due to an enticing job opportunity, or the charm of countryside living is beckoning you away from the city's hustle and bustle. Regardless of your reasons, it's undeniable that moving can be a daunting endeavour.

Investing in a new home is a major undertaking, and ensuring that your new locale suits your current needs and lifestyle is crucial. The decision to uproot can be intimidating, with countless factors to consider. The stakes rise even more when you're contemplating a move to a completely unfamiliar area. If you're considering such a move, here are some crucial points to remember.

THOROUGH RESEARCH

If you're mulling over trading your current address for an unfamiliar town, city or region, comprehensive research is paramount before you make your final decision. Scrutinise property prices across various areas and determine where your budget will yield the greatest value.

To gain an all-encompassing understanding of local market trends, examine the prices of homes currently on the market and recent sales of similar properties. A seasoned estate agent can provide invaluable guidance throughout this process.

For homeowners planning to sell their current property before relocating, it's advisable to consult a local agent for a property evaluation. This information will not only help you establish what you can afford but also enable you to compare houses within your budget across different locales.

CAREER COMPATIBILITY

Your career should be a significant factor in your relocation decision, whether you work from home or commute daily. If you're a remote worker, ensure that the broadband connectivity in your potential new area is up to par and assess the cost of dependable internet providers.

If your work involves commuting, calculate the travel time and costs associated with your prospective new location. Numerous online tools can assist you in determining the distance between key locations and potential properties.

BEYOND THE PROPERTY

When inspecting a property, endeavour to picture yourself residing there. Beyond the property itself, consider whether the new area aligns with your lifestyle. Take into account your hobbies – are there local gyms for fitness buffs? Are there opportunities to engage in outdoor pursuits like hiking or running?

Investigate local groups or sports teams that could help you establish a social circle after your move. Additionally, consider your leisure activities. Does the new area have the infrastructure to support your interests, such as dining out, cinema visits or shopping?

SCHOOLS AND TRANSPORT

For those moving with children, the standard of local schools is paramount. Review the most recent Ofsted reports and contact schools that pique your interest to help narrow down your preferred catchment areas.

"Investing in a new home is a major undertaking, and ensuring that your new locale suits your current needs and lifestyle is crucial.

Transport connections are equally crucial. Consider your typical mode of transport and how easily accessible these options are in the new area. Also, evaluate the practicality of visits from friends and family and trips back to your previous area.

EXPERIENCE BEFORE COMMITTING

The decision to move to a new area isn't one to be taken lightly. In fact, it's recommended to trial potential new locations before making your choice. While a single day's visit might give you a basic impression, spending time across different days can paint a more accurate picture of the area.

GET A LOCAL PERSPECTIVE

During these visits, try to immerse yourself in the local lifestyle. Savour the local cuisine, enjoy leisurely visits to parks and explore the bustling high street shops. Living like a resident gives you a genuine feel for the area's character.

UNDERSTANDING THE COMMUNITY

Conversing with locals is one of the best ways to understand a community. Their experiences and opinions can provide invaluable insights into the neighbourhood. Additionally, consulting with a local estate agent can offer professional guidance and a deeper understanding of the property market.

YOUR MORTGAGE MATTERS

Expert advice is crucial whether you're embarking on your homeownership journey, preparing for relocation or searching for improved mortgage terms. We're here to discuss mortgage solutions that align perfectly with your individual needs. ◆

>> FIRST-TIME BUYER OR LOOKING FOR MORE COMPETITIVE MORTGAGE OPTIONS? <<

Whether you're a first-time buyer or looking for a better deal, we can help you find the right mortgage. If you require further information or want to start your property journey, don't hesitate to contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

HOW ENERGY-EFFICIENT IS YOUR PROPERTY?

Opportunities and challenges British homeowners encounter

RESEARCH HAS SHED LIGHT on British homeowners' opportunities and challenges when making their homes more energy efficient. Nearly 40% of UK homeowners now deem improving the energy efficiency of their property a key priority[1].

This change in attitude comes in the wake of rising energy costs from early last year. However, an astounding 40% confess they have no idea how energy-efficient their property is, making it challenging to determine where to start with enhancements.

ENERGY EFFICIENCY BLIND SPOT

With the UK having some of the world's oldest houses and ranking among the worst insulated in Europe, this knowledge gap is a serious concern. Especially considering the country's ambitious aim to achieve net-zero emissions by 2050.

SOLAR POWER THE GREEN DREAM

Solar panels have emerged as the green improvement of choice for homeowners. With energy bills remaining significantly higher than pre-pandemic levels, the desire to undertake 'green' home improvements continues to surge.

For 31% of homeowners seeking to make eco-friendly changes, installing solar panels is their top choice. This is closely followed by double or triple glazing (30%) and radiator upgrades (27%).

THE POTENTIAL OF SOLAR POWER

According to the research, the average annual energy bill for a UK household stands at £2,074. However, the Energy Saving Trust suggests that by switching to solar power, homeowners could potentially save up to a quarter of this cost (£525 per year).

This saving could increase even further when you factor in home battery storage or higher-paying tariffs under the Smart Export Guarantee (SEG) when selling excess energy back to the National Grid.

BARRIERS TO GOING GREEN

Despite the potential benefits, nearly half of the population (49%) view cost as the biggest obstacle to improving energy efficiency. Additionally, 22% are reluctant to borrow money to make their property more energy efficient due to doubts over whether the investment would be reflected in their property's resale value.

According to Rightmove's 2023 Greener Homes Report, a more sustainable home could indeed offer financial benefits. For instance, improving a property's Energy Performance Certificate (EPC) rating from an F to a C could potentially add an average of over £55,000 to the value of a home.

FINDING THE RIGHT TRADESPEOPLE

Another challenge homeowners face is finding skilled tradespeople to carry out these improvements. Only 22% of people have successfully found tradespeople with the necessary skills.

UNDERSTANDING YOUR HOME'S ENERGY EFFICIENCY

With only 31% of Britons aware of their home's EPC rating, it's clear there's room for improvement. Understanding this rating is a crucial step towards making homes greener and can provide valuable guidance on other measures homeowners could adopt to improve their home's energy efficiency.

TAKING THE FIRST STEP TOWARDS A GREENER HOME

If you want to save money on your energy bills, understanding how energy-efficient your property is should be your first step. Every property has an EPC report, an excellent starting point for identifying potential changes that could make your home greener. ◆

>> LOOKING FOR A MORTGAGE THAT'S A PERFECT FIT? <<
We'll take everything into account and provide the right mortgage for you. Contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

Source data:
[1] Research published by Halifax 08 December 2023.

PROTECTING YOUR TENANT'S DEPOSIT

An essential safeguard for landlords

TENANT DEPOSITS ARE an essential safeguard for landlords. They can significantly alleviate potential issues that may arise during a tenancy. If everything goes smoothly, the deposit is returned to the tenant. Should complications occur, landlords can utilise this money to offset their expenses.

Deposits can cover various expenses, from missed rent payments to repair costs for property damage, easing the financial burden on landlords. Typically, tenants pay up to five weeks' rent as a deposit, which must be protected by a tenancy deposit protection scheme, as per the Tenants Fees Act 2019.

UNDERSTANDING TENANCY DEPOSIT SCHEMES

Landlords must use a tenancy deposit scheme if they have tenants on an assured shorthold tenancy. This requirement, introduced in the UK Housing Act 2004, has been in place since 2007.

ENSURING FAIR PLAY WITH DEPOSIT PROTECTION

These schemes protect tenants' deposits from dishonest landlords and ensure the return of the deposit, provided tenants abide by their tenancy agreement. If tenants breach the agreement, for instance, by damaging the property or failing to pay rent, landlords can claim their costs from the deposit.

CONSEQUENCES OF NOT PROTECTING TENANT DEPOSITS

Suppose a landlord neglects to protect a deposit using one of the three government-approved tenancy deposit

schemes. In that case, the tenant can seek a court order for the landlord to repay up to three times the deposit amount. Moreover, landlords cannot evict their tenants using a Section 21 no-fault eviction if they fail to protect the deposit.

TIMELY PROTECTION OF TENANT DEPOSITS

Landlords must protect a tenant's deposit within 30 days of receipt. Failure to do so should result in the deposit being returned to the tenant.

EXPLORING TYPES OF TENANCY DEPOSIT SCHEMES

There are two types of tenancy deposit schemes – custodial and insured. In a custodial scheme, the scheme provider holds the deposit, while in an insured scheme, the landlord retains it. Both types of tenancy deposit schemes offer unique benefits.

CUSTODIAL SCHEMES

First, let's delve into the first type of tenancy deposit scheme – the custodial scheme. This form of scheme is free to use, making it highly popular amongst landlords and tenants alike. A custodial scheme securely holds onto the deposit throughout the duration of the tenancy.

Once the tenancy concludes, the scheme releases the agreed-upon funds to both parties, either after a mutual agreement on its division or resolving any disputes.

However, one potential downside is that, in the event of a dispute, landlords won't receive any funds until its resolution, potentially leaving them to cover the cost of any necessary repairs themselves.

INSURED SCHEMES

Switching gears, we explore the other type of deposit protection – insured schemes. Here, the landlord retains the deposit whilst paying insurance to safeguard it throughout the tenancy. Unlike custodial schemes, providers do charge for this service. However, they ensure that tenants will always receive the money they're entitled to.

Insured schemes offer a unique advantage to landlords as they can accrue interest on the deposit during the tenancy. This becomes particularly attractive for those with large property portfolios or high-value properties, as the accrued interest can offset registration costs. Moreover, landlords can directly negotiate deposit returns with their tenants without involving the scheme provider.

FREE DISPUTE RESOLUTION SERVICE

When landlords and tenants disagree on the deposit division, all tenancy deposit providers offer a free dispute resolution service. This option is often quicker and simpler than pursuing a claim through the courts, with claims usually being resolved within 28 days.

