

IN BRIEF

THE LEGAL MAGAZINE FROM THP SOLICITORS | ISSUE 6 | 2024

THE FUTURE OF LEASEHOLD PROPERTIES



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IN BRIEF

WELCOME TO **IN BRIEF**
- THE LEGAL MAGAZINE
FROM THP SOLICITORS

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WELCOME TO IN BRIEF FROM THP SOLICITORS

A quick update on our change of business structure.

We used to operate our business as a Limited Liability Partnership under the name The Head Partnership LLP, but we have now transferred the business to a Limited Company and from 1 May 2024 began trading under the name THP Solicitors Ltd. The reason we made this change is that a limited company is a more flexible way of running a business and we believe it will help us continue to run a growing, successful, and forward-thinking firm. Over 50% of all law firms are now limited so we are not alone in these thoughts. Rest assured, this will have no practical impact on the day-to-day running of our work for clients and any current or future matters you have with us will be completely unaffected.

THE THP PARTNERS



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MOVERS AND SHAKERS



We were very pleased to welcome back a familiar face to THP Solicitors this year, solicitor **Rachel Burnett**.

Rachel left us back in 2016 and was a much-valued member of our Wills, Trusts & Estate Administration team

so it's great to have her back in Henley.

We're also delighted to announce that **Victoria Baker** has passed her final examination of The Society of Trust and Estate Practitioners (STEP) qualification and can now apply to become a full STEP member known as a 'TEP'. STEP is the leading worldwide body for those working in the fields of trusts,



estates and related inheritance planning advice, and TEPs are internationally recognised as experts in their field. Like many

STEP members, Victoria already has related qualifications being both a solicitor and notary public.

CYBER ESSENTIALS



THP Solicitors have been awarded Cyber Essentials Plus Certification; a government backed standard for business

cyber security designed to help organisations protect themselves against common cyber attacks. In order to meet the standards required for Cyber Essentials Plus Certification, our technical and operational measures, and how they are applied, had to be assessed by an accredited body selected by the National Cyber Security Centre. We had to demonstrate the appropriate levels of

quality assurance processes, security control procedures and security assessment methodologies amongst other qualification criteria. THP Solicitors Partner Julia Drury said "At THP Solicitors we understand how important it is to minimise online security threats, to avoid disruption not only to our firm, but also our clients. We hope our Cyber Essentials Plus certification will give our clients peace of mind that we take cyber security seriously and have established strict guidelines and processes to keep sensitive data secure."



CHECK OUT OUR LATEST PODCASTS!

Our Family & Divorce team have recorded two new podcasts to add to our series where you can listen to insights from our legal experts. In each 10-minute episode, we cut through the legalese to informally discuss topical issues and answer common questions.

The Financial Aspects of Divorce - **Richard Rodway** is joined by a guest Helen Fraser, an Independent Financial Adviser from Orchard House,

to discuss the financial aspects of a divorce or the dissolution of a civil partnership. What people need to be prepared for, what they need to consider, and the implications after the marriage or civil partnership ends.

Islamic Marriage and Divorce - **Ruby Tufail** talks about Nikah, Mehr, Talak, Khula and other forms of Islamic divorce and how these interplay with civil law in England & Wales.



GIFTING PROPERTY OR MONEY

THE BENEFITS AND PITFALLS



There are many reasons why you may wish to give a gift of money, or even something as substantial as property, to your loved ones. It could be pure generosity, a feeling of obligation or relief of a financial burden.

However, if the motivation is to make a lifetime gift to your loved ones to save them from Inheritance Tax (IHT) at a later stage, or possibly avoid care home fees should you need support, there are many potential

risks, and you might actually make matters more complex and onerous for you and your family. We discuss when a gift may not actually be considered a gift by HMRC and/or Local Authorities.

POTENTIALLY EXEMPT TRANSFERS (PETS)

Gifts made during a person's lifetime and made to another person are called Potentially Exempt Transfers

(PETS). Broadly speaking, if you have made a gift which is a PET, you need to survive for seven years from the date of the gift for it to be ignored for inheritance tax purposes when you die, i.e. fall out of your Estate. If you die within seven years of making the gift, it is known as a 'failed PET' and even though you gave the asset away before your death, inheritance tax might still be payable on it.

