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Gazumped

What does it mean?

To 'gazump' is to refuse to sell a property to a buyer in order to accept a higher offer from another buyer.

The gazumped buyer has a dilemma: either raise the stakes and put in an even higher offer or accept that the property is lost and start seeking another. Aside from the emotional anguish involved it can be financially draining as well. The gazumped buyer may have already paid out for searches and surveys and could face a legal bill as well if their solicitor does not offer a no move no fee service.

Why does the problem arise?

In England and Wales the seller (and buyer) are only legally bound to carry out the sale of the property once the written contract has been 'exchanged'. Until this point either the seller or the buyer can walk away without any obligation to the other. The problem arises because there is a time gap between the informal agreement to buy/sell (normally made through the estate agent) and the exchange of contracts. This time is necessary for the buyer to arrange a mortgage, carry out a survey and have the legal side of things checked by their solicitor. The buyer needs to be sure all these things are in place before legally committing to buying the property. However, during this period the estate agent is obliged to inform the seller of all further offers made on the property and they may be tempted by a higher offer.

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What can I do?

If you get gazumped there is nothing you can do about it. But there may be some things you could do to minimise the risk of being gazumped in the first place:

- Reduce the time between the informal agreement to buy and the formal exchange of contracts. The faster it is the less time there is for a higher offer to be made.
 - Make sure you arrange your finances as quickly as possible, informing your lender of your proposed deadlines.
 - Instruct an efficient and accurate solicitor.
 - Deal with all paperwork you are asked to complete as a matter of priority.
- Ask if the estate agent has a policy on gazumping. Some agents ask the seller to sign an agreement to turn down any higher offers made after they have accepted yours.
- Instruct a solicitor that takes a hands-on approach to managing your property transaction. Keeping in regular contact with the estate agent and informing them of progress will give the agent confidence that the transaction is proceeding well. The agent will then be inclined to persuade a seller to stick with a nearly completed deal rather than risk everything for a higher offer.
- Insist that the agent takes the house off the market once your offer has been accepted. Check that the 'for sale' sign is replaced by a 'sold' or 'sale agreed' one and contact the agent if not.

To find out more visit www.gardandco.com.

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