

Buyer Fails to Complete – Table of Seller’s Possible Options

Scenario: A couple has exchanged contracts and a 10% (£50K) deposit with the buyer of their £500K property. They have also exchanged contracts and a 10% (£50K) deposit with the seller of the £500K property they wish to buy. On the day they are due to complete both transactions, their buyer fails to complete, causing them to fail on their purchase as well. What happens next?

The couple's conveyancer sends a Notice to Complete to their buyer's conveyancer, giving the buyer 10 days to complete the purchase and pay the remaining 90%. Similarly, the couple's seller's conveyancer sends them a Notice to Complete, also giving them 10 days. If the buyer fails to complete (and consequently, they fail on their onward purchase), they will be in breach of contract, forfeit their deposits to the sellers, and may face further legal action for additional losses and costs incurred.

Below are the various actions, and associated costs, that the couple can choose to take:

Action	Fail on sale & purchase	Obtain £450K bridging finance, complete purchase, remarket house,	Sell to an IBUYER, complete purchase	Buy ClozeSure On or before exchange
Deposit received	£50k	£50k	£50k	£50k
Deposit lost	£50k	0	0	0
Time to complete / delay on sale	n/a	Up to 6 months to sell. 10-20 days to arrange loan.	10 - 28 days + Potential Loss of Onward Purchase	10 days ³
Additional Purchase Costs	n/a	£4,500 arrangement fee + c. £20k interest ¹	15-20% reduction in sale price	£300 (payable on completion)
2 nd Property SDLT surcharge (reclaimed when house is sold)	n/a	£25,000 (£500k @ 5%) ²	0	0
Sale Price Achieved	n/a	£450,000 - £500,000?	£400,000 - £425,000?	£450,000
Conveyancing Fees Lost	Circa £5,000	n/a	n/a	n/a
Lost Removal Costs / Fees	Circa £2,500	n/a	n/a	n/a
Agency Fees	£7,500 ⁴	n/a	n/a	n/a
TOTAL COST	£15,000+	£50,000+ ^{1,2}	£25,000+	£300 On Exchange

¹ Assumes 1% Arrangement Fee + Interest for 6 months @ 9% APR

² 5% 2nd property SDLT surcharge. Reclaimable from HMRC when original property is eventually sold (max time limit 3 years)

³ Dependent on the cooperation of the seller's solicitor/conveyancer.

⁴ Estate Agency Fees as calculated by 1.5% of £500,000