If the person making the gift died between 3 and 7 years of making a PET, taper relief can be applied when adding it to the estate value. This relief only applies if the amount of the PET exceeds the Inheritance Tax threshold, which is currently £325,000. If the relief applies then it reduces the amount of Inheritance Tax payable on the PET, depending on the number of years the person survived after making the gift.

GIFT WITH RESERVATION OF BENEFIT (GROB).

As part of an overall strategy to strengthen its tax collection defences, the government implemented a general anti-abuse rule (GAAR). This is particularly important for gifts where you still retain some right or benefit over it.

Even if you live for more than seven years after making a gift, if you continue to use or benefit from it is likely to be included in the inheritance tax calculation on your death, known as a 'gift with reservation of benefit' (GROB).

EXAMPLES OF GROBS WOULD BE:

- A parent giving their house to their children, but continuing to live in the property without paying open marketing rent
- Parents give their holiday cottage to their children but continue to take holidays there
- A parent giving a car or boat to their children but still using it at the weekends.
- An owner of a company retires and gives his shares to his children who take over the running of the business, but he continues to draw a salary and drive a company car.

There is a "de minimis" defence – that the continuing enjoyment by the donor is so small that the "virtually to the entire exclusion" rule is satisfied – but HMRC take a tough line on how much continued enjoyment is permissible:

PRE-OWNED ASSET TAX (POAT)

Individuals (usually parents) who give away or gift certain assets (usually land or property) to their

children but continue to enjoy use of it are unaware that an annual lifetime tax or POAT may arise on the gift. An example might be where they gift their home but continue to live in an annexe. POAT is an additional charge to income tax which looks to tax the yearly benefit an individual is deemed to receive from the continued use of a gift. This additional income tax charge must be declared yearly to HMRC on an individual's tax return.

The purpose of POAT is to catch those transfers which have managed to escape the GROB rules and are otherwise exempt from IHT.



Even if you live for more than seven years after making a gift, if you continue to use or benefit from it is likely to be included in the inheritance tax calculation on your death...

CARE FUNDING AND 'DEPRIVATION OF ASSETS'

If you need to go into care and want support from your Local Authority to pay the fees, which can easily run thousands of pounds a month, they will do a financial assessment of your income, savings and property to calculate how much you should contribute towards the fees.

If you intentionally reduce your assets so that these are not included in the financial assessment e.g. giving away a lump sum of money, buying substantial gifts out of character with previous spending, or transfer the title deeds of property to someone else, this is known as deliberate 'deprivation of assets'.

If your Local Authority decides that you have deliberately reduced your assets to avoid paying care home fees, they may still calculate your

fees as if you still owned the assets, even though they are no longer yours. If you transferred an asset to another person, the third party may be liable to pay the Local Authority the difference between what you would have been charged and what you were charged at the time of the assessment.

The timing of gifting is important. If you were fit and healthy when you gave assets or money away, and you could not have reasonably expected that you would need imminent care, then your actions may not count as deprivation of assets.

HOW WE CAN HELP

Whilst gifting to someone else may seem simple, it can actually be very complicated and throw up numerous tax considerations, especially if it involves property, such as inheritance, capital gains, income and SDLT. For example, a gift that saves inheritance tax may unnecessarily create a capital gains tax liability.

There are also other considerations, especially when parents gift property to children, and that child later divorces, as a property would be considered part of the matrimonial 'pot'. Similarly, if a child has financial difficulties or faces bankruptcy then the gifted asset would be vulnerable.

We would advise that before you make any substantial gifts, you seek professional advice on the best way to make your gift tax efficient. There are many legitimate ways to reduce your Estate for Inheritance Tax purposes and a member of our team would be happy to discuss these with you. We will consider your Will and other factors and advise on the options and pros and cons of absolute gifts or gifts into a trust.

Contact our Wills, Trusts & Estate Administration team on T: 0118 975 6622 (Lower Earley) or T: 01491 570 900 (Henley), to see how we can help.

THE FUTURE OF LEASEHOLD PROPERTIES

The long-awaited Leasehold and Freehold Reform Act ('the Act') has officially received Royal Assent and became law on 24 May 2024, although it has still not come into effect.

Some provisions of the Act come into force in July 2024, including amendments to the Building Safety Act, and allowing a property to be repossessed because of a missed rent charge payment, but the rest of the Act will likely be introduced in stages over the coming years.

So, until the next Government decides when and what to implement, the current laws on leasehold remain in force. However, we now have a better idea of what the future holds for leaseholders

with these significant changes to the law aimed at enhancing their rights and benefits.