Both tenants and landlords can initiate the dispute process. However, the burden of proof rests with the landlord, requiring them to substantiate their claim on the deposit with evidence. Conversely, tenants only need to provide evidence in response to the landlord's claims. This evidence can range from tenancy agreements, bank statements, utility and council tax bills, inventory reports, correspondence, cleaning charges and photographs, to witness statements.

Once all evidence is collated, the case is forwarded to an impartial adjudicator at the deposit scheme who decides on the deposit division. In rare circumstances, including cases involving police, an adjudicator may deem it necessary to resolve the dispute through a formal court process. Landlords must pay the disputed amount to the tenancy deposit scheme in disputes involving insured schemes.

TENANCY DEPOSIT SCHEMES

When it comes to tenancy deposit schemes in England, there are three providers: the Deposit Protection Service, My Deposits and the Tenancy Deposit Scheme. Each provider is propelled by a unique parent company, offering numerous services with nuanced differences.

DEPOSIT PROTECTION SERVICE (DPS)

The Deposit Protection Service (DPS) is the largest scheme of the three. Landlords must create an online account to initiate a tenant's deposit protection with DPS. The creation process involves providing an email address, creating a password and answering security questions for identity verification.

For the Custodial Scheme, landlords first create a free custodial account with the DPS. They can then add properties and tenants to the account. Following receiving a deposit, landlords transfer it to the DPS, preferably via bank transfer. It's worth noting that landlords can set up the deposit scheme even before the tenant pays their deposit.

To add a tenant, landlords will need their name, title, contact details, the start and end dates of the tenancy, the rent amount and the deposit amount. Landlords must create an account for the insured scheme and pay the required fees. Furthermore, landlords must have Client Money Protection in place to use the DPS insured scheme. The DPS is ideal for larger

corporate landlords, offering a discount for landlords with over 100 deposits.

MY DEPOSITS

My Deposits is another deposit protection scheme. It's the only scheme endorsed by the National Residential Landlords Association (NRLA), offering members a discount on their insured deposit schemes. It was founded in 2007 to give landlords, agents and tenants an alternative to the other two schemes. The scheme gives choice by offering both of the two types of deposit protection, insured and custodial.

TENANCY DEPOSIT SCHEME

The Tenancy Deposit Scheme is the oldest deposit protection scheme. It's the only UK-owned and not-for-profit option amongst the schemes. The Tenancy Deposit Scheme offers both insured and custodial deposit protection services. The custodial service is free, with discounts available for NRLA members.

CHOOSING THE RIGHT TENANCY DEPOSIT SCHEME

Ultimately, the choice of tenancy deposit scheme is at the landlord's discretion, with both custodial and insured variants offering distinct advantages. Insured schemes are often more suitable for larger landlords, offering quicker access to deposit funds. On the other hand, custodial schemes are free and require less work from the landlord, albeit at the potential cost of any interest the deposit could have earned.

The key to choosing the right tenancy deposit scheme lies in understanding each provider's unique benefits and costs. By carefully weighing these factors, you can select a scheme that perfectly fits your specific situation. ◆

>> READY TO DISCUSS THE MORTGAGE FUNDING OPPORTUNITIES AVAILABLE TO YOU?<<

If you want to acquire a property and are keen on turning it into a rental, you're on the path to becoming a landlord. To discuss mortgage funding opportunities available, or for further information, please feel free to get in touch. We are committed to helping landlords navigate these challenging times. To discuss your options, contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

"Ultimately, the choice of tenancy deposit scheme is at the landlord's discretion, with both custodial and insured variants offering distinct advantages."

Deciphering the UK's rental yields

A key figure to profitable property investment

DIVING INTO THE WORLD of property investment, you quickly encounter terms such as gross and net rental yield. These figures represent the annual rental income as a percentage of the property's purchase price.

Rental yield is essentially the annual return you obtain from a rental property, measured against the costs of buying and maintaining it. This figure, always expressed as a percentage, forms the backbone of your property investment strategy.

While gross rental yield gives you a basic overview, net rental yield also considers the costs of maintaining and renting out the property. Both of these metrics are essential when determining whether a property is a good investment. However, it's equally important to consider factors like tenant demand and the potential for house price growth.

STATE OF UK RENTAL YIELDS

According to a December 2023 Rental Market Report, the average gross rental yield in the UK currently stands at 5.49%[1]. With the average buy-to-let property priced at £262,288 and the average rent at £1,201, it's clear that yields have improved across all regions last year. This improvement has come as house prices have begun to fall and rents have continued to rise.

TOP CITIES FOR RENTAL YIELDS IN THE UK

Regarding cities with the highest rental yields, Sunderland, Dundee and Burnley take the lead in the UK, offering average gross yields close to or exceeding 8%. Generally, cities in the North of England and Scotland provide better yields than those in the South of England and London. This is largely due to the disproportionately higher house prices than rents in southern locations.

NORTHERN CHARMS OF GLASGOW AND LIVERPOOL

Glasgow and Liverpool also deserve mentioning, providing gross yields of 7.90% and 7.43% respectively. These cities present enticing opportunities for property investors thanks to their relatively low average house prices, promising employment prospects and large student populations.

TOP REGIONS FOR RENTAL YIELDS IN THE UK

Regarding regions, northern areas dominate the chart for top rental yields. Despite having the cheapest rents in the country (£671), the North East also has the most affordable buy-to-let properties,

with an average price of £109,715. This results in the highest average yield in the UK of 7.34%. Scotland, the North West, Northern Ireland and Wales follow closely behind.

LONDON IS A CHALLENGING MARKET

On the other hand, London offers the lowest gross yields in the UK, averaging at 4.92%. Higher mortgage rates, new regulations and sluggish house price growth in recent years have limited landlord investment in the city. The city's investment appeal has been dampened with rents nearing an affordability ceiling and tenant demand moderating.

THE CHANGING LANDSCAPE OF THE SOUTH EAST AND EAST OF ENGLAND

The South East and East of England, which have experienced the greatest fall in house prices, also offer lower gross yields at 5.17%. However, this decline in property prices has improved their rental yield from between 4.50% and 5.0% a year ago.

A REGIONAL RUNDOWN UNVEILING THE UK'S HIGHEST-YIELDING AREAS

While seeking a buy-to-let property in your local area can be beneficial, as you're familiar with the surroundings, comprehend market dynamics and have the advantage of liaising with a trusted letting agent, it's worth noting the regions that provide the most attractive rental yields. Let's tour the UK, spotlighting each region's top three yield-generating local authorities.

THE NORTHERN STANDOUTS

North East's gems are Middlesbrough, Sunderland and Hartlepool, delivering gross rental yields of 8.52%, 8.50% and 8.31%, respectively.

Venturing up to **Scotland**, East Ayrshire steals the show with a staggering 9.57% yield. West Dunbartonshire and Renfrewshire follow closely, with yields of 9.15% and 9.13%.

POWER PLAYERS OF THE NORTH WEST AND WALES

In the **North West**, Burnley leads with an 8.41% yield, trailed by Liverpool and Hyndburn at 7.57% and 7.47%.

Over in **Wales**, Blaenau Gwent stands tall with a 7.38% yield, while Neath Port Talbot and Merthyr Tydfil offer competitive returns at 7.23% and 7.22%.

YORKSHIRE AND MIDLANDS' FINEST

Yorkshire and the Humber present Hull as their front-runner, with a robust 7.30% yield. North East Lincolnshire and Barnsley follow suit, boasting 7.07% and 7.02% respectively.

West Midlands features Stoke-on-Trent at the top with a 7.09% yield. Newcastle-under-Lyme and Coventry trail behind, offering 6.52% and 6.46%.

THE EASTERN AND SOUTHERN TITANS

East Midlands offers Nottingham, Mansfield and Boston as top contenders, with yields of 7.06%, 6.40% and 6.39%.

Down in the **South West**, Plymouth, Gloucester and Swindon offer attractive yields at 6.32%, 6.20% and 6.06%.

In the **East of England**, Great Yarmouth, Fenland and Peterborough shine with yields of 6.13%, 6.05% and 6.04%.

In the **South East**, Southampton, Gosport and Portsmouth take centre stage, offering yields of 6.42%, 6.10% and 6.09%.

London sees Barking and Dagenham, Newham and Bexley leading with yields of 6.24%, 5.78% and 5.62%.

GAZING INTO THE BUY-TO-LET CRYSTAL BALL

With tenant demand currently a third higher than the five-year average and supply restrained by low new investment, we foresee rents climbing between 5% and 8% next year across most of the country. An anticipated further fall in house prices and rising rents suggests that gross yields will continue to improve.

Signs of weakening rental demand are already evident, driven by factors such as the dissipation of pandemic after-effects, slower job and wage growth, and decreasing mortgage rates. Annual UK rental growth is predicted to decelerate to 5%-8% during 2024. ◆

>> LOOKING TO SECURE YOUR FIRST INVESTMENT PROPERTY, MANAGE YOUR PORTFOLIO OR REFINANCE TO A BETTER DEAL? <<

If you seek a deeper understanding of property investment, have specific queries or want to learn more about your mortgage funding options and want to refinance to a better deal, contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

Source data:

[1] Zoopla Rental Market Report: December 2023 – published 11/12/23.

A POTENTIAL GOLDMINE

The art of spotting a renovation opportunity

WHEN IN THE QUEST for a property, many investors aren't merely seeking a comfortable living space but rather a potential goldmine. If your grand plan involves acquiring a property to refurbish and enhance, many factors exist to ponder.

While this venture often promises a lucrative return on your investment, opting for a 'fixer-upper' isn't an attractive project for everyone, and you might find yourself grappling with aspects you hadn't initially envisaged.

Identifying a property with above-average investment potential can prove daunting, especially for first-time buyers embarking on their property journey. Hence, we've curated a checklist of key features to keep an eye out for, categorised based on the potential value they might inject if optimised effectively.

"In the realm of property investment, the potential for visual improvements is a golden nugget. By enhancing the aesthetic appeal of a property, you could significantly increase its value."

