

Property Purchase Expenses Insurance - FAQs



Q. Who is it for?

A. anyone looking to purchase a residential or buy to let property and seeking to protect themselves from losing money through no fault of their own if the purchase falls through.

Q. Who is eligible?

A. a property purchaser that is not subject to a contract race, auction or sealed bids (**unless you are the successful applicant of the sealed bid**), that is using a Solicitor or licenced conveyancer.

Q. How does it work?

A. you agree to buy a property and instruct a solicitor, the Solicitor purchases the policy on your behalf. You will then start to pay for Solicitors fees, solicitor's disbursement fees, Survey fees and Mortgage arrangement fees. You are covered from The date the solicitor is instructed and a search pack has been purchased.

Q. What is covered?

A. if the purchase falls through for no fault of you own you can reclaim up to **£1,950**:

- Up to £600 for Solicitors disbursement cost
- Up to 100 for Solicitors fees
- Up to £500 for mortgage arrangement fee/lender fees
- Up to £750 for survey fees

Q. For what reasons can I reclaim?

A. the following are reasons beyond your control

1. The property is withdrawn from sale by the vendor due to reasons beyond your control and you cannot proceed with the purchase
2. The vendor accepts an offer from a third party
3. A survey reveals that the property needs rectification work
4. A survey reveals the property has been underpinned or shows signs of subsidence
5. A Local Authority search highlights problems with the property or its location, the property is: a) the subject of a compulsory purchase order; b) in a flood plain; c) on contaminated land; d) over a mining area
6. A search identifies a defective title which cannot be rectified
7. A vendor is not legally entitled to sell the property or transfer an interest in it
8. You: a) die and the survivor does not continue with the purchase, b) get a critical illness or serious injury, c) are given notice of redundancy, d) are given notice of relocation, and are unable or unwilling to continue with the purchase
9. The initial mortgage lenders property valuation is less than 90% of the sum offered
10. The mortgage lender insists upon a second survey report on the property prior to the releasing of funds
11. The mortgage lender applies a retention on the loan for the property.
12. The property sustains damage
13. The property you are looking to purchase has Japanese Knotweed within the 30 metres of where the legal boundary of the property lies and you decide not to proceed.

Q. How long am I covered?

A. a maximum of 12 months from the start date or until you exchange contract whichever is sooner.

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Q. What am I not covered for?

A. expenses incurred before the start date of the policy or if you withdraw from the purchase of the property for reasons other than those covered (such as change of mind to purchase). If you are purchasing a mobile home, caravan or any other type of non-permanent dwelling or purchasing outside of England or Wales. There are a few other reasons so please read the limits, terms and conditions in the key facts and policy document.

Q. Who do I contact if I have any questions?

A. please contact enquiries@arag.co.uk

Q. What do I do if I want to make a claim?

A. you can request a claim form between 9am and 5pm Monday to Friday (except bank holidays) by telephoning 0117 917 1698.

Q. Are the sums payables under the policy (i.e. to solicitors and surveyors) inclusive of exclusive of VAT?

A. The indemnity provided is the maximum we will pay in total so includes VAT (i.e. if the solicitors fees were £90 + VAT = £118, we would pay £100).

Q. What are our duties as the sellers of the policy?

A. You are required to follow the SRA's rules and advice regarding insurance mediation.

Q. The policy refers to the properties being used for private use only. Are buy to let investments covered?

A. Yes, so long as the buy to let properties are only for private use, restriction applies to commercial properties (shops, offices, etc)

Q. The policy refers to solicitors and licensed conveyancers. What if the purchase was dealt with by a Legal Executive?

A. This is okay, so long as they are employed by a law firm and are acting under the supervision of a qualified Solicitor/Licensed conveyancer.

Q. If the client speaks to their lender pre commencement of the policy but the paperwork is not issued until after the policy has commenced would the policy cover the arrangement fee?

A. The start date of the policy is 7 days prior to instructing a solicitor and costs incurred before that date would not be covered.

Q. What evidence would you require in relation to a claim? Would you deal with the client direct or would we be involved?

A Relevant disbursement vouchers/invoices and solicitors bill. In most instances would deal with the client direct, but may refer to the solicitor/licensed conveyer for cover checks and claims verifications where required

Q. Would we invoice you or our client for our fees and searches?

A. The invoice should generally be made out to the client this would be required in the event of a claim and they would be reimbursed directly

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Solicitor – FAQs

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ARAG plc is authorised to administer this insurance on behalf of the insurer Brit Syndicate 2987 at Lloyd's (written under unique market reference B0356KA233D12A000 or replacement thereof). ARAG plc and Brit Syndicate 2987 at Lloyd's are covered by the Financial Ombudsman Service.

Brit Syndicates Limited, the managing agent for Brit Syndicate 2987 at Lloyd's, is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority. This can be checked by visiting the FCA website at www.fca.org.uk/register or by contacting the FCA on 0845 606 1234.

Brit Syndicate 2987 at Lloyd's is covered by the Financial Services Compensation Scheme (FSCS). You may be entitled to compensation of up to 90% of the cost of your claim, in the unlikely event that the insurer cannot meet its obligations. Further information about compensation scheme arrangements is available from the FSCS.

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