It's interesting to note that during its passage through Parliament, the Act grew from 65 clauses and 8 schedules to 124 clauses and 13 schedules, so it's certainly not reduced the complexity of this area of law.

Frances Watts explains what the Act includes, and doesn't include, and what it means for owners or would-be owners of leasehold properties.

STANDARD LEASE EXTENSION

One of the most significant changes is to the law relating to lease extensions. The Act will amend the current provisions and will allow for a lease of a house or flat to be extended to 990 years (instead of 50 years for houses and 90 years for flats). In addition, leaseholders do not need to have owned the property for a minimum of two years before the lease can be extended.



MARRIAGE VALUE & FREEHOLDER COSTS

The Act also abolishes 'Marriage Value' which is a significant percentage of the premium paid to a freeholder for lease extension to a lease of less than 80 years. Marriage Value is the hypothetical profit resulting from the extension of a short lease. Under the previous legislation, the freeholder would be entitled to 50% of the Marriage Value when the leaseholder extended their lease. If the lease on the property had more than 80 years, then the Marriage Value was valued at zero.

With the introduction of the Act, leaseholders with short leases will no longer be required to pay the additional Marriage Value, which will have a significant impact on the premium they would have been paying. Freeholders who benefitted from the Marriage Value payment will be the losers in this equation, as they will not get the benefit of the increased value of the land with lease of less than 80 years to run.

Whilst the Marriage Value has been removed, a premium will still need to be paid to the freeholder for all lease extensions. Deferral and capitalisation rates will continue to form part of the calculation for all lease extensions, and these will still need to be set and will be prescribed when the Act is brought into force. The deferral rate is the figure used to calculate how much compensation a tenant pays to their landlord when extending the term of their lease.

NEW LEASEHOLD PROPERTIES

The Act has also banned the sale of new leasehold houses so that, other than in exceptional circumstances, every new house in England and Wales will be freehold from the outset. New flats however can still be bought and sold as leasehold.

RIGHT TO MANAGE AND COLLECTIVE ENFRANCHISEMENT

Collective Enfranchisement is the process leaseholders go through to purchase their freehold, and Right to Manage enables leaseholders

to take over management of their building, allowing them to appoint the managing agent of their choice.

Under the current legislation, a building is not eligible for either a Right to Manage or Collective Enfranchisement if 25% or more of the property (not including common parts) was commercial. The new Act will make more buildings eligible as this threshold is increasing from 25% to 50%. This means the Act will capture a greater number of buildings and provide more leaseholders with the opportunity to purchase the freehold or access Right to Manage.

The million dollar question is when the changes will apply. The answer is we don't know. Estimates are for 2025/2026 but that will depend on the new government.

SERVICE CHARGES

Leaseholders will also gain greater transparency over their service charges by making freeholders or managing agents issue bills in a standardised format, and there will be a requirement to produce a year-end report with details of planned major works. There will be a ban on commissions made on insurance by freeholders and/or managing agents and the process of challenging unreasonable charges will be simplified for tenants. The presumption that leaseholders will bear the legal costs of any service charge challenge (and that these can be repassed through the service charge) will be removed.

GROUND RENTS

Disappointingly the capping of Ground Rents didn't make it into the Act, however, leaseholders

can reduce their ground rent to a peppercorn (£0) either by extending their lease or exercising the new legal right to buy out the ground rent. It is already law that new residential leases cannot be granted with a ground rent.

IMPACT ON THE HOUSING MARKET

It is estimated that approximately 20% of the English property market is comprised of leasehold homes, so the Leasehold and Freehold Reform Act will have significant consequences. While the Act commits to making leasehold extensions cheaper and easier, there is still work to be done, as in reality separate consultations and secondary legislation may be required before the Act can be enforced.

The million dollar question is when the changes will apply. The answer is we don't know. Estimates are for 2025/2026 but that will depend on the new government.

So, owners of leasehold properties with short leases may have to wait at least a year or two to benefit from these more favourable leaseholder rights, which do not always fit in with their personal plans.

Registered providers and landlords will need to ensure they keep up to date with the changes and amend their working practices to ensure they are compliant with the new elements of the Act.

HOW WE CAN HELP

Frances Watts and her team, who members of the Association of Leasehold Enfranchisement Practitioners (ALEP), are happy to discuss Lease Extensions, Collective Enfranchisement and Right to Manage, and have a vast level of experience in guiding clients through this complex area of law.

