

TRY | FINANCIAL

Auction Finance Guide

Auction finance is another term for short term or bridging finance. Specifically used to purchase property at auctions, it can be arranged quickly to be in line with the timescales of auction houses—usually within 14 to 28 days.



How does a property auction work?

A property auction is like any other auction. Auction houses list upcoming lots on their website before the day and you will see a guide price, description of the property, pictures and a copy of the legal pack. It is very important that you carefully read through the legal pack before making a bid.

On the day, a number will be given to each bidder on arrival at the auction house. An auctioneer will present the property and officiate proceedings. People can then bid on the property by raising a hand or a paddle. When the gavel falls, the highest bidder wins the property!

To pay for an auction purchase, you will need to pay a deposit on the day which is usually about 10% along with some other fees. You then usually have 28 days to pay what is remaining of the balance. If you do not pay within the 28 days your deposit will be lost and you will lose your right to purchase the property.

Why is a property sold at an auction?

There could be a number of reasons for this:

- Because it has been re-possessed by a lender.
- The property may have a sitting tenant.
- Vendor is looking for a quick sale.
- The property may be classed as “uninhabitable” due to not having a kitchen or bathroom, or could require a lot of remedial work.



Important things to remember!

DO YOUR RESEARCH— If you are looking to purchase a property at auction you need to conduct your research beforehand. This potentially involves investigating any existing tenancies, viewing the property and considering getting a survey done. You should also obtain legal information from the vendors solicitors and read through this carefully.

ARRANGE YOUR FINANCES— You will need to be able to pay the 10% deposit on the day so please ensure you have the means to do so. Following on from auction day, you have 28 days to pay the rest of the purchase price. Bridging finance is popular for an auction purchase because it can be accessed within in the short timeframe.

ON THE DAY—You will need to register when you arrive at the auction house. You will also need to bring ID with you and proof of your deposit.

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