EXPANSION OPPORTUNITIES: MAXIMISING SPACE

The most significant scope to add value lies in augmenting the overall square footage for most properties. This could be achieved by extending the property, adding a conservatory or even constructing a secondary property on the same plot. Your primary focus should be unused outdoor space ripe for development.

Be on the lookout for:

- 'Side returns' on terraced properties, essentially a slender strip of garden nestled between the house and its neighbouring property.
- Ancillary structures, such as outhouses that could be annexed to the main property.
- Plots of land ripe for a summer house or garden room.
- Existing extensions or garages that could accommodate another storey.
- Neighbouring plots of land up for sale.

Bear in mind such transformations will typically require planning permission. Inspect nearby properties for similar completed projects to gauge the likelihood of obtaining this.

SPATIAL RECONFIGURATION: UNLOCKING POTENTIAL

The second most substantial avenue to add value is by creating more usable space within a property without expanding its footprint. This could involve repurposing a previously neglected area or reimagining the floor plan. Any additional living space is a bonus, but an extra bedroom will yield the most value.

Keep an eye out for:

- Unconverted garages, attics and basements with the potential to transform into a bedroom or reception room.
- Compact kitchens adjacent to larger dining or living rooms ideal for creating an open-plan living area.
- Smaller bedrooms next to considerably larger ones, which could be equalised by shifting an internal wall.

Remember, moving walls is only feasible if they're not load-bearing, and not all garages, attics and basements are fit for conversion. Thus, consulting a surveyor to ascertain the feasibility of your envisioned alterations is advisable.

FUNCTIONALITY ENHANCEMENTS: MODERNISING AND UPGRADING

When considering older properties, there's often considerable scope to add value by modernising them or introducing newer, more efficient features.

Be vigilant for:

- Outdated kitchens and bathrooms ripe for upgrades with high-quality appliances,

enhanced storage and appealing surfaces.
- Poor Energy Performance Certificate ratings that could be improved through various means, from upgrading the heating system to installing solar panels.
- Noise pollution from nearby roads, potentially mitigable with double glazing and sound insulation.

Although these upgrades can be somewhat costly relative to the value they add, you'll also reap the rewards of these enhancements whilst residing in the property.

AESTHETIC POTENTIAL: THE KEY TO UNLOCKING PROPERTY VALUE

In the realm of property investment, the potential for visual improvements is a golden nugget. By enhancing the aesthetic appeal of a property, you could significantly increase its value.

The secret sauce? Snagging a bargain by looking beyond features that other buyers might find unattractive, with the intention of transforming them once you move in.

Keep an eye out for:
- **Restorable original features:** Look for original elements such as wooden beams, fireplaces or floorboards. Though they may be in poor condition, their restoration can add unique charm and value.
- **Outdated decor:** Don't be deterred by unusual or dated decor. These can be easily replaced or removed, making way for a more modern aesthetic.
- **Exterior facelifts:** Unappealing exteriors can be dramatically improved with clever solutions like cladding or climbing plants.

NAVIGATING RENOVATION: BALANCING WORKLOAD WITH AMBITION

The scale of work required on a property directly correlates with the potential to add value. However, it's crucial not to overextend. Taking on a project that requires more time, funds or expertise than you have available can quickly become overwhelming. It's essential to align the amount of work needed with your level of ambition. ◆

HOW DO YOU ATTRACT THE RIGHT TENANTS?

Defining your target audience is crucial to your rental success

SECURING HIGH-QUALITY tenants swiftly is indispensable to maximise the profitability of your buy-to-let property. The ideal tenants are those who consistently pay their rent, maintain the property in pristine condition and refrain from causing any disturbances. Over recent years, many UK residents have opted to rent homes instead of purchasing them, with many choosing to stay in rented accommodations for extended periods without relocating.

Before you begin marketing your rental property, defining your target audience is crucial. This will streamline your tenant search and place you in a favourable position to attract your ideal tenant. Whether your primary concern is the meticulous maintenance of your property or securing a long-term tenant, defining your needs at this stage will help to refine your search.

Consider your prospective relationship with your tenant: who do you envisage dealing with regularly? Each landlord has their own vision of an ideal tenant. Are you seeking someone interested in a long-term lease, or are you content with a quick turnover?

Regardless of your requirements, let's explore the advantages and disadvantages of various types of tenants.

HIGH-INCOME EARNING TENANTS

The income bracket of your potential tenant greatly depends on your property's type, size and location. For instance, landlords with properties in central London will need to target high-income tenants to meet monthly rent payments. A significant advantage of renting to high-income tenants is the assurance of regular rent payments, reducing the likelihood of chasing missed payments. However, such tenants may demand higher standards from your property.

As a responsible landlord, maintaining your properties as safe and comfortable living spaces is essential. However, catering to this group may require more detailed attention, such as replacing carpets and furnishings more frequently and providing sought-after amenities like high-speed internet and modern security systems.

LOW-INCOME EARNING TENANTS

If your property is situated in a less expensive area, you may need to target lower-income tenants. Renting to tenants receiving housing benefits comes with its own advantages and disadvantages. One disadvantage includes the payment of rent in arrears rather than in advance. Additionally, the paperwork involved in renting to tenants on housing benefits can be extensive, and administrative processes may be slow.

Another issue is the potential increase in contents insurance premiums when letting to this tenant group. Unfortunately, some landlords hesitate to rent to tenants on housing benefits due to assumptions about property care and missed payments. However, these negative stereotypes are unfounded and reflect a minority of individuals.

On the flip side, there are numerous advantages in renting to this group. Given the scarcity of rental properties available, advertising your property as accepting housing benefits can attract a larger pool of potential tenants. Tenants receiving housing benefits often seek long-term housing, and the Department for Work and Pensions makes regular, guaranteed rental payments.

"If your property is situated in a less expensive area, you may need to target lower-income tenants. Renting to tenants receiving housing benefits comes with its own advantages and disadvantages."

FAMILY TENANTS

Renting to families brings with it a wealth of benefits. Chief amongst these is the likelihood of securing long-term tenants, as the upheaval involved in moving home is typically something parents aim to avoid. Research also indicates that renting to families often results in less property management time.

However, it's not all plain sailing. Children are often synonymous with wear and tear, so your property may suffer more damage. If you're particularly fond of a specific property in your portfolio, you might want to think twice before renting to large families with young children.

Then again, if you're letting the property for an extended period, redecorating at the end of the tenancy agreement is probably on the cards anyway. It's worth noting that families usually seek rental homes with extra space, so be sure to highlight this when attracting tenants. Furthermore, families often prefer unfurnished properties as they tend to have their own furniture.

TENANTS WITH PETS

The question of whether children or pets cause more damage to a property continues to be a hot topic. While many landlords refuse to rent to tenants with pets, there could be advantages to welcoming our four-legged friends.

One such advantage is the ability to charge higher rent. Given the scarcity of pet-friendly rental properties, pet owners expect to pay a little extra for the privilege. The additional maintenance justifies this added cost. Should you decide to tread this path, obtaining a previous landlord reference is crucial to flag any past issues.

YOUNG PROFESSIONALS TENANTS

Landlords often prefer young professionals as tenants, and it's not hard to understand why. This demographic is known for its independence and financial stability, making it a desirable choice for landlords. Let's delve into the specifics.

Despite their youth, this group tends to be more respectful of their living spaces than students. They're less likely to host raucous parties, which reduces wear and tear on your property. Furthermore, their life experience equips them to handle minor issues independently, saving you from unnecessary hassle.

Choosing to rent out a House in Multiple Occupation (HMO) property can yield significant returns. This is especially true if your tenants are professional couples. With two incomes, they are often more stable and reliable when it comes to meeting rental obligations. However, it's worth noting that young professionals, much like high-income tenants, have certain expectations. They generally seek modern conveniences and a high standard of living. To attract this group, you should offer amenities such as a dishwasher, high-speed internet and contemporary furnishings.

Renting out an HMO property comes with additional responsibilities and paperwork. It's also important to consider the potential for conflicts between tenants. Additionally, young professionals tend to change jobs frequently, which could lead to early termination of tenancies.

STUDENT TENANTS

Despite the somewhat tarnished reputation of students when it comes to maintaining rental properties, the student rental market is teeming with opportunities, especially in university towns. If your property is located in a university town, finding tenants won't be a problem.

Students are typically less fussy regarding appliances and furnishings, making older properties with basic furnishings an easy let. No state-of-the-art appliances are required as long as your property is safe, comfortable and compliant with health and safety obligations. Plus, renting per room often yields higher returns!

However, there are considerations to keep in mind. Maintenance and repairs may be more frequent due to the larger number of individuals living in student properties. And remember, students like to socialise! Be prepared to address neighbour complaints. Since this will likely be their first time living away from home, you'll need a guarantor instead of a credit check. Also, competition in the student rental market is growing, so do your homework before committing. ◆

SELLING A BUY-TO-LET PROPERTY?

Marketing it as a tenanted investment or a vacant property?

IF YOU OWN A BUY-TO-LET property and are considering selling it you're presented with two possibilities. You can market it as a tenanted investment or a vacant property. Selling as vacant often appeals to a larger buyer demographic as you're not solely targeting investors. However, depending on your location, the price might be more attractive for a tenanted property.

Typically, in areas where properties are scarce, there's often little difference in cost between the two options. Your estate agent can guide you on whether there's a substantial disparity between the prices achievable from an investor versus an owner-occupier.

Let's look at what you need to consider.

WEIGHING UP TAX IMPLICATIONS

Investment properties are generally subject to Capital Gains Tax (CGT). Depending on your circumstances, allowances and exemptions might be applicable to lessen this liability. Beware that CGT could be up to 28% of your investment's value increase, impacting your decision to sell due to the reduction in net proceeds post-sale.

If you've made capital improvements during your ownership, some of the tax liability might be offset, including applying your annual CGT allowance.

EVALUATING YOUR FINANCIAL POSITION

If your property is mortgaged, early sale penalties may apply if you're still within the fixed term of your mortgage product. Remember, conveyancing usually takes a couple of months post-offer acceptance, and only upon sale completion will you redeem the mortgage.

