

""How to Work Out What Selling & Moving House Will Cost"

(An Expert Guide For UK Property Owners)

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Introduction

The cost of selling and moving home is going to take a large bite out of your total purchasing budget. The more accurately you can estimate this figure, the better.

Within this guide we'll cover all the costs you could encounter and show you where to find the most competitive quotes.

How Much You Can Spend On a New House?

For this you need to know what your total available funds are and then subtract the cost of moving home.

Your Total Available Funds Are:

The Cost of Moving House:

Now that we've introduced you to the sum we'll be working on, let's take a closer look at how to accurately estimate the figures you need to put in it.

We'll cover them one by one (you may find it useful to print the [budget planner](#) and fill it in as we go along).

"THE PROFIT EXPECTED FROM YOUR HOUSE SALE"

For this you need to know two figures:

The first figure is easy enough to work, get a [free online house valuation](#) or speak to a [recommended estate agent](#) or read our guide to working out "[How Much Is My House Worth?](#)".

Next, finding out what you still owe on your current mortgage is simply a matter of calling and asking your lender directly.

When you have these two figures, do this simple subtraction sum:

"OTHER SAVINGS & ASSETS YOU HAVE AVAILABLE"

It's important to get a handle on this figure because until the legal completion of your sale, all your costs will have to be covered by whatever cash and savings you have available.

Review your personal finances and then write this figure into your budget planner.

"THE MAX MORTGAGE YOU CAN COMFORTABLY AFFORD"

Traditional financial wisdom recommends your monthly mortgage payments are **no more than a third** of your monthly net income (i.e. what you take home after tax).

We don't want to sound patronising but we can't stress enough how important it is not to overstretch yourself.

Once you've had a mortgage and proved you can make repayments, lenders become minded to offer ever-increasing sums....

Don't expect lenders to lend responsibly. It's up to you to make a judgment call as to the risk.

With the current climate of rising interest rates, this year repossession is going to be a real problem.

Potentially you could borrow anywhere between 3 - 5 times your salary (if you're buying as a couple it'll be more like 2.5 times your combined incomes).

Each lender is different and with over 400 different lenders and over 8,500 different mortgages it pays to shop around.

The quickest way to discover the maximum you can comfortably borrow is by speaking to an experienced "whole of market" mortgage broker and getting them to check the [best UK mortgage deals](#), that way you can be sure you get the cheapest deal.

When you do speak to advisors, make sure they are an independent, and not connected to a bank or building society.

Only independent advisors are free to advise in your best interest.

[How To Quickly Find the Ideal Mortgage](#)

What Your House Sale Will Cost

House Sale Cost #1: "MARKETING Fees"

Estate Agents will cost between 0.75% - 2.5% + VAT depending on how well you negotiate.

Using a private sale website alongside your estate agent (see our guide, "[How to Double Your Chances of Selling Property](#)") will add £120 to your marketing costs.

However, if you find the buyer you won't have to pay the estate agent - potentially saving you £1,000's.

Note: This strategy is only available to you if you refuse to allow your estate agent to pay for your HIP.

This is because most estate agents will make you sign a "sole selling rights" agency agreement. This type of agreement entitled them to their fee, regardless of who finds your buyer.

As you can imagine, this type of arrangement does nothing to motivate your estate agent.

It may protect them from going broke by paying for Home Information Packs upfront but ultimately it will not help you achieve the highest price for your house.

A private house sale will cost £500 - £620 (when done properly) - to be listed on Rightmove (UK's busiest property portal with over 6.3 million visitors per month) and reach the maximum number of buyers we recommend that you use the services of an [Online Estate Agent](#) and a [good private sale website](#).

How to Successfully Sell a House Privately & Save

£1000's

A house sale by auction will cost a minimum of 2.5% + VAT but you will also have to pay for your solicitor to be present at the auction.

House Sale Cost #2: "SOLICITOR'S FEE"

Solicitors' fees (like their quality of service) vary enormously.

Some charge a percentage of your homes value, some charge on a more secure fixed fee basis.

Whether your property is freehold or leasehold will also make a difference, as dealing with leasehold property requires more legwork from your solicitor.

Most property commentators advise that you should budget for legal fees of between 0.5 - 1% of your properties value.

That may have been true in the 'bad old days' when high street firms of solicitors ran a monopoly on their local area.

Personally I think that's way too much to pay!