For more information, please contact Frances Watts on E: frances@thpsolicitors.co.uk or T: 0118 920 9499.

I CAN DO A DIY DIVORCE ONLINE, BUT SHOULD I?

The introduction of 'no fault' divorce in 2022, aimed at reducing conflict between separating couples, commenced after the launch of the government's online divorce portal.



There are many pitfalls that are easy to fall into if proper legal advice is not obtained that can have long term financial and emotional consequences.

Whilst ending a marriage should never be a frivolous decision, the online system for divorce has made it easier and cheaper for couples to start the divorce process themselves and there is no legal requirement to instruct a solicitor at any stage.

But just because you can divorce online without a solicitor does not mean that it is a good idea to do so. There are many pitfalls that are easy to fall into if proper legal advice is not obtained that can have long term financial and

emotional consequences. So, whilst commencing proceedings online yourself might be a good way to start the divorce process, we explain when and why seeking legal advice is a good idea.

It is important to note that if you do apply for a divorce online without using a lawyer, and you have children, the Court will not make any decisions regarding child arrangements.

DIVORCE AND FINANCIAL MATTERS

Whilst the online portal has made the commencement of divorce proceedings easier, solicitors are still required when it comes to formally sorting out financial matters which can be dealt with in a number of ways. The most common are as follows:

- The husband and wife reach an agreement between themselves;
- The husband and wife attend mediation and reach an agreement which is then reflected in a document called a Memorandum of Understanding;
- The husband and wife exchange voluntary financial disclosure and then enter into solicitor-led negotiations via correspondence or a round table meeting;
- One spouse issues financial remedy proceedings with the Court

Save for when Court proceedings are issued (when the result is a Financial Order from the Court) the intention is an agreement will be reached between the parties that will then be drawn up into a Consent Order, which is drafted by a solicitor. The Consent Order is then submitted to the Court and once approved becomes legally binding.

If you don't take legal advice or representation in respect of your financial matters, you may not receive a fair financial settlement or a legally binding order which could affect your future security. If you do not have a Consent Order in place then you leave yourself open to financial claims from your ex-spouse in relation to income, capital and pensions both now and in the future.

DIVORCE AND CHILDREN

It is important to note that if you do apply for a divorce online without using a lawyer, and you have children, the Court will not make any decisions regarding child arrangements. If you require assistance in respect of arrangements for your children, how they will spend their time with you and your ex-spouse, then that will require entirely separate proceedings.



If you don't take legal advice or representation in respect of your financial matters, you may not receive a fair financial settlement...

YOUR CIRCUMSTANCES AREN'T STRAIGHTFORWARD

If any of the circumstances below apply, then a DIY online divorce probably isn't the best way to commence proceedings:

- You do not know the current address of your spouse;
- You believe that your spouse will evade and deliberately try to delay the divorce proceedings or not respond cooperate during the process;
- There have been allegations of domestic abuse;
- There are issues surrounding jurisdiction (international considerations)

If you have a solicitor on board, they can help address these issues. If you have started the divorce yourself online and then get into difficulties, a solicitor can later take over your divorce and deal with matters for you, however this can result in further delays. This is why it's important to get legal advice from the outset, even if you later do decide to start the divorce yourself online.

HOW WE CAN HELP

You may be surprised to hear that even though we are specialist family lawyers we often encourage clients to start the divorce process online themselves, as we know money can be tight when a marriage ends. But, there is a reason our clients come back to us for advice – we know the law, the procedures, the potential pitfalls, and the important things to consider. We can focus all of our time on the process and take away some of the stress that comes with ending a marriage.

We have years of experience in resolving the two biggest areas of conflict – children and finances – so we can advise what sort of arrangements the law would consider fair and the different types of court orders that can be made. It's our job to ensure that you make well informed decisions, and we work hard to help you achieve a divorce efficiently and amicably.

So yes, you can do a DIY divorce online without seeking legal advice, but be careful, as decisions will have to be made that will have long-term emotional and financial consequences.

Please contact our Divorce & Family team at our Lower Earley office on T: **0118 975 6622** or our Henley office on T: **01491 570 900**.

YOUR CHECKLIST

FOR PREPARING YOUR COMPANY FOR SALE



A successful sale of a company can often hinge on getting your house in order in advance. A buyer will want key information as part of their due diligence, and if you don't have that information available it may scupper the deal. Here's our quick checklist of what you should consider.

