

A guide to our Committed Sale Scheme



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This process is recommended in the UK Government's 'How to sell guide' and our transaction forms are reproduced with the permission of the Law Society

Our committed sale scheme is a financial obligation to stop unreasonable termination by either side.

Every year around 1 in 4 sales fall through!

The committed sale scheme is approved by the **UK Government** as well as **The Law Society**.

Legally locking in the buyer and seller right at the start when the sales price has been agreed and accepted. Minimising the risk of a fall through, before exchange of contracts.

Just the same as when you buy a new build home, booking a holiday or ordering a brand new car, you would expect to make a financial commitment for these types of transactions, so why not when you agree a sale on a home?

When a sale falls through there are numerous knock on effects, such as:

- **Survey Fees**

If a sale collapses after you've paid for a survey, you won't get those fees back.

- **Chain Collapse**

If one transaction in a chain falls through, it can jeopardize multiple linked transactions, causing widespread disruption and costs.

- **Mortgage Arrangement Fees**

Buyers may lose non-refundable fees for securing a mortgage, including valuation costs.

- **Legal Fees**

Solicitors often charge for work completed up to the point of the sale falling through, such as title checks or contract preparation.

- **Search Fees**

Local authority or environmental search fees paid by the buyer can be non-refundable if the sale doesn't proceed.

- **Deposit on a New Property**

Sellers buying a new property may lose their deposit if their sale falls through and they can't proceed.

- **Time and Emotional Stress**

Both buyers and sellers lose time invested in the transaction and face the stress of starting over.

- **Price Negotiation Opportunities**

Market conditions can change, and both buyers and sellers might face less favorable terms when re-entering the market.

- **Loss of your dream home**

Losing your buyer may mean the home you hoped to move to, goes back on the market and sells to someone else.

Taking a home 'off the market' without financial commitment results in over a quarter of a million house sales falling through every year. The buyer could withdraw on a whim and the seller could still accept a better offer or simply change their mind minutes before Exchange.

With the Committed sale scheme in place, the chances of a home sale falling through drop significantly to just 6%.

Committed Sale FAQ's

Im sure there are lots of question, lets try and answer as many as we can



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➤ What is the committed sale scheme?

This is an agreement between the buyer and seller, the buyer reserves the right to purchase the property and the seller agrees not to sell to another party. If either party breaks the agreement they agree to pay the other party a compensation amount. This protects the buyer from being gazumped and the seller from gazundering. More importantly the sale proceeds with **both Seller and Buyer committed to each other** subject to contract.

➤ How does it work?

Once the offer has been agreed, the Buyer and Seller both sign the agreement and are then bound by the terms within. If either party withdraw for any reason, **other than what is agreed**, then the other side is entitled to a compensation payment.

➤ Who pays for it?

This is decided before the Committed Sale Scheme is produced. We always request that both parties commit to the sale and pay 50/50. However this can be altered to suit, some sellers even offer to refund the buyer on completion.

➤ How long is the agreement for?

The term of the agreement is set by both parties prior to the start of the agreement and can be any time up to six months. It helps keep both parties working towards an agreed timeline. Seller and Buyer should exchange contracts before the expiry date, if either party is not ready to exchange they must provide a reason why. The agreement term can be extended by mutual consent if one party is delayed and there is no charge for any extensions. We recommend setting the timescale at 120 days to complete.

➤ What scenarios do not carry a compensation payout?

- Down Valuation due to survey not re-negotiable
- Bad survey with unknown essential repairs
- Bad Title
- Chain Break Down above the Seller or Below the Buyer
- General Reasons agreed by 'Mutual Consent' with Seller
- Inability to get a Mortgage with two separate lenders.

➤ How can the Seller withdraw without penalty?

There are numerous reasons for the Seller to withdraw without the potential liability such as:

- Incorrect information given by the Buyer as to their position.
- Agreed timescales not met by the Buyer.
- Chain Break Down below the Buyer.
- General reasons agreed by 'Mutual Consent' with the Buyer.

➤ Is this a deposit?

No, this is a fee for arranging a pre- exchange agreement and the certainty of compensation if the sale falls through unreasonably. This does not replace the need for a formal deposit that is required from the Buyer at the time of exchange of contracts. In cases where the seller agrees to offer to refund this fee on completion of the sale the Buyer will be paid any fee for this agreement.



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Committed Sale FAQ's

➤ Does the Buyer have to prove an issue?

In all cases where the Buyer is seeking to withdraw, they will have to prove that the issue is truthful via their conveyancer.

➤ What happens if there is a delay?

There is no problem with delays as long as they are communicated to each party. The committed sale scheme can be extended by 'Mutual Consent' at any stage.

➤ How does the Agreement work in a Chain?

The agreement can be signed BUT NO PAYMENT IS TAKEN if the chain is incomplete. Once complete, the Buyer can start the agreement by making their commitment Fee payment. If at any point the chain collapses then the agreement simply 'PAUSES'. The agreement is NOT DEPENDENT ON ALL OF THE CHAIN having a committed sale.

➤ What happens if the timescales are not met?

All pre-set timescales can be extended by Mutual Consent. In the absence of Mutual Consent either party can walk away, without penalty, if there is no extension agreed.

➤ How much does it cost?

Neither party have to pay the compensation amount upfront, instead our partner provide a guarantee to pay the compensation in the event that the agreement is broken. The fee for this guarantee starts from as little as £600 inc VAT, This guarantees a compensation payment to the innocent party of £2000 but higher compensation amounts are available but this would result in a higher fee. This fee is not refundable.

➤ Can the agreement be tailor made?

Yes, we can add clauses into the contract that would suit you.

➤ Is the upfront cost paid to Oliver James Estate Agents?

No, this is only something we recommend. This agreement is made via a company who specialises in these types of agreements.

➤ What do Oliver James Estate Agents get from this?

There are no financial gains, we do not receive any part of the upfront costs, referral fees nor do we receive any part of the compensation, this gives us more certainty of a sale and being paid our normal agency fee on completion.

➤ Is the compensation amount guaranteed in anyway?

Yes the company who sets up the committed sale agreement will be responsible to make the payment to the innocent party and will then recover it from the defaulting party.

Oliver's final thoughts, over the years i have seen so many sales fall through and often no reason is given other than 'we changed our mind' the turmoil that it leaves is extremely upsetting and stressful. I jumped at the chance when i heard of this agreement, to me its a no brainer.