

# Home Surveys - Client Guide

**A survey is essential | 'Let the buyer beware' | Valuations are not surveys**

## Let the buyer beware - 'Caveat Emptor'

It is very important for a buyer to have a house or flat professionally surveyed before exchanging of contracts to buy it.

Conveyancers cannot advise buyers on the value, structural, or physical 'bricks and mortar' aspects of a house or flat. Buyers should seek such advice from a surveyor.

Note that under English law, the seller generally has no obligation to the buyer to warrant or guarantee that the property is physically suitable for the buyer, or even that the property complies with planning, building regulations or any other legal requirements.

If you exchange contracts to buy a property (or bid for it at auction), without having had it surveyed first, you may find you cannot get a mortgage to buy it if there are defects picked up on the prospective lender's valuation.

Unfortunately, if that happens, you cannot back out. You may be liable to pay the seller substantial damages for breach of contract if you fail to complete the purchase, including all their fees and losses.

Also, it is wrong to think you can just get some form of title or other insurance to cover all problems. This simply does not work. It is better to have any defect professionally assessed.



## A professional survey is essential

All home buyers should have a professional survey before exchange of contracts. On average, buyers spend £5,750 on repairs after they buy a home. Often the repairs come as a surprise once the buyers move in. A survey gives buyers the chance to re-negotiate the price to take into account the need for the work, or whether to buy the house or flat. Your surveyor is the only professional who will visit the property as part of the home purchase process - and he may also be able to comment in general terms on information provided by your conveyancer in relation to its boundaries.

Your home purchase is probably the biggest and most important transaction of your life. That's why the Consumers' Association (Which?) recommend that you should have a survey carried out before you agree to buy a property, as do many other professional and consumer organisations.

## Normal consumer rights do not apply

The normal consumer rights to quality and fitness for purpose that you have where you buy a car, or other consumer item from a retailer on the high street do NOT apply to house or flat purchases, whether from a builder or from a private individual. You may have an NHBC guarantee from a builder if it is a new property, but this can be very limited in the extent of cover, plus you will have to enforce it at your cost.

Also, be wary of any unconfirmed 'verbal' comments, assurances or other statements by the seller, or their estate agents about a property since they are generally unenforceable - unless and until they have been confirmed in writing by your conveyancer, before exchange of contracts. This is why the Property Information Forms, Searches and Enquiries are important.

So, if the seller or their agent has told you something that is an important factor in your decision whether to buy a house or flat, you should ask your conveyancer to confirm the statement formally. This way it will be binding on the seller, and they will be liable for misrepresentation if it is a lie.





## Valuations are not surveys

Banks and other lenders will always have a property valued before they agree to lend on it.

But they are only concerned that they can sell the house or flat and recover the money they have lent to you to buy it.

There may be defects in the property or its structure that are not revealed by their valuer's inspection if it is just a 'post-code' valuation, or basic inspection.

Also, there may be omissions or inaccuracies in the valuation report that do not matter to the lender, but they might matter to you.

For example, you might be buying a home for £300,000 and borrowing £150,000 from the bank. They may be happy to lend this even if the home needs £20,000 of repairs - since as long as they can sell it for more than their loan and costs they will not lose out. But you will have paid £20,000 too much for the property.

Also, don't forget that the lender will not live in the property, and have to deal with problems of blocked drains, leaking roofs, defective services, or settlement cracks in the walls. You will.

Be aware that the bank's valuation is carried out by the bank's surveyor for the bank, not you (even if you pay for it). You will not be able to sue their surveyor if they have missed something.

In contrast, if you have your own survey carried out, you can rely on it. Your surveyor will have a legal liability to you should they miss something, or overvalue the property.

They will also be expected to have professional indemnity insurance to cover claims for losses caused by negligent surveys.

## Sellers and agents must not mislead buyers

The recently introduced 'Consumer Protection (Amendment) Regulations, 2014/870' now place an obligation on a seller not to mislead a buyer or provide incorrect or ambiguous information. However this has not been tested in the courts, and any litigation over alleged comments or statements is going to be expensive and uncertain. It is much better to have any such statements confirmed by your conveyancer and have the property surveyed by a professionally qualified surveyor.



## Surveys - the choices

A **Home Condition Survey** can be obtained from any of the 200 members of the **Residential Property Surveyors Association**. This survey provides the same level of in-depth inspection as a building survey, but uses a simple and clear presentation style with a 1,2,3 rating system so you can identify the most serious points, plus photos of relevant issues. It will cover building condition and defects, structural movement, damp, rot, woodworm, heating, drains, electrical services, alterations, additions and the rebuilding cost. The surveyor will also call you after the survey to discuss its contents with you. They also offer **Building Surveys, Buy-to-let** and **New-Build Snagging Surveys**.

See [www.rpsa.org.uk](http://www.rpsa.org.uk) or call **0330 113 9670** for more details.

Alternatively, the **Royal Institution of Chartered Surveyors** ('RICS') offer three levels of survey:

**Level 1** Suitable for a conventional home in good condition and built from conventional materials. It focusses purely on the condition of the property with a 'traffic light' rating on each point. Level 1 does not include advice on repairs or ongoing maintenance and it does not include a valuation.

**Level 2 (Survey only)** Suitable for a conventional home as before, but with more extensive information. Lists problems that may affect the value, and issues that need investigation. The focus is on assessing the general condition of the main elements of a property. This includes a more extensive visual inspection of the building, its services and grounds, but still without tests.

**Level 2 (Survey and valuation)** As above but with the surveyor's professional opinion on the 'market value' of the property, an insurance valuation and a list of problems that the surveyor considers may affect the value of the property.

**Level 3** Suitable for large, older or run-down, unusual or altered properties. More expensive, as it contains detailed information on the structure and fabric. It describes visible defects and potential hidden flaws, an outline of repair options. It does not include a valuation, but it may be possible to negotiate this with the surveyor directly.

For more details go to [www.rics.org](http://www.rics.org) and search for "House surveys (UK): the costs, types and benefits of an RICS Home Survey"