These days the Internet has encouraged so much competition that you can have some of the best firms serve you for a fraction of that cost.

Choosing the right solicitor is vital if you want your move to be as successful, speedy and stress-free as possible.

Warning: You will jeopardise your sale if you choose your Solicitor purely based on price. When it's taking them seven days to return your calls and they've missed vital information about the property your buying the £50-£100 saved will not look like such a great deal.

Be very wary of the 'cheap-cheap' web-marketing firms you find on the Internet - many of the solicitors they pass you to are of questionable quality (there are some of the [best conveyancing services](#) available on the web but there are also some of the worst).

Be equally wary of any recommendation your estate agent makes - The estate agent / solicitor relationship is usually based on a foundation of who can pay the largest referral fee (not provide the best service).

Always get a recommendation from a trusted source and read our guide below to educate yourself about the tricks many supposedly reputable UK Solicitor firms play.

[Compare Recommended Conveyancing Solicitors Fees & Quotes](#)

[How To Avoid Being Fleeced By Property Solicitors](#)
House Sale Cost #3: "MORTGAGE REDEMPTION CHARGES"

If you intend paying off your mortgage early check with your lender to see if a redemption fee is payable.

With competition in the mortgage market rising & a growing number of borrowers switching mid-term to take advantage of cheaper rates, we've recently seen lenders impose increased exit-fees.

This fee can be larger than expected & you may not have been made aware of all the exit fees when you initially signed up for your mortgage.

The FSA has recently issued new ruling on the entitlement of consumers to compensation.

If your exit fees seem unfairly high it's best to talk to an independent mortgage broker. They'll be able to advise you on the best course of action.

[Free Advice from Independent Mortgage Brokers](#)

House Sale Cost #4: "REMOVAL COSTS"

If you use a professional firm their charges will vary depending on:

- The quantity of possessions you have to move?
- Whether you do the actual boxing-up yourself?
- How accessible your house is?
- How far away your new home is?
- Whether you will require storage for any period of time?

As every move is different it's difficult to give you a guideline price for the services of a professional removal company.

However, you can get free instant quotes through [Reallymoving.com](#) & [Helpiammoving.com](#)

[Removals](#)

[Quotes](#)

[Removals](#)

[Quotes](#)

If you decide to take the DIY approach to moving don't forget the costs of:

- Hiring a van

- 'Goods in transit' insurance
- Petrol
- Suitable packing materials (www.helpineedboxes.co.uk offers double walled [moving boxes](#), sturdy boxes and accessories with nationwide coverage and a next working day service. Receive a 5% on all packing materials by simply entering the code 'ADV9')

This will be cheaper than using a removal firm but nowhere near as civilised!

Finally, make sure you're on top of your household contents Insurance, for example, will your policy cover you for the move?

If it doesn't you may have to pay a premium of £20 - £30 to get the extra cover you need.

For a price, removal firms may offer to cover you with their own insurance policy.

It is usually not a great idea to take them up on their offer because many of these policies limit the amount of compensation you can claim.

If you do take their policy cover, make sure you see everything in writing and double-check that the cover they provide is adequate.

What Your House Purchase Will Cost

House Buying Cost #1: "SOLICITOR'S FEE"

Solicitors' fees for buying are usually more than they are for selling. This is mainly because there's more for the solicitor to do.

When you do get quotes, some firms include the Stamp Duty you'll pay when you buy a property.

This is fine (as you're going to pay Stamp Duty anyway) just remember to deduct Stamp Duty so you can compare all quotes

accurately & see the real legal fees payable.

Some solicitors provide quotes that look cheap on the surface but have hidden extras concealed in the contract.

To avoid falling foul of this, check that the following are all itemised & accounted for clearly within your quote:

- Local Authority searches - Drainage searches - Mining searches - Land Registry searches & Office copies - VAT - Land Registry fees - Bank telegraphic transfer charges - Your mortgage lenders legal fee - Professional Indemnity cover

We constantly update the [property lawyers we recommend](#) to always make sure you have the latest information available.

One of the major criteria that we look for in a conveyancing firm is that they operate strict policies governing the disclosure of all costs upfront within their quotes.

[Compare Quotes from Recommended Solicitors](#)

[Guide to Choosing the Right Conveyancing Solicitor](#)

House Buying Cost #2: "STAMP DUTY LAND TAX"

You already know this but here's a refresher just in case....

