

Conditional auction sales – A guide for sellers

These informal auctions are a hybrid, in fact part auction, part private treaty.

Sellers do not pay any sales commission or marketing costs to the Auctioneers.

Following instructions to market a property, it becomes listed on the online website, Rightmove etc and marketing commences.

A solicitor is instructed to prepare a legal pack for prospective buyers to inspect. Paul Fosh Auctions can recommend a solicitor who can prepare a legal pack with minimal upfront costs to the sellers.

At the point of “listing”, a guide price and provisional reserve (reserve known only to the auctioneers) are agreed.

As with a “ballroom” auction, properties are usually made available to be viewed in the run up to the online auction.

Legal packs must be made available for inspection prior to the auction bidding going “live”.

Once the bidding window has opened, no changes can be made to the legal pack.

A property can be listed at any point in advance of the online auction closing, but bidding will only commence 48 hours before the closing date/time.

Buyers are required to register and allow pre-authorisation of a reservation fee prior to being able to bid. This provides security for the seller.

When the bidding stops, (assuming the reserve has been met), the highest bidder secures the property.

The buyer is then contractually obliged to immediately pay a reservation fee of 3% of the purchase price (subject to a minimum of £3,000), both inclusive of VAT. This reservation fee **does not** form part of the purchase price. The fee is retained by the auctioneer to cover commission and marketing costs.

Reservation fees are paid by the auctioneers taking the money from the debit card that had been pre-authorised in advance of the sale.

Completion is usually set for 56 days after the auction but will be confirmed in the legal pack. The seller is committed to allowing the purchaser to purchase during this time.

Following the auction, the auctioneer’s will forward a memorandum of sale to all parties and their respective solicitors in preparation for any financial matters to be completed and other matters prior to exchange and completion.