For the purposes of this article, we're using the scenario of a sale of shares in a company. It may well be that the sale of certain assets or your business as a going concern is more appropriate depending on your circumstances and the consideration may vary.

KEY INFORMATION TO PREPARE A COMPANY FOR THE SALE:

As part of the sale process, the seller will be expected to disclose documentation relating to the company to the buyer - these are the

key documents that the buyer will expect to see and will need to be ready.

COMPANIES HOUSE RECORDS/ DOCUMENTS

- Check that all records and filings on Companies House are up to date
- Do you have copies of all board minutes, special resolutions, share certificates or incorporation documents?
- Are these accessible and up to date? This will be a record of all information relating to the history of the company which the buyers will need sight of for the due diligence and disclosure processes.

EMPLOYMENT TERMS

- Decide who your vital employees are and create a schedule of all employees who work in the

business. Are some likely to leave as a result of the sale of the company?

- Check all employment contract terms i.e. any benefits available, notice periods, post-termination restrictions.
- Are there any pending employment disputes that may affect the sale which will require settlement?

KEY CONTRACTS

- Check any contracts you have with core suppliers and customers. Will the deal be dependent on these remaining in place? How long are these contracts in place for?
- Check any termination provisions or change of control clauses. Will the consent of the other party be required for the sale to take place?

- Are there any payment terms in place in the event of early termination of any contracts?

PROPERTY & LICENSES

- Leases – check any expiry dates, rent review clauses or any key clauses. There may be a change of control provisions here. Will the landlord need to be involved in the sale process? Are there any restricted uses of the property?
- Ensure that you hold all key licenses required for the company to carry out business and know the expiry dates, e.g. is the business regulated by the FCA? Check timings to obtain their consent for the sale to take place.

DEAL STRUCTURE

Once you have the essential paperwork in place it's time to think about the deal structure. Also consider the timings and how this may affect the completion date of the deal.

PRICE

- Firstly, clearly assess the structure of a deal you are willing to enter into. For a straightforward share sale, following completion, the only change will be the owners of the shares in the company. The buyer will purchase the shares of the company with all assets and liabilities. For those looking from the outside, nothing has changed.
- Seek advice from an accountant to assess the valuation of your business based on current and forecasted figures.
- Decide on the structure of payments – would you prefer the cash upfront on completion or would you consider deferred payments?
- Your accountants can assist with the completion accounts process – the price may be adjusted referring to the net assets of the company.

TAX

- Seek tax advice from your accountant early on the most tax efficient structures for your deal.

- Check the tax position for both the company and for you personally.
- Check if any reliefs may be available, i.e. Substantial Shareholding Exemption or Business Asset Disposal Relief.

THE PROCESS OF A SHARE SALE

- Heads of Terms – these are terms which are agreed at the outset to determine the structure of the deal, the price and any other key matters. Some terms will be legally binding, i.e. confidentiality and exclusivity, but some impose a moral obligation to carry out the sale/purchase in good faith. Some terms can be negotiated on.
- Due Diligence – Following agreement of the Heads of Terms, the buyer will look to carry out the due diligence process. The buyer will look at all key documentation relating to the company and provide a questionnaire for the seller to complete with their solicitors.

seller will be required to give a number of warranties relating to the company including but not limited to the ownership of shares, property owned by the company or commercial contracts.

- **Indemnity** – a promise given by a party to repay another party, pound for pound, for a specific loss.
- Disclosure – This provides the seller with the opportunity to disclose against any warranties which are untrue. For example, if a warranty states there are no employment disputes in the company when there are, you can then give details of this. The purpose of this is to provide a seller with protection as a buyer cannot make a claim for breach of warranty for anything that has been disclosed against.
- Once all key documents and ancillaries have been prepared and agreed upon, completion of the sale of the shares can be facilitated.



A buyer will want key information as part of their due diligence and if you don't have that information available it may scupper the deal.

- In conjunction with the due diligence process, a Sale and Purchase Agreement will be drafted between the seller's and buyer's solicitors. This will include warranties and indemnities for protection should any issues arise following completion of the share sale.
- **Warranty** – a statement of fact made by a seller about a particular state of affairs of the company being sold. Should it be found that a statement made is untrue the buyer may claim for a breach of warranty. The

HOW WE CAN HELP

The team at THP Solicitors have many years of experience both buying and selling all types and sizes of organisations. If you are considering purchasing or selling a business, we are experienced at guiding businesses and their management teams from the early stages of negotiation all the way through to completion. We understand that if you are buying or selling that there is often a need to move as quickly as you require without compromising the protections you need.