"Stamp Duty Land Tax" is what you have to pay to the Inland Revenue when you buy a property in the UK worth more than £125,000.

This tax is payable on all:

- Land - Houses - Flats - Buildings

For the moment Stamp Duty tax rates are set at:

£125,001 - £250,000 1% £250,001 - £500,000 3% £500,001
& upward 4%

In some qualifying parts of the country, properties worth less than £150,000 are subject to 'Disadvantaged Area Relief'.

This could provide a saving of up to £1,500.

You can check which parts of the country qualify and learn more about 'Disadvantaged Area Relief' at the [HM Revenues & Customs](#) website.

House Buying Cost #3: "MORTGAGE BROKER'S FEE"

Some brokers charge for consultation, some charge a percentage of any mortgage they arrange for you and some charge a flat fee.

Whatever the case, you should never pay more than 1 - 1.5% of the mortgage (and that is only in extreme cases involving bad credit issues).

Most reputable brokers will charge a fee of around 0.25 - 0.5%.

If the broker receives a commission from the lender he must tell you about this. A decent broker will deduct this commission from their arrangement fee.

How to Quickly Find the Ideal Mortgage

House Buying Cost #4: "MORTGAGE LENDER'S LEGAL FEE"

Make sure the solicitor you're using is on your lender's panel of approved legal firms.

If they're not, your lender will choose to appoint their own solicitor to manage the legal side of processing your mortgage. This you'll have to pay for.

There is no statutory fee scale for what a lender's solicitor can charge so watch out.

This is another good reason to do your homework and choose a solicitor you have total faith in.

We would advise that you do your own research and not just settle for whichever firm your estate agent has an "arrangement" with.

House Buying Cost #5: "MORTGAGE LENDER'S VALUATION FEE"

Your lender will want to make sure the property you're buying is worth the amount of money you're paying.

They will send round a surveyor to value the property and you will have to pay for this. However, some of the more competitive lenders do waive this fee.

Check with your lender or mortgage broker for the exact cost.

If you want to you can get a quick idea of the likely charge by using the free quote service from Reallymoving.com

[Property Survey](#)

[Quotes](#)

House Buying Cost #6: "MORTGAGE LENDER'S ARRANGMENT FEE"

This is what your lender will charge you for the pleasure of setting up your mortgage.

Some lenders charge and some don't. Most will charge if you're arranging a fixed rate or capped mortgage.

The fee is usually £300 - £450 but check with your mortgage broker or lender.

Recently there has been a trend for lenders to hike-up the arrangement fee to offset cheap repayment rates.

Watch out for this because we've seen fees rise in some cases to £1,500 - £2,500.

The lesson here is that although the cheap rate mortgage looks like a good deal, the inflated arrangement fees may mean you're better off with a mortgage deal that has a slightly more expensive repayment rate.

Again this is where the knowledge of an experienced broker pays

dividends.

Also, check whether your lender will still charge you their arrangement fee if your purchase falls through. Some will!

House Buying Cost #7: "MORTGAGE INDEMNITY GUARANTEE (MIG)"

This is a particularly horrible charge that's mostly aimed at 1st time buyers that can't put down a sizable deposit.

It's basically a high lending fee.

The MIG is an insurance policy that covers your lender's losses if you can't repay your loan. The important point to note is that the policy does not cover you.

The insurance company will payout to your lender (making your lender happy) however, the insurance company will want to recoup its losses & will come looking for you.

If you are borrowing at a high loan/value ratio then you may find yourself in "MIG" territory.

The charge can easily be £500 - £1,200 so check your position with your mortgage broker.

House Buying Cost #8: "THE SURVEY"

Just to refresh your memory here are the 3 main types of survey to choose from:

- Valuation Report (£250 - £350 + VAT)
- Homebuyers Report (£350 - £1000 +VAT)
- Full structural Survey (£500 - £1500 + VAT)

As we've discussed, if you are arranging a mortgage, your lender will commission a valuation survey.

Mortgage lenders know that this "valuation survey" is not enough information to base a purchase on. Many will offer to have their

Surveyor carry out a 'Homebuyers Report' on your behalf.

Using their surveyor will save you money (one man, one car, one journey etc.,).

A 'Homebuyers Report' should pick up on damp, subsidence & visible structural defects. It should also give you an indication of the cost to make right any defects.