UNDERSTANDING YOUR TENANCY AGREEMENT

Your tenancy agreement is a legal contract between you (the landlord) and the tenant. Selling the property doesn't necessitate tenant eviction – a new landlord can take over. Most contracts allow property viewing during the final one or two months of the tenancy – check if this is stipulated in your agreement.

Tenants have the 'quiet enjoyment' right during the tenancy, meaning unauthorised access for viewings isn't permissible. Negotiating reasonable access with your tenant might be possible if you're not nearing the tenancy end and the contract doesn't allow viewings.

The agreement should specify the notice period for reclaiming your property. A break clause might permit serving notice before the agreement ends, but without one, you might have to wait until the tenancy concludes. For properties let on an

Assured Shorthold tenancy agreement, tenants have a minimum six-month occupation right.

ENGAGING WITH YOUR TENANT IS A CRUCIAL FIRST STEP

The first conversation should be with your tenant if you're considering selling your property as an investment. Providing reassurance and clear communication about the process can lead to a more cooperative and understanding transition.

Sometimes, they might even be interested in purchasing the property themselves. This could save you both time and costs while eliminating the need for putting the property on the market.

MULTIPLE BENEFITS OF SELLING WITH A TENANT IN SITU

As a landlord, there are numerous advantages to selling a property with a tenant already in place. Firstly, you can maintain your rental income until the sale is completed. Secondly, the new owner can benefit from immediate rental income starting from day one.

If the sale falls through for any unforeseen reason, the tenant's income still provides a safety net. Good tenants can be hard to come by, so a reliable tenant can be a valuable asset if the buyer is seeking an investment.

A SMOOTHER INVESTMENT SALE TRANSACTION EXPERIENCE

Often, investment buyers have more experience in property transactions. This can make the process of selling a tenanted property smoother and more efficient. Investment sales are typically information-based rather than emotionally driven, which could lead to quicker conclusions.

ADDITIONAL CONSIDERATIONS IN LETTING

Selling a property that's currently let does come with additional considerations. For example, if you've paid an agent a commission upfront for finding the tenant, what happens to this money if you sell the property? Negotiating terms to recoup this commission from the buyer for the remainder of the tenancy post-sale could be possible.

FURNISHED PROPERTIES AND TENANT DEPOSITS

If the property has been let furnished, it's important to provide the buyer with an inventory of items and agree on a price. If you're selling a tenanted and furnished property, the practical approach would involve including the furniture in the sale. The tenant's deposit will also need to be transferred to the new owner.

IMPORTANCE OF CORRECT TENANCY PAPERWORK

An investment purchaser will be keen to ensure that all necessary tenancy paperwork is in place. This includes evidence of the tenant's right to rent, a signed tenancy agreement outlining the terms, certificates proving safe gas and electric installations, confirmation that the deposit has been properly protected within the right timeframes and details of any legal notices served or outstanding repairs. ◆

>> WANT TO EXPLORE YOUR 2024 BUY-TO-LET OPPORTUNITIES? <<

Whether you're planning to expand your portfolio or are just starting out as a landlord, we have the insights to assist you. Contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

Navigating the tenant vetting process

Non-paying tenants rank high among landlords' nightmares

FALLING PREY to a non-paying tenant ranks high among landlords' nightmares. However, implementing a few precautions before letting out your property can significantly mitigate this risk, saving you time, stress and money in the long run. If you opt for a letting agent, they'll handle these steps on your behalf.

BUILDING A TENANT PROFILE

Start by getting to know your prospective tenant. It could be through a face-to-face meeting or a phone chat. Inquire about their reasons for moving, their intended rental duration, who else will reside in the property and their occupation. This interaction will help you form an impression of them and determine if they align with your ideal tenant profile.

VETTING THROUGH REFERENCES

To ensure your tenant can afford the monthly rent and has proven responsible in the past, it's crucial to take up references. Always seek your tenant's consent before proceeding.

DOCUMENT VERIFICATION

Ask your prospective tenant for proof of identity and current address. Utility bills or bank statements can confirm their present residence. A work reference would provide insight into their income and employment terms. Ensure it's recent and on an official letterhead. It's also prudent to request references from at least one previous landlord.

FINANCIAL STABILITY CHECK

A credit check will show the tenant's financial stability and credit history. If you're hesitant about a credit check, reviewing their bank statements for the past three to six months can give you a sense of their payment capacity.

'RIGHT TO RENT' CHECK

As a landlord, you're legally bound to perform 'Right to Rent' checks on all adults (18+ years old) intending to live in your property. This applies regardless of their perceived nationality and includes everyone living in the property, even if they aren't named in the tenancy agreement.

You'll need to see the tenant's relevant documentation in person and keep copies to fulfil this. Appropriate documents could include a passport/ID card, a driver's licence, a letter from a higher education establishment or a birth certificate. The comprehensive list of eligible documents is available on the government's website.

POST-MOVE-IN CHECK

Once your tenants have moved in, plan a visit within the first few weeks of the tenancy commencement. This check ensures that the occupants are indeed the individuals you've rented to and that they are maintaining the property appropriately. Remember to notify your tenants of your visit – unannounced drop-ins are a no-no. ◆

>> NEED GUIDANCE TO ASSESS YOUR PROPERTY INVESTMENT OPPORTUNITIES? <<

If you require further information or have any queries about how to approach investing in property, please contact us. We're here to help you navigate the process. To discuss your options, speak to **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

UNLOCKING THE POTENTIAL OF YOUR PROPERTY INVESTMENT IN 2024

The long-term implications of your choices and their impact on your tenants

MAXIMISING RENTAL YIELD is a critical objective for every successful landlord. It ensures that you can comfortably cover the costs of mortgage repayments, maintenance and repairs, and make a good profit.

The disparity between reaping profits from letting a property and barely breaking even can be stark. However, it's also vital to ponder over the long-term implications of your choices and their impact on your tenants. Numerous elements must be considered as you contemplate ways to augment your rental yield.

Even though you might currently feel boxed in by certain factors like property location or market prices, we look at your options to maximise your rental yield.

STRATEGIC INVESTMENTS

Venturing into property investment necessitates thorough research, unwavering dedication and hard work. Each acquisition will enrich your experience, equipping you better for future investments. Nonetheless, each new property should be treated as a distinct business decision. A meticulous examination of each potential investment and astute negotiation is fundamental to optimising your returns.

ANALYSING FIXED EXPENSES

The first step involves evaluating your fixed costs when strategising to boost your rental yield. These encompass mortgage payments, insurance premiums and leasehold fees. It's worth exploring the market to determine if you can secure a more favourable mortgage and building insurance deal.

INVESTING IN HIGH-GROWTH AREAS

Identifying prime locations can significantly enhance your rental yields. Which towns and cities are on the rise, benefitting from planned regeneration and government investment? Major infrastructure projects can catalyse growth in certain areas, promising heightened capital growth and increased rental values down the line.

University towns and cities are also lucrative locations, offering higher yields. Properties rented by multiple tenants – known as Houses of Multiple Occupation (HMOs) – can be particularly profitable despite the downside of a higher tenant turnover.

RE-EVALUATING YOUR RENTAL CHARGES

A straightforward approach to improving rental yield is to levy a higher monthly rent. However, this may not always be justified or equitable. Consulting a letting agent to gauge the market rate for similar properties in your vicinity is advisable.

You might discover that you're charging less than the market rate or, conversely, that you're overcharging. Rent review clauses in tenancy agreements allow you to adjust the rent during a tenancy.

FIRST IMPRESSIONS MATTER

When letting a property, first impressions matter. The condition of your property plays a pivotal role in justifying any prospective rent increases. A well-maintained property is more appealing to potential tenants and fosters long-term tenancies.

Refurbishing and redecorating can significantly enhance your property's appeal. Simple updates such as repainting, carpet replacement and kitchen or bathroom renovations can make tenants feel more comfortable paying a slightly higher rent.

SECURING LONG-TERM TENANCIES

Securing long-term tenants is one of the most effective strategies for increasing rental yield and reducing expenses. Continual tenant turnover can be costly due to one-off costs associated with new tenancies and maintenance expenses.

You can encourage longer tenancies by being vigilant during your tenant referencing process, maintaining your property well and building positive relationships with your tenants.

EMBRACING PET-FRIENDLY POLICIES

Standing out in the rental market often requires a unique selling point. One such advantage could be making your property pet-friendly. With the number of pet-allowing rentals dwindling, especially following the Tenants Fee Act which limits landlords' ability to charge higher deposits for potential damage, offering a pet-friendly environment could attract tenants willing to pay a premium.

ENHANCING ENERGY EFFICIENCY

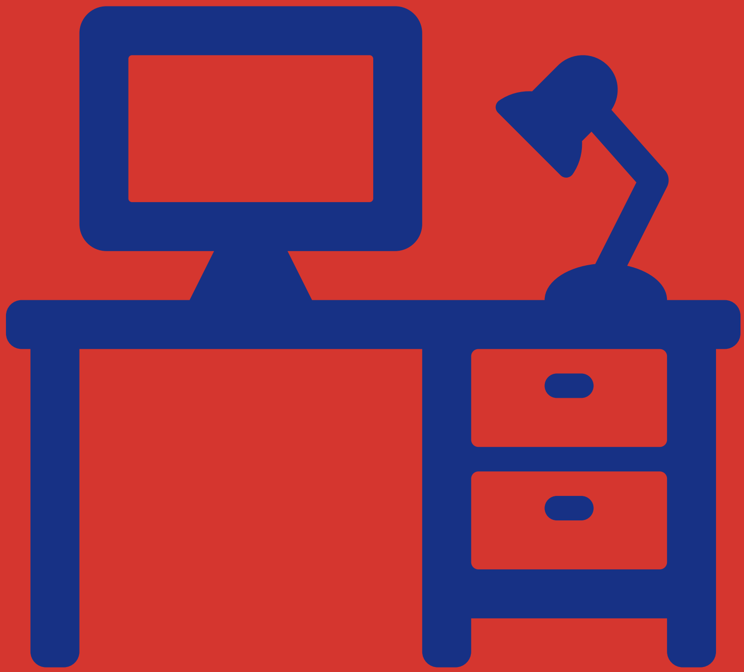
Another way to enhance your property's appeal while potentially increasing rent is by improving its energy efficiency. Energy-efficient homes reduce bills and offer a warmer, more comfortable living environment. This could be used as a selling point, enticing tenants with the promise of lower heating costs.