Our corporate solicitors are ideally suited to helping you meet your commercial objectives and will work to identify all the internal and external factors that could influence your activities

Please contact Sanjay Soni in our Corporate & Commercial team on E: S.Soni@thpsolicitors.co.uk or T: 01491 570909

WHEN AND HOW DO I PAY A DEPOSIT AND SDLT ON A PROPERTY?

SOLD

When buying a property, the largest lump sums of money you usually have to part with are the deposit and the stamp duty, so it makes sense to plan when they are payable so you can budget and make sure all of your funds are available. We explain below...

WHEN DO I HAVE TO PAY THE DEPOSIT ON A PROPERTY I AM PURCHASING?

A buyer is obliged to pay the seller the deposit at the point of exchange of contracts, so after the conveyancing searches and survey have been completed, and when you as the buyer feel informed enough to proceed with the purchase.

The buyer's conveyancing solicitor will usually ask for the deposit a few days before the exchange and will then make the transfer electronically on your behalf once exchange of contracts has taken place.



Some people think the deposit is the total cash funds they are using to fund a purchase outside of a mortgage, but in actual fact, a deposit for a property is usually 10% of the purchase price.

HOW MUCH IS A DEPOSIT?

Some people think the deposit is the total cash funds they are using to fund a purchase outside of a mortgage, but in actual fact, a deposit for a property is usually 10% of the purchase price.

Under the Mortgage Guarantee Scheme, which runs until June 2025, creditworthy customers can get a mortgage with a 5% deposit on a residential mortgage (not second homes or buy-to-let). The mortgage guarantee scheme provides lenders with the option to purchase a government guarantee that

compensates them for a portion of their losses in the event of foreclosure.

100% mortgages also exist but are rare. Saving a bigger deposit usually helps you gain access to a greater choice of mortgages, which can help you select ones with lower interest rates and/or lower monthly repayments.

The deposit is a part-payment of the purchase price. If the buyer fails to complete the contract on the completion date, this part-payment can be forfeited as the minimum amount the seller can claim from the buyer for breach of contract. If the seller fails to complete, the buyer will get their deposit refunded in full.

HOW DO I FUND THE DEPOSIT?

A deposit can't be wrapped up into a mortgage, so it needs to be funded by other means. For first-time buyers, this is usually savings in cash, or a loan/gift from family. For buyers who are selling a property, they can often use the money their own buyers are paying as a deposit. If the property they are buying is more expensive, they may need to have to top this money up to get to the full 10%.

WHEN DO I PAY THE STAMP DUTY?

Stamp Duty Land Tax (SDLT) is a levy that you pay to HMRC when you are buying a property. In England, how much you'll pay depends on whether this is your first property purchase, how much you are paying for it and whether or not it is your only property. SDLT only applies to properties over £250,000 if it is the only residential property you own.

You can access a free SDLT calculator [here](https://www.tax.service.gov.uk/calculate-stamp-duty-land-tax/#!/intro) (<https://www.tax.service.gov.uk/calculate-stamp-duty-land-tax/#!/intro>).



If you have previously been gifted or inherited a residential property or intend to use your new property as a buy-to-let investment, you will not be eligible for first-time buyer SDLT relief.

It is always the buyer who pays stamp duty, not the seller and usually, your conveyancer will calculate and arrange payment of your stamp duty bill on your behalf as part of the purchase process.

It is a requirement of mortgage lenders that conveyancers should hold the stamp duty funds before they use the mortgage funds to complete a property purchase. You may be charged penalties and interest if you do not file your SDLT return and make your payment within 14 days of completion.

FIRST TIME BUYER RELIEF FOR SDLT

For anyone meeting the definition of a first-time buyer, a higher stamp duty land tax threshold applies. To qualify as a first-time buyer, you must be buying a single dwelling which you intend to be your main residence. It must also be the first dwelling that you have owned in the UK or anywhere else in the world. If you have previously been gifted or inherited a residential property or intend to use your new property as a buy-to-let investment, you will not be eligible for first-time buyer SDLT relief.