It will also provide a valuation and an insurance valuation (i.e. the buildings rebuild cost) and to be fair, in many cases it has told buyers enough for them to successfully negotiate price reductions.

However, the surveyor will not:

- Lift carpets - Take a detailed look at the roof - Test any services.

That's why for property over 60 years old you should seriously consider spending a little extra on getting a Full Structural Survey.

These older properties are high risk and there are many expensive faults that the "Homebuyers Report" will not pick-up on.

[**Side Note** - Remember that whenever you make a written offer on a property, always boldly state the words, 'Subject to Survey & Contract'. This will allow you to pull out of the deal or re-negotiate if the results of the survey are not satisfactory].

House Buying Cost #9: "BUILDING & CONTENTS INSURANCE"

If you're buying a Freehold property you'll need to have insurance in place from the moment you exchange contracts.

Leasehold properties are different because the landlord will make sure the building is insured and you'll be expected to pay a contribution through your service charge.

Just in case your deal falls through at the last minute, don't

cancel the policy on the property you're selling, until the day you move out.

To get the right cover for your new property you'll need to know it's rebuild cost (this will be in your survey) & the general value of your belongings.

The Association of British Insurers has some [good advice](#) if you need further guidance on Buildings and Contents insurance.

Your lender will insist that you have Building Insurance & they may also encourage you to take it out through them - **Don't do it!**

Lenders make large commissions from doing this and you very rarely get the best deal. As with everything, it's best to shop around.

[How to Quickly Find the Ideal Home Insurance Policy](#)

House Buying Cost #10: "CONTINGENCY FUND"

This is always a good idea to budget for and most experts recommend 2-3% of the purchase price as a sensible figure.

With a house sale & purchase any number of things can go wrong (and usually do).

For example, the unexpected cost of:

- More than one survey (to cover purchases that fall through).
- More than one mortgage arrangement fee.
- Drainage & Electrical Engineering reports.

These things eat away at your budget.

A little extra money set aside will mean you can take these costs in your stride.

Extra Costs Home Movers Often Overlook

Cost #11: "PREPARATION FOR YOUR SALE"

Will you put your house on the market 'as is' or will you spend a little money making it more presentable?

What's your budget?

Cost #12: "REFURBISHMENT OF YOUR NEW PROPERTY"

How much are you prepared to spend on your new house to get it just as you want it?

Will you do the work yourself or pay for professionals?

Cost #13: "BRIDGING LOAN"

If you buy your new house before you've sold the old one you'll need a [fast bridging loan](#) to cover the purchase.

Bridging loans have higher interest repayments than ordinary mortgages & unless you're able to pay back the loan quickly, they become very expensive.

Your mortgage broker will give you an idea of current rates and arrangement fees.

[How to Quickly Find the Ideal Bridging Loan Facility](#)

Cost #14: "LIFE INSURANCE"

Do you have family relying on your income?

Do you feel you need insurance to cover your mortgage payments if (heaven forbid) you fall seriously ill, are made redundant?

If you do, you should start looking into Life Assurance & other types of protection policy.

Again your mortgage lender will try to sell you insurance and again it's in your best interest not to accept the policy they're offering.

The industry leader and best place for advice & quotes on the subject of life insurance is Lifesearch.

It makes sense to take-out a policy that covers at least the amount of money you are borrowing on your mortgage. It also makes sense to make sure the policy covers the amount of time you will be tied to that mortgage.

[Online Quotes & Advice from LifeSearch](#)

That brings us to the end of the guide.

If you've followed along and filled out the [budget planner](#) you now have the best possible idea of what selling and moving home will cost and can relax (your budget is taken care of).

Useful Links Contained In This Guide:

Find a Recommended Local Estate Agent:

<http://www.theadvisory.co.uk/estate-agent.php>

Get Free Quotes:

[Mortgages](#)

[Life Insurance](#)

[Building Insurance](#)

[Conveyancing](#)

[Removals](#)

[Building Surveys](#)

Conveyancing Links:

[Compare Quotes from Recommended Solicitors](#)

[Guide to Choosing the Right Conveyancing Solicitor](#)

Stamp Duty (Information on Disadvantaged Area Stamp Duty Relief):

[HM Revenues & Customs](#)

Budget Planner:

[Budget Planner \(pdf\)](#)

Wishing you complete success with your sale,

Gavin Brazg (Editor)

www.TheAdvisory.co.uk