EXPLORING PROPERTY EXTENSION OPPORTUNITIES

While not an option for all landlords, it may be worth considering adding more rentable rooms or increasing the living area if you have additional space. For instance, transforming an attic into another bedroom could significantly increase your rental yield. ◆

>> READY TO EXPLORE YOUR BUY-TO-LET FUNDING OPTIONS? <<

By adopting these tactics, you can significantly enhance your rental yield, ensuring your property remains profitable. Whether you are a first-time investor or a seasoned property owner looking for funding options, our experienced team will guide you every step of the way. Get in touch with us today! For more information, speak to **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.



BUYING BUSINESS PROPERTY?

We take time to get to know you and understand your business

Whether it's for office, industrial or mixed-use premises, our experienced mortgage advisers will advise on mortgages that are tailored to your individual needs. We know property can be a big cost for many businesses, that's why we help you manage that investment wisely.

To find out what you could borrow and what your payments may be, contact us today.

Contact IMC Financial Services
– **telephone** 020 3761 6942
– **email** info@imcfs.co.uk

– **website** https://imcfs.co.uk
– **address** Lambourn House, 17 Sheen Lane, Mortlake, London, SW14 8HY

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ANY PROPERTY GIVEN AS SECURITY, WHICH MAY INCLUDE YOUR HOME, MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE OR OTHER DEBTS SECURED ON IT.

LETTING TO TROUBLESOME TENANTS

Options to protect your property and your rights as a landlord

REGRETTABLY, AS A PROPERTY OWNER, you may always face the possibility of letting to troublesome tenants. The issues can range from property damage to unpaid rent, and managing such tenants can often become a nightmare.

Although we hope you never have to face these challenges, a thorough understanding of tenant rights and your boundaries can bolster your position as a landlord. To help you navigate potential tenant-related problems, here are some areas to consider.

TACKLING TENANT TROUBLES

To ensure you are well-equipped to handle difficult situations, it's essential to understand the various rules associated with tenant rights. It's not just about knowing what you're allowed to do but also about protecting your property and your rights as a landlord. This knowledge will enable you to manage any issues effectively, reducing stress and potential legal complications.

PREVENTING PROBLEMS WITH TENANTS

Before you even begin the renting process, there are steps you can take to prevent future issues. Conducting a background check on potential tenants is a good starting point. Ensuring their 'Right to Rent' status is in order and obtaining a reference from a previous landlord can help you spot any potential red flags early on.

MAINTAINING AN UPDATED INVENTORY

Another preventative measure is to keep an updated inventory of your property and its contents. This is particularly crucial for landlords who are renting fully furnished properties. If your tenants cause damage, having an up-to-date inventory can prove invaluable.

CHECKING YOUR TENANCY AGREEMENT

Lastly, reviewing your tenancy agreement before the tenancy begins is a wise move. Ensuring your agreement is legally sound can help avoid problems and additional costs down the line. If you have doubts about your agreement, consulting with a solicitor specialising in property law is advisable.

RECOGNISE COMMON PROBLEMS

Despite your best efforts to prevent them, tenant issues can still crop up. It's essential to recognise common problems and their early signs.

TYPICAL COMPLICATIONS WITH TENANTS INCLUDE:

PROPERTY DAMAGE AND NOISE COMPLAINTS

Damage to your property or furnishings can be a frequent issue. While general wear and tear are par for the course during any tenancy, sometimes this can escalate into outright property destruction. To mitigate this, establish clear rules early on about specific policies, such as pet restrictions and home improvements (like painting walls or hanging pictures). Regular property inspections also allow you to spot and address any issues promptly.

Noise complaints and disruptive behaviour can also pose a challenge. If you're the landlord, handling these grievances often falls to you. An open conversation with the tenants explaining the situation is a good starting point in these instances.

RENT ARREARS AND OVERSTAYING TENANTS

Dealing with rent arrears can be difficult. To manage this, ensure you record when rent payments are due and when they are paid. Providing receipts to your tenants after payment can help avoid any confusion. If rent remains unpaid for several days, try contacting your tenant before sending a formal written request.

Another common problem is tenants refusing to vacate the property once the tenancy has ended. This can cause issues if you have a new tenant ready to move in. Legally, the tenant is entitled to stay until they are evicted, so consider initiating the eviction process rather than resorting to changing the locks.

UNAUTHORISED SUBLETTING AND UNREASONABLE REQUESTS

In some areas, tenants subletting without permission is not just a nuisance, it's illegal. It can also lead to neighbourly disputes and risks to your property's safety. To prevent your tenants from hosting an array of guests, be explicit about house guest policies in your lease.

While it's your duty as a landlord to ensure the property is well-maintained, you might occasionally receive requests that seem unreasonable. Being clear in your lease agreement about your responsibilities can help prevent such issues.

ILLEGAL ACTIVITIES AND YOUR NEXT STEPS

Tenants who engage in illegal activities are more likely to cause problems eventually. If you find tenants involved in such actions, eviction and informing the police should be your go-to strategies.

TROUBLESOME TENANCIES

Facing challenging tenants is an unfortunate possibility. If you find yourself in this situation, keeping calm is vital. Although frustration may be your initial response, remember you're not alone in handling these issues.

CLEAR COMMUNICATION

At the first sign of trouble, your best course of action is to communicate clearly, politely and assertively with your tenants. Illustrate why their actions are unacceptable and how they affect the tenancy. In many cases, this candid approach will be sufficient to rectify any issues and steer your tenancy back on the right path.

BUILD PRODUCTIVE RELATIONSHIPS

Regardless of whether your tenants are difficult or not, a clear communication policy can greatly assist you. It aids in building a productive relationship with your tenants and simplifies the overall letting process for both parties involved.

IMPORTANCE OF RECORD KEEPING

Maintaining written records of all interactions becomes crucial if you're dealing with a troublesome tenant. This includes any correspondence between you and the tenant. Should legal proceedings become unavoidable, these records will attest to your professionalism and endeavours to resolve the matter.

CONSIDERING EVICTION AS A LAST RESORT

If all attempts at resolution fail, eviction may become necessary to regain control of your property. While this is a last resort, it's sometimes the only option to safeguard your investment. ◆

>> TIME TO DISCUSS YOUR BUY-TO-LET MORTGAGE OPTIONS WITH US? <<

The landscape of property investment can be complex yet rewarding if navigated correctly. For more information about how we could help build your property portfolio, speak to **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

RENTERS FACING STEEPER ENERGY BILLS

Government plans abandoned to enforce energy efficiency upgrades on some rental properties

TOWARDS THE END of last year, the government announced that plans to compel landlords to enhance the energy efficiency of their rental properties have been put on hold. This could result in renters facing steeper energy bills.

LANDLORDS' SAVINGS, TENANTS' LOSS?

In addition to this, buy-to-let property owners can breathe a sigh of relief as the government has abandoned plans to enforce energy efficiency upgrades on some rental properties. While this decision may alleviate financial stress for landlords, it could lead to higher energy costs for tenants.

KEY TAKEAWAYS FROM THE GOVERNMENT'S ANNOUNCEMENT

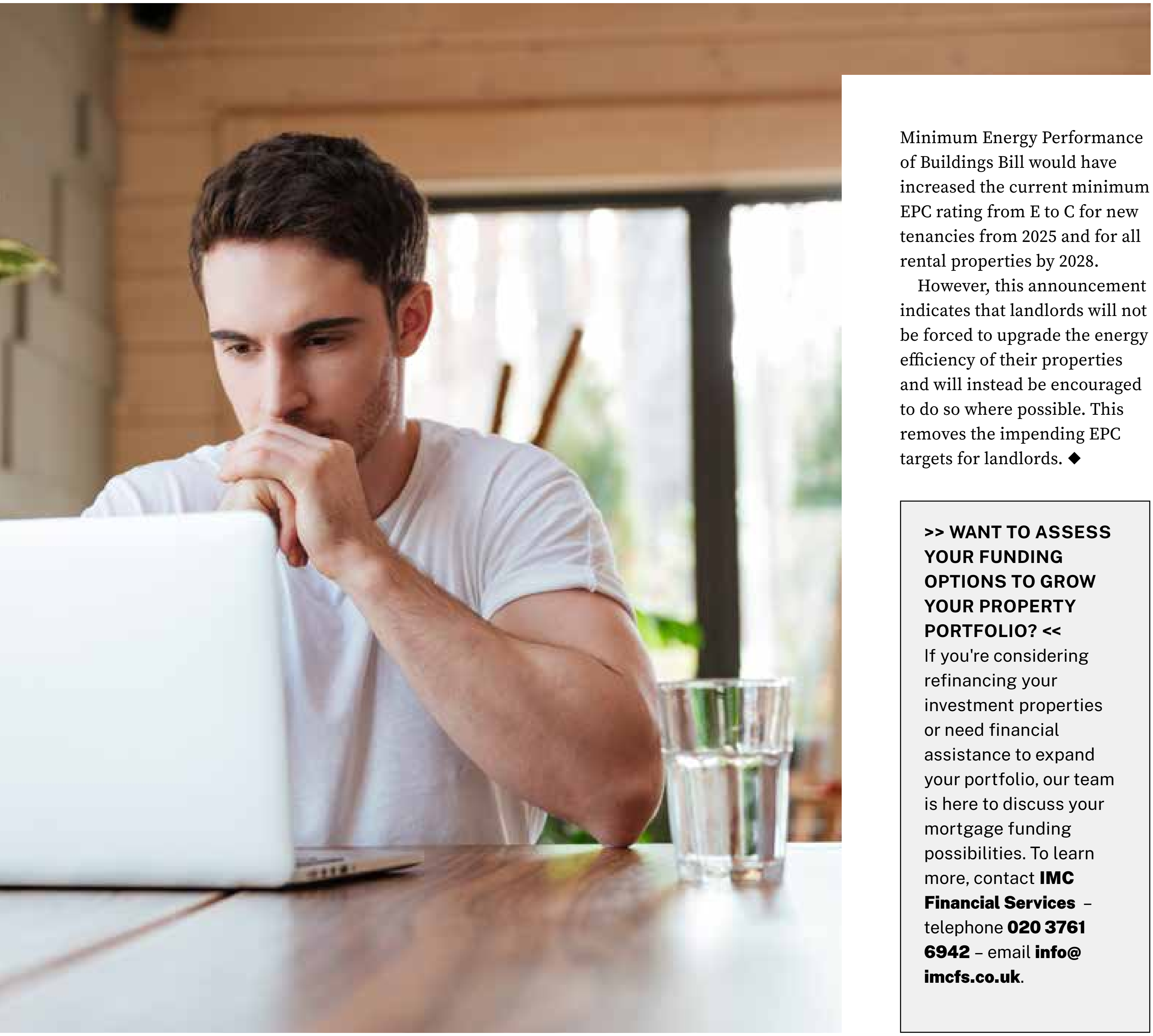
The government has made several notable announcements:

