

Mortgages & home

'If I'd taken a full survey I could have avoided a £30k bill for dry rot': Four in five homebuyers don't bother with a survey - but is skimping on checks a gamble too far?

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Hundreds of thousands of homebuyers will move over the next year without bothering to find out if their next property is in good condition.

This is because most buyers do not know about or are not willing to pay for a survey.

Most believe that their mortgage lender's standard valuation is sufficient, although it says nothing about the building's state of repair.

And of those who do commission an independent survey to ensure there are no serious faults with their future home, the majority opt for a cheaper type that can miss crucial details.

Experts say the problem could be compounded if a push to introduce Scottish-style 'home reports' to England and Wales is successful. Scottish sellers must pay for one when they market their home.

But they have been recommended for the wider UK property market in an independent report, commissioned earlier this year by the Royal Institution of Chartered Surveyors and authored by former MP and chair of the UK Valuation Commission, Dr **Onagh McDonald**.

Results of a consultation looking at the effectiveness of Home Reports in Scotland over the past five years are due at the end of the year.

A Home Report is made up of three elements: an energy report; a property questionnaire, which is completed by the seller and includes information about improvements or changes; and a 'single survey' that assesses a home's condition and market value.

But despite the latter being labelled as a 'detailed survey' of the home, some critics say they could go the way of the short-lived Home Information Packs, which were introduced in England and Wales in 2007 and scrapped in 2010 after they failed to live up to their promise.

There is also concern that Home Reports automatically sold with the property would dampen enthusiasm among buyers to pay for a more detailed inspection. Currently only one in five buyers pays for a survey before making a purchase, despite the fact that any negative findings could be used to negotiate a lower price with the seller. If you do pay for a survey you can choose from four options:

Condition report

Advantages: Concise 'entry level' survey. It operates a traffic light or 1-2-3 system to rate aspects of the property, with a red light or three emphasising serious defects. It should flag up problems regarding structural movement as well as damp or woodworm.

Disadvantages: It is not exhaustive and may signpost areas needing attention without detailing what repairs are needed. Neither a property valuation, nor professional advice from a surveyor following the inspection, is included.

Price: From about £300.

Homebuyer report:

Advantages: It is cheaper than a full structural survey and offers detailed information. Like the condition report it comes with a rating system for the property and is likely to include professional support or further explanation from the surveyor after the inspection. It is most suitable for properties built in the past 100 years.

Disadvantages: It can sometimes appear as a 'buck-passing' exercise, shifting responsibility to the buyer by advising them to carry out further investigations. Richard Sexton of esurv, a network of chartered surveyors, says: 'Surveyors are generalists not specialists, so they will suggest buyers refer to particular experts. But it can identify a problem such as dry rot or movement.'

Price: Typically £400 to £600.

Building survey

Advantages: The most comprehensive survey and recommended for older, period, listed or unusual properties. It will provide detailed information about the condition of a home, highlight defects and offer advice on repairs and maintenance.

Disadvantages: A full structural survey is the most expensive option. It is also a detailed and technical report, which most people would have trouble understanding without professional guidance.

'Establish with a surveyor before the inspection that he is willing to take questions afterwards and go through the document to explain the real issues over the minor ones,' says Sexton.

Price: Around £1,000.

Snagging survey

Advantages: This will pick up on any poorly finished work or faults in a new-build property, such as shoddy plastering or paintwork. There is little need for a detailed survey on a new-build home, which is covered by a ten-year guarantee from the National House Building Council.

Disadvantages: Developers might be in less of a hurry to fix problems if the survey is carried out after completion of the purchase.

Price: Typically £200 to £300.

CASE STUDY: A £30,000 REPAIR BILL FOR MISSED DRY ROT

Eleanor Yearwood, pictured above, says the Home Report she received when buying her home in Alyth, near Perth in central Scotland, was useless to her.

In February this year, just a few months after moving into the property, she found out that the walls were riddled with dry rot - a fungal decay that destroys wood.

But it was not picked up in the survey element of the Home Report and Eleanor, 55, has recently had to pay a £30,000 repair bill.

'I was told the dry rot had been there for some time, maybe ten or 12 years. It's like a cancer in the house,' says Eleanor, a self-employed business consultant.

After receiving the report, Eleanor followed its advice and hired a specialist to investigate for woodworm, but says there was no mention of dry rot and she was led to believe all was fine.

She adds: 'Had I not been led into a false sense of security with the Home Report I would have had a full structural survey.'

'And looking back at the report now, I can see the number of get-out clauses it has.'

Anyone who reckons their surveyor failed to spot serious and obvious problems in a home before they bought it can take their case to the Property Ombudsman.

Complaints must first be directed to the surveyor, with eight weeks allowed for a response. After this time the Ombudsman can step in to provide a resolution.

Visit the website at ombudsman-services.org/ property or call 0330 440 1634 for more information about the process.

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