Any first-time buyer purchasing a property worth £425,000 or less will pay no SDLT at all. This limit is due to remain until in place until March 2025 when it is due to revert to £300,000. Properties worth between £425,000 and £625,000 are taxable at a SDLT rate of 5% on the proportion of the consideration above £425,000. It is worth noting that even if there is no SDLT to pay, a return must still be completed and submitted to HMRC.

SDLT ON PROPERTIES THAT ARE NOT YOUR MAIN RESIDENCE

SDLT is payable on all properties that are not your main residence, and you usually pay 3% on top of the standard SDLT rate if you own another residential property.

CAN I CLAIM BACK SDLT?

You may be able to claim a stamp duty refund if you sell your main home within three years of completing on a new home. The refund is the 3% surcharge for owning two or more properties.

HOW WE CAN HELP

THP Solicitors Residential Property team is one of the largest in the Thames Valley and is focused on service, communication and a common-sense approach to getting the job done with as little stress as possible for everyone involved.

Please contact our Residential Property team on T: 0118 975 6622 (Lower Earley) or T: 01491 570 900 (Henley).



YOUR RIGHTS AS A CONSUMER



When you purchase a product or service, whether in-store or online, your consumer rights are protected by law. Understanding these rights is crucial if what you've bought doesn't meet your expectations or is faulty.

CONSUMER RIGHTS ACT 2015

The Consumer Rights Act 2015 ensures that any product, physical or digital, must meet the following standards:

- Satisfactory quality.
- Fit for purpose.
- As described.

Services are also covered under the Consumer Rights Act, but with slightly different criteria:

- Services must be carried out with care and skill.
- All information, written or spoken, is binding when relied upon by the consumer.

- If a price isn't agreed beforehand, the service must be provided at a reasonable cost.
- If a timescale isn't agreed beforehand, the service must be carried out within a reasonable time.

If a service fails to meet these standards, the provider should either redo the service or perform the

entire service again at no extra cost. If this is not possible, you are entitled to a price reduction.

HOW YOUR RIGHTS CHANGE OVER TIME

Your rights to a refund, repair, or replacement evolve over time unless an agreed warranty period was set at the time of purchase:

- **Within 30 days:** You have the right to reject the goods for a full refund if they don't meet the three criteria. This does not cover digital downloads (e.g., online films, games, music, or e-books), but you can request a repair or replacement. If unsuccessful, you have the right to a price reduction.
- **After 30 days:** You are not legally entitled to a full refund but can ask the retailer to replace or repair goods that don't meet the three criteria. For digital downloads, if a repair is not possible, you should be allowed to download it again.
- **Within six months:** If a product develops a fault within the first six months, it is assumed the fault was present at the time of purchase. The retailer must prove otherwise. If a repair or replacement fails, you can reject the goods for a full refund or price reduction.
- **After six months:** You must prove the product was faulty at the time of purchase or delivery.


OTHER CONSUMER REGULATIONS

The Consumer Rights Act 2015 is supported by other regulations. If you buy something without seeing it in person, such as online or over the phone, you are covered by the Consumer Contracts Regulations. You have the right to cancel your purchase for a full refund from when you place an order until 14 days after delivery. If you agree to start a service within the 14-day cancellation period, the retailer can charge for any benefit received if you cancel.

Retailers who sell at a distance must provide key information, such as a description of the goods, the total price, any delivery or returns charges, your right to cancel, and the seller's contact details. Failure

to provide this information could extend your cancellation rights by up to a year.

The Consumer Contracts Regulations also prohibit helpline phone charges for complaints, order inquiries, or cancellations. Retailers must provide a basic rate number for such calls.



The Consumer Rights Act 2015 is supported by other regulations. If you buy something without seeing it in person, such as online or over the phone, you are covered by the Consumer Contracts Regulations.

Additionally, the Consumer Protection (Amendment) Regulations 2014 protect consumers from unfair or misleading trading practices and ban aggressive sales techniques.

DELIVERY & RETURN RIGHTS

Delivery of purchases is covered under the Consumer Rights Act. The retailer is responsible for ensuring the product reaches you safely, not the courier. The product must be delivered within 30 days unless another timeframe was agreed. If you agreed on a specific delivery date and the retailer fails to meet it, you have the right to cancel for a full refund.

When returning items that don't meet the Consumer Rights Act criteria, different from simply disliking the item, the retailer must refund standard delivery costs.