- The Boiler Upgrade Grant will see a 50% increase to £7,500, benefiting landlords looking to replace their gas boilers with low-carbon alternatives.
- Landlords are no longer compelled to invest in making their properties more energy-efficient to achieve an EPC rating of C by 2025.
- The deadline for banning the installation of oil and LPG boilers and new coal heating for off-gas-grid homes has been pushed back to 2035 from 2026.
- An exemption has been announced for the 2035 phase-out of gas boilers, which will assist an estimated fifth of households struggling with the transition to heat pumps or other low-carbon alternatives.

PATH TO NET ZERO OR A DETOUR?

The government maintains that these measures provide a 'proportionate and realistic path to reach net zero by 2050'. However, critics argue that these changes may hinder progress towards this target.

Many landlords had been preparing to invest in enhancing the energy performance of their rental properties. The government's previous proposal under the



Minimum Energy Performance of Buildings Bill would have increased the current minimum EPC rating from E to C for new tenancies from 2025 and for all rental properties by 2028.

However, this announcement indicates that landlords will not be forced to upgrade the energy efficiency of their properties and will instead be encouraged to do so where possible. This removes the impending EPC targets for landlords. ◆

>> WANT TO ASSESS YOUR FUNDING OPTIONS TO GROW YOUR PROPERTY PORTFOLIO? <<

If you're considering refinancing your investment properties or need financial assistance to expand your portfolio, our team is here to discuss your mortgage funding possibilities. To learn more, contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

RESURGENCE IN LANDLORD CONFIDENCE

Renewed appetite for five-year fixed rates

LANDLORDS REMORTGAGING THEIR properties have displayed renewed faith in fixed rate mortgages. A recent survey of these property owners has shown a resurgence in the popularity of five-year fixed mortgages[1].

The survey revealed that 51% of landlords who were considering remortgaging would choose this type of mortgage product, marking an 11% increase since April last year. However, it is worth noting that the figure was slightly lower, at 46%, back in December 2022.

POPULARITY OF FIVE-YEAR FIXED RATES

Five-year fixed rates are once again becoming a favoured choice, bouncing back from the dip in popularity following Liz Truss's 2022 Autumn Budget. Before the budget announcement, a substantial 68% of landlords remortgaging their properties chose this type of mortgage.

Interestingly, the number of landlords opting for two-year fixed mortgages has held steady since April 2023, with 32% stating they would select this option. This shows an increase in demand compared to December 2022, when only 24% would have chosen this type of mortgage.

RISE OF VARIABLE TRACKER RATES

The survey also uncovered a slight increase in landlords choosing variable tracker rates. A total of 13% of landlords stated that they would opt for a variable tracker rate mortgage, a significant rise compared to just 4% in April 2023. However, this figure was somewhat higher, at 17%, in December 2022.

On the other hand, fewer landlords – a mere 4% – opted for long-term fixed rate mortgages (seven to ten-year terms), a decrease from the 7% reported in both April and December 2022.

CONFIDENCE IN THE STABILITY OF INTEREST RATES

The survey findings hint at a rejuvenated interest in five-year fixed rates, indicating an increased confidence in the stability of interest rates. The growth in landlords choosing variable tracker rate products suggests that some may anticipate a decrease in base rates sooner rather than later. Others may view these products as a temporary solution. ◆

>> READY TO APPLY FOR A BUY-TO-LET MORTGAGE? <<

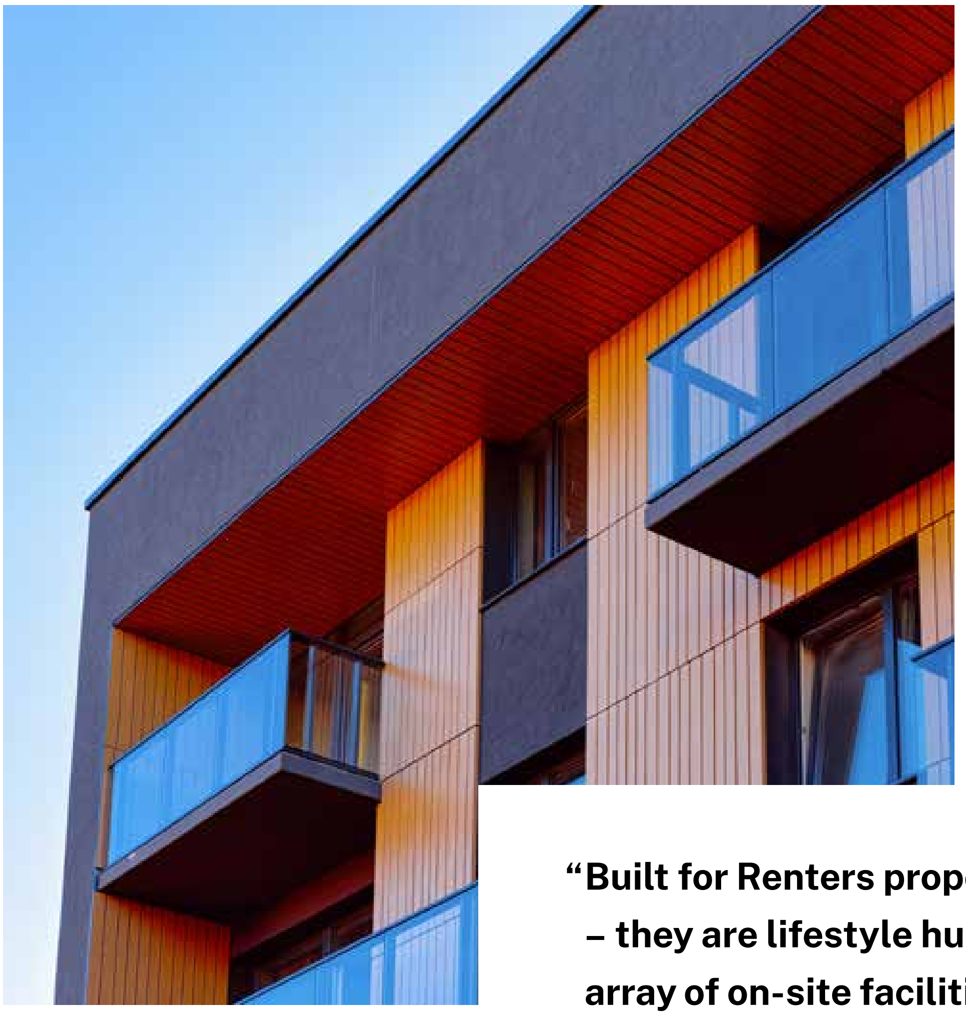
If you require further information or have any questions regarding your buy-to-let mortgage options, we're here to provide the insights and guidance to make the right property decisions. Speak to **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

Source data:

[1] Landbay Partners survey –- 01/12/23.

BUILT FOR RENTERS DEVELOPMENTS

Taking community living to the next level, offering an enhanced living experience



BUILT FOR RENTERS developments are emerging as a compelling alternative in the evolving landscape of the UK's property market. These purpose-designed apartments cater specifically to renters, offering an enhanced living experience that goes beyond the ordinary.

Unlike conventional rental properties, these homes cannot be sold but remain under the ownership of a single landlord or management company. It's typical for such properties to be newly built, mirroring the appeal of a brand-new home you might decide to purchase.

PROVIDING STABILITY AND SECURITY

Built for Renters homes can provide added security and stability for those seeking long-term tenancies or wishing to establish more permanent roots. It's not unusual for three-year tenancies to be agreed upon, making them an ideal choice for those planning to stay in one place for a while or families needing to remain local to a school.

"Built for Renters properties aren't just homes – they are lifestyle hubs equipped with an array of on-site facilities."

Beyond the prospect of securing long leases from the start, Built for Renters properties often stand out due to the facilities they offer and their high-quality construction.

MODERN LIVING STANDARDS
The advantage of constructing new apartment blocks is that they are inherently modern, energy-efficient, incorporate the latest technology and are finished to an exceptional standard. The property typically handles on-site maintenance and repairs, eliminating the need to call a tradesperson. Unsurprisingly, residents of these homes often compare it to the hassle-free lifestyle in a hotel!

TAILORED LIVING SPACES WITH ADDED PERKS
Built for Renters properties aren't just homes – they are lifestyle hubs equipped with an array of on-site facilities. Imagine the convenience of having gyms, spas and social spaces right on your doorstep. But these amenities aren't just about luxury; they also foster a sense of community among residents.

