



DENTAL & MEDICAL FINANCIAL SERVICES

Dental & Medical Financial Services

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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





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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. ■

Ready to unlock your dream home?

Let's embark on your journey to homeownership together. Our team is committed to helping you find the right mortgage for your specific needs. We'll guide you through the entire process, answer all your queries and keep you updated. To discover your mortgage options, please contact us.