ADR, OMBUDSMAN, AND TRADING STANDARDS

Businesses may suggest using Alternative Dispute Resolution (ADR), but this is not mandatory unless required for specific sectors like financial services. Various

ombudsmen exist for different industries to investigate complaints for free and may help resolve disputes without going to court.

If a business has acted unfairly or broken the law, you can report them to Trading Standards. While they can take legal action against businesses, they won't assist in individual disputes, such as getting a refund.

ENFORCING YOUR CONSUMER RIGHTS

If a product or service fails to meet your expectations, follow the business's complaints procedure. They may resolve the issue by fixing or replacing the product, improving the service, or issuing a refund.

IF A COMPLAINT IS NOT RESOLVED, SEEK LEGAL ADVICE.

Although the Consumer Rights Act 2015 does not apply to private sales or services between individuals unless the item is not as described, you can pursue the matter via the small claims court.

Attempt to negotiate a settlement first, possibly through mediation. If you go to court, you may need witnesses or expert reports and could incur expenses. A small claim involves disputes under £10,000 in the County Court, and costs are generally limited to court fees and witness expenses.

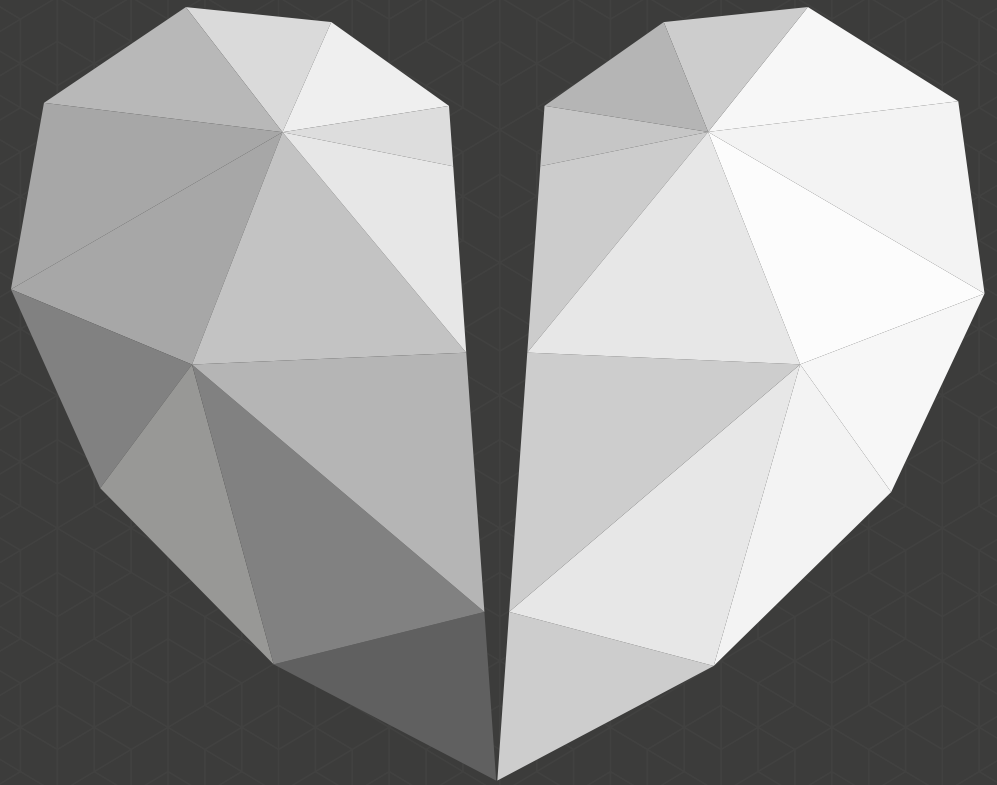
Claims over £10,000 are handled by more complex procedures and may lead to a trial. Ensure you understand your rights and options before taking formal court action.

HOW WE CAN HELP

While this article aims to clarify your consumer rights, navigating these regulations can still be complex. We can advise on your rights, assess your case, and guide you on the best way to resolve disputes through negotiation or the via the court.

Please contact Laura Colebrook in our Dispute Resolution team on E: l.colebrook@thpsolicitors.co.uk or T: 0118 338 3270.

IF IT ENDS, WE'LL HELP YOU START OVER



Contact our Divorce & Family lawyers for a confidential discussion about how we can help.

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