CREATING COMMUNITY THROUGH SOCIAL ENGAGEMENT
These properties take community living to the next level with organised social events and groups. This allows residents to connect, engage and form a vibrant community, making it more than just a place to live.

STREAMLINED SUPPORT AND MAINTENANCE
Forget about taking time off for repairs or maintenance. Built for Renters developments come with dedicated on-site support and maintenance teams, ensuring any issues are addressed promptly without disrupting your daily routine.

ROUND-THE-CLOCK CONCIERGE SERVICE
The convenience doesn't stop at maintenance. A 24-hour concierge service ensures you never miss a delivery again, adding another layer of ease to your rental experience.

SECURE TENANCIES AND TRANSPARENT PRICING
Built for Renters properties offer greater stability with longer tenancy options, often extending beyond three years. Also, the pricing structure is transparent, so increases don't catch the tenant off guard.

ENSURING FAIR TREATMENT FOR RENTERS
Like traditional landlords, those managing Built for Renters properties must be members of a recognised ombudsman scheme and have a proper complaints procedure. This means that should an issue arise, there's a set process to follow, ensuring your rights and interests are protected. ◆

>> WANT TO EXPLORE THIS INVESTMENT OPPORTUNITY FURTHER? <<
If you're intrigued by the Built for Renters concept and want to explore this investment opportunity further, don't hesitate to get in touch. We're here to provide all the information you need. To learn more, speak to **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

Landlords remain largely unfazed

26% of landlords plan to augment their portfolio size in 2024

DESPITE THE CURRENT ECONOMIC climate marked by high inflation and increasing interest rates, many of the UK's landlords remain largely unfazed and continue expanding their property portfolios. This trend is observed even as these conditions negatively impact buyer confidence in the market.

According to research, these landlords are not just weathering the storm but actively investing in the property market, adding quality rental stock to the market. This demonstrates their adaptability and professional acumen in such a challenging environment.

LANDLORDS CONTINUE TO SEEK WAYS TO DIVERSIFY AND GROW

The research highlights that 26% of these landlords plan to augment their portfolio size in the forthcoming 12 months. Meanwhile, a majority of 67% have decided to sustain their portfolios at their current sizes.

This group of professional landlords continues to seek ways to diversify and grow, indicating a resilient outlook on the market despite its challenges. Contrary to the widespread conjecture of landlords abandoning the buy-to-let market, the research found that merely 7% plan to curtail their portfolio in 2024.

NAVIGATING RISING INTEREST RATES AND TENANT RENT

The study also unveiled that 49% of landlords consider the surge in interest rates as a challenge for managing their property investments. Surprisingly, only 37% of landlords confirmed that they had augmented their tenants' rent over the past year.

A significant 62% of landlords expressed discomfort in raising rents during a period when tenants were already grappling with a high cost of living. However, with the stabilisation of interest rates and mortgage repayments on the horizon, a substantial 69% of landlords expect to hike rents in the upcoming year, potentially leading to improved rental yields.

DISPUTING THE EXODUS THEORY

For the better part of the last decade, it has been widely speculated that landlords would exit the buy-to-let market en masse. Contradicting this theory, this data displays that most private landlords are dedicated to sustaining or enlarging their property portfolios.

These findings underscore the lasting appeal of buy-to-let as an investment class, regardless of the increased costs and regulatory complexities many landlords face. ◆

>> WANT PERSONALISED ADVICE TO HELP YOU MAKE WELL-INFORMED DECISIONS IN THIS DYNAMIC MARKET? <<

Understanding the buy-to-let property landscape and mortgage options can be complex. Whether you're a landlord contemplating your next steps or someone seeking more information, please don't hesitate to contact our team of experts, who will provide personalised advice to help you make well-informed decisions in this dynamic market. Speak to **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

Source data:

[1] Independent survey among 2,000 UK adults for Butterfield Mortgages – 08/12/23.

RIDING THE RENTAL WAVE

A snapshot of the UK property market

THE LATEST DATA reveals some significant trends in the ever-evolving UK rental market[1]. The average rent for new tenancies confirmed in November last year has seen a considerable increase of 7.3% year-on-year. This increase is even more striking when we compare the previous year's average price per property (£1,087) with today's figure of £1,166.

REGIONAL RENTS

NORTH WEST STEALS THE SHOW

When we take a closer look at different regions, the North West has seen the most substantial year-on-year change for confirmed November rents, with an impressive 11% increase compared to the previous year. Other regions are not far behind, though, as the East Midlands, North East, South East, South West and West Midlands have all experienced rises of over 7%.

SEASONAL SLUMP? NOT QUITE

Traditionally, the letting market slows down as winter sets in. However, sustained market demand has ensured that rents remain broadly steady in November, compared to October figures. Despite a marginal decrease of less than 2%, the average rent for new tenancies across England holds strong at £1,166.

OCTOBER TO NOVEMBER SHIFTS

This slight dip between October and November is not an anomaly. In fact, the Index has recorded a month-on-month decrease for five consecutive years from 2019 to 2023. Regions like the East Midlands, South East and West Midlands witnessed almost no price movement during November, with shifts of less than 1%.

LONDON'S ROLLERCOASTER RIDE

Greater London, however, tells a different tale. This region has consistently seen a drop in rents between October and November each year since 2019. Last month, the capital saw a 4% decrease in average rent for new tenancy agreements, bringing average prices back to their June and July levels.

AVERAGE VOID PERIODS LENGTHENING

Another noticeable trend is the lengthening of average void periods from 18 to 20 days in November, marking an 11% increase. This figure matches the void period recorded in November 2022.

REGIONAL VARIATIONS

THE SOUTH EAST STANDS OUT

While most regions held steady compared to October, the South East was the only one to record shorter void periods over the last month, with averages dropping from 18 days to 17. Greater London and the South West saw the most significant changes, with void periods increasing from 12 days to 16, and 16 days to 26, respectively.

TENANTS' AGE AND SALARIES SEE A GRADUAL INCREASE

The average salary of a renter confirming a new tenancy in November was £36,871, showing a slight 2% increase from October's figure of £36,135. Similarly, the average age of tenants taking out tenancies in November was 34, slightly higher than the 2023-to-date average of 33 years.

YEAR OF CHANGE, THE BIGGER PICTURE

While month-on-month patterns follow the expected seasonal variations, the year-on-year data sheds light on how much the market has transformed over the last 12 months. Rents have risen by over 7% compared to November 2022, reflecting the intensity of demand the market has experienced. ◆

Source data:

[1] Goodlord Rental Index (November 2023) – 05/12/23.

CRITICAL ILLNESS COVER

Your financial safety net

"Critical illness insurance provides a payout upon diagnosis of specific medical conditions or injuries stipulated in the policy."

CRITICAL ILLNESS COVER is a financial safety net when you're diagnosed with a specified condition included in the policy. This tax-free, lump sum payment can help cover treatment costs, your mortgage or rent, or even modifications to your home, like wheelchair accessibility. Let's delve into how it functions, its necessity and considerations for purchasing.

WHAT CONDITIONS ARE COVERED?

Critical illness insurance provides a payout upon diagnosis of specific medical conditions or injuries stipulated in the policy. This one-time payout marks the end of the policy. The range of covered conditions varies greatly among different insurers, with the most comprehensive policies covering 50 or more conditions while others offer more limited coverage.

Covered critical illnesses may include stroke, heart attack, certain types and stages of cancer, conditions such as multiple sclerosis, major organ transplants, Parkinson's disease, Alzheimer's disease, traumatic head injuries and more. Most policies also acknowledge permanent disabilities resulting from injury or illness.

PARTIAL PAYOUTS AND EXCLUSIONS

Some policies offer smaller payouts for less severe conditions or if your child is diagnosed with a specified condition. However, not all conditions qualify for coverage. Commonly excluded are non-invasive cancers, hypertension and injuries like broken bones. Additionally, most policies specify the severity of the condition required to qualify for a payout.

WHEN DO YOU NEED IT?

If serious illness prevents you from working, you might expect continued income from your employer or reliance on benefit payments. However, employees typically transition to Statutory Sick Pay within six months, and state benefits may not adequately replace your income.

WHO SHOULD CONSIDER CRITICAL ILLNESS COVER?

Consider obtaining critical illness cover if your family heavily relies on your income, you lack sufficient savings to support you during a serious illness or disability, or your employee benefits package doesn't cover long-term sickness absence.

On the other hand, critical illness cover may not be necessary if you have enough savings to handle ongoing expenses, lack financial commitments or dependents, have a partner who can cover living costs and shared commitments, or already have some coverage through your employer's benefits scheme. ◆

>> DO YOU HAVE THE FINANCIAL SECURITY YOU NEED DURING CHALLENGING TIMES? <<

Critical illness cover can provide financial security during challenging times. It's important to assess your circumstances and understand the specifics of various policies before deciding. For further information or guidance, we're here to help you navigate your options and choose the right cover for your needs. Contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.

Property jargon buster

NEED CLARIFICATION on waffly terms and property speak? Though the world of mortgages and property is filled with unfamiliar vocabulary, there is no need to be intimidated. Our jargon buster will help you navigate the terms you are likely to encounter as you search for your new home in 2024.

ACCEPTANCE
A document indicating acceptance of a mortgage provider's offer.

AFFORDABILITY ASSESSMENT
The process which lenders complete to establish if someone can afford to repay the loan repayments over the term of the loan.

AGREEMENT IN PRINCIPLE (AIP)
A statement from a mortgage lender confirming they'll lend a certain amount before the purchase of your property is finalised.

ANNUAL PERCENTAGE RATE (APR)
A numerical value that represents the true cost of a loan or mortgage, taking into account not just the interest rate, but also the other costs, such as arrangement fees and charges.

ARRANGEMENT FEE
A fee paid to your mortgage provider at the start of your mortgage.

ASSIGN
To hand over the rights to a property from one individual to another.

ASSURED SHORTHOLD TENANCY (AST)
A common type of rental agreement in the UK, between a private landlord (or letting agent) and tenant. ASTs are periodic or fixed-term contracts that can be terminated by the landlord without stating a reason.

BASE RATE
An interest rate set by the Bank of England. Mortgage interest rates are often linked to the base rate.

BREAK CLAUSE
A contractual clause in a tenancy agreement that allows either party to terminate the arrangement after a fixed term, for example, six months into a 12-month contract.

BRIDGING LOAN
A short-term loan designed to help the borrower to buy property for a short period, for example, before they have arranged a mortgage, or if they intend to sell the property soon afterwards.

BUILDING INSPECTION
See 'Survey'.

BUY-TO-LET
A property bought with the sole intention of letting it to tenants.

CHAIN
A string of property sales dependent on one another to progress.

COMPLETION
The final stage of a property sale and the point at which a buyer receives the keys and becomes the legal owner.

COMPLETION STATEMENT
A solicitor's record of the transfers and transactions conducted as part of the completion.

CONDITIONS OF SALE
Items in a contract relating to the responsibilities of the various parties involved.

CONTRACT
An agreement and accompanying legal document between two parties. In a property context, these are usually the buyer and seller of a specific property.

CONVEYANCER/ CONVEYANCING
The individual who undertakes the legal procedures involved in property sales on behalf of the buyer and seller, and the work they undertake.

CREDIT SEARCH REFERENCES
Third-party checks on a tenant's credit history to establish their suitability to rent a particular property.

DECISION IN PRINCIPLE (DIP)
See 'Agreement in Principle (AIP)'.

DEEDS
The legal documents establishing the ownership of a property.

DEPOSIT
A lump sum of money a buyer (mortgage deposit) or renter (tenancy deposit) pays to a property owner to secure the right to own or rent their property.

DEPOSIT PROTECTION SCHEME (DPS)
An authorised scheme to hold and protect a rental tenancy deposit.

DILAPIDATIONS
Items requiring repair or replacement at the end of a tenancy due to damage by the tenant.

DISBURSEMENTS
Costs and expenses incurred and paid during the conveyancing process, such as search fees and stamp duty.

DISCOUNTED RATE MORTGAGE
A mortgage deal where the interest rate is a set amount less than the mortgage lender's standard variable rate (SVR).

DRAFT CONTRACT
An early version of a contract that may be updated before the contracts are exchanged.

EARLY REPAYMENT CHARGES (ERCS)
Penalty fees charged when someone leaves a mortgage during a specified period, usually the period of the initial deal.

EASEMENT
A right to cross or use an area of land, that may affect a property owned.

ENDOWMENT MORTGAGE
You pay money into a type of investment called an 'endowment' to pay off an interest-only mortgage at the end of the term.

ENERGY PERFORMANCE CERTIFICATE (EPC)
A document that displays a property's energy efficiency rating and environmental impact. Legally required for the sales and lettings process.

EQUITY
The value of a property owned by an individual (versus the value they are still required to make mortgage repayments on).

EXCHANGE OF CONTRACTS
The moment at which a property sale is final, and the buyer and seller have both signed the contract of sale, which can no longer be amended.

FITTINGS
Items current within a property that do not constitute part of the property and are not included in the sale, such as furniture.

FIXED RATE MORTGAGE
The mortgage interest rate stays the same for the initial period of the deal.

FIXTURES
Items attached to the land or property that are included in its sale.

FREEHOLD
A type of property ownership (see also 'Leasehold') that indicates that the land and building is within the ownership of an individual indefinitely.

GAS SAFETY RECORD
A document legally required of all landlords to demonstrate that all gas appliances have been checked by a qualified engineer and declared safe.

GAZUMPING
An alternative buyer makes a higher offer to buy a property that is already under offer.

GAZUNDERING
When the buyer lowers their offer to buy a property at the last minute, just before contracts are exchanged.

GROUND RENT
A charge paid by a leasehold owner to a freehold owner of a property, usually on an annual basis.

HOMEBUYER REPORT
See 'Survey'.

INTEREST-ONLY MORTGAGE
Interest is paid on the mortgage each month, without repaying any of the capital loan itself.

INVENTORY
A document stating the contents and condition of a property at the start and end of a tenancy period, to record any loss or damage.

LAND REGISTRY
The registry of ownership of land and property in the UK, to which a fee is paid when ownership changes hands.

LEASEHOLD
A type of property ownership (see also 'Freehold') that indicates that an individual has purchased the right to live in a property for a fixed period, although the land and building belong to a freehold owner.

LISTED BUILDING
A property or structure that appears on a register due to its special historic or architectural interest.

LOAN-TO-VALUE (LTV)
The size of the mortgage as a percentage of the property's value.

MARKET VALUE
The estimated value that a property would sell for at the current time on the open market.

MORTGAGE VALUATION
A report on the value of a property by an independent surveyor on behalf of the mortgage provider.

NEGATIVE EQUITY
A state in which the owner of a property owes more to their mortgage provider than the total value of the property.

OFFSET MORTGAGE
Mortgage linked with a savings and, sometimes, current account. Credit balances are offset against the mortgage debt so interest is only paid on the difference, while also paying off the capital.

REMORTGAGE
Changing a mortgage without moving property to save money, change to a different type of mortgage or to release equity from the property.

REPAYMENT MORTGAGE
Paying off the mortgage interest and part of the capital of the loan each month. Unless any repayments are missed, the mortgage is guaranteed to be paid by the end of the term.

SEARCHES
Checks conducted as part of the conveyancing process before a property sale is made final.

SHARE OF FREEHOLD
A form of property ownership (see also 'Freehold' and 'Leasehold') where several individuals own a portion of the property through a limited company.

SOLE AGENT INSTRUCTION
A sale or tenancy managed by a single estate or letting agent.

STAMP DUTY/LAND AND BUILDINGS TRANSACTION TAX/LAND TRANSACTION TAX
On 23 September 2022, the government increased the nil-rate threshold of Stamp Duty Land Tax (SDLT) from £125,000 to £250,000 for all purchasers of residential property in England and Northern Ireland and increased the nil-rate threshold paid by first-time buyers from £300,000 to £425,000.

The maximum purchase price for First-Time Buyers' Relief was increased from £500,000 to £625,000. Following the Autumn Statement 2022 this is now a temporary SDLT reduction. The SDLT cut will remain in place until 31 March 2025.

If you're buying a second home, you'll usually have to pay 3% on top of Stamp Duty rates if buying a new residential property.

If you're buying a home in Scotland you will pay Land and Buildings Transaction Tax (LBTT) on properties costing more than £145,000. If you're buying an additional property, you might need to pay an extra 4% on the total purchase price of the property, as well as the standard rates of LBTT that may apply.

If you're buying a home in Wales you will pay Land Transaction Tax (LTT) if the property costs more than £180,000. If you're buying your main home, you will pay no LTT on purchases under £250,000. If you're buying an additional property, you will need to pay the higher residential rates for each band.

STANDARD VARIABLE RATE (SVR)
The default mortgage interest rate a lender will charge after the initial mortgage deal period ends.

SUBJECT TO CONTRACT
A phase of a property sale after an offer has been made and accepted but before contracts have been signed and exchanged.

SURVEY
A property inspection and report conducted by a qualified surveyor to identify issues or faults with the property that may affect its safety or value.

TENANCY/TENANT
A period in which an individual is granted the right to live in a specified property, subject to a tenancy agreement, and the individual involved.

TRACKER MORTGAGE
The interest rate on the mortgage tracks the Bank of England base rate at a set margin above or below it.

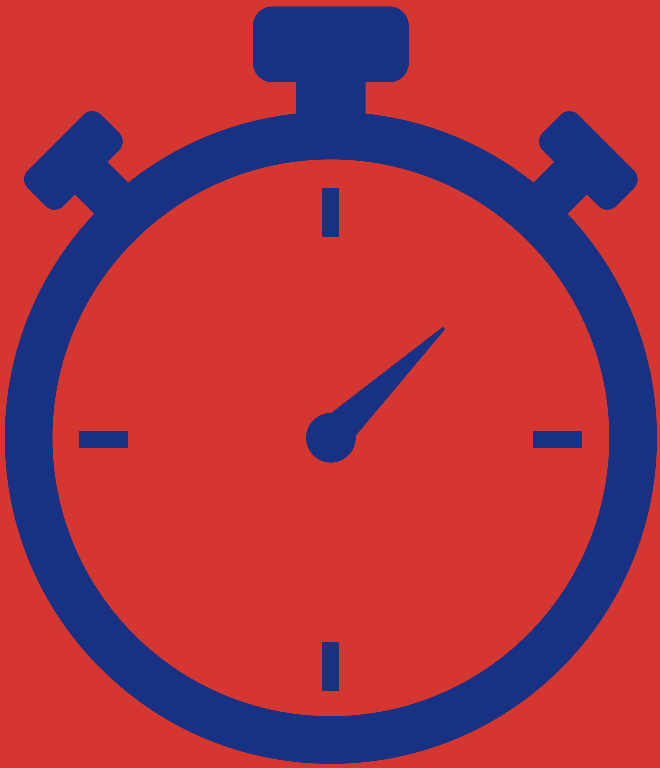
TRANSFER DOCUMENT
The document that legally transfers the rights to a property from one party to another.

UNDER OFFER
A phase of a property sale after an offer has been made.

VALUATION
An appraisal of a property to establish its market value.

VARIABLE RATE MORTGAGE
Interest rate on the mortgage can go up or down according to the lender's standard variable rate.

>> WANT TO FIND OUT HOW MUCH YOU COULD BORROW? <<
Let us help you find the right mortgage for your home. To discuss your particular situation and find out how much you could borrow, contact **IMC Financial Services** – telephone **020 3761 6942** – email **info@imcfs.co.uk**.



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– address Lambourn House, 17 Sheen Lane, Mortlake, London, SW14 8HY

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THINK CAREFULLY BEFORE SECURING OTHER DEBTS AGAINST YOUR HOME.

YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE.