



# Top Tips To Consider When Moving Home

 **PENGUIN**

# Top Tips To Consider When Moving Home

Moving house is commonly cited as one of life's more stressful events.

The to-do list will be a long one.



It is easy to get caught up in ticking off all the various things that must be considered (and done) and lose sight of one very important point: there is a lot of cost in moving home.

The cost is split up around a variety of different parts of the home move.

Some of them are not that obvious and can be hidden.

In the midst of all the tasks you will be having to deal with, it is crucial to remember that many of these costs can probably be reduced, if you get your move and all related aspects organised efficiently.

We have produced this short guide to try and help you with several tips that may make things easier for you and – hopefully – help you save some money.



# What Costs Will You Incur?

First things, first – what are the typical things that you will need to pay for, in relation to your house move?

## Upfront/When you move:

- Removal Fees
- Home Survey/Valuation Fees
- Land Transaction Tax
- Legal Fees
- Estate Agent Fees
- Mortgage Arrangement Fees
- A Deposit

## Ongoing/After you have moved:

- Monthly Mortgage Costs
- Home Insurance(s)
- Life + Health Insurances
- Council Tax
- Normal Household Bills (e.g., Electric/Gas)

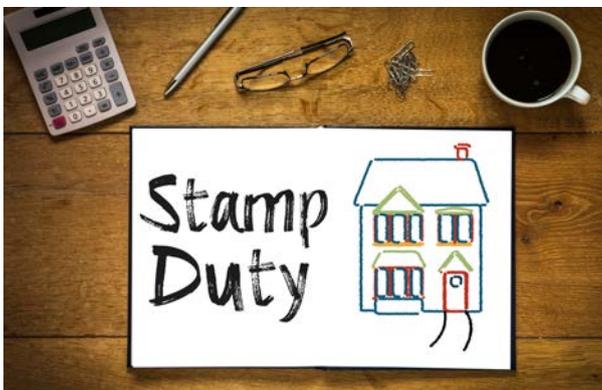
You can measure these various costs at different points and the simple fact is that in almost any scenario, they will add up to a large amount.

Indeed, the cost of buying and running a home is considered the “biggest bill” most of us will ever pay.

Taking a cost-conscious ‘ninja’ approach can therefore result in big differences to that eventual bill.

Some of your costs when you move are difficult to control or negotiate, so Land Transaction Tax for example is set in stone.

However, over the years the government have varied the thresholds where Land Transaction Tax applies and has offered help, such as during the coronavirus pandemic, to alleviate some of the burden.



## TOP TIP #1

It is worth being aware of the Stamp Duty rules and when things may change and at what purchase level.

Some costs are incurred as a seller (such as Estate Agent Fees) but not by buyers, and vice-versa by buyers not sellers (such as Land Transaction Tax).

So, your situation will dictate what your list of costs will look like.

# Reducing Costs



We can now look at some ways you might be able to reduce some of your upfront costs:

“Everything is negotiable” – it is important to understand where the flex is, where there are costs that can be negotiated and/or where you may benefit from shopping around.

This is especially true with removal costs and legal fees, where there is generally a lot of competition in the market and plenty of firms vying for your business.

But remember, cost is one thing, value another. Try to ensure you do not overpay but do not fall into the trap of simply choosing the cheapest deal just because it is the cheapest deal!



## TOP TIP #2

Make sure you get as much information as possible on your options when it comes to fees that will vary from firm to firm, such as legal fees.



## TOP TIP #3

Do not be shy of negotiating these fees or, at the very least, asking if they can be lowered.

As Mortgage Advisers we can assist you and help you find the most suitable deals, and, if possible, reduce those upfront costs for you.

# Your Deposit

The number and variety of Mortgage deals in the market today is significant.

Even with the same lender there can be a wide range of deals, as they may offer fixed interest deals, variable interest deals, discounts and all with different rates and terms based on different time periods.

If one lender has, for example, half a dozen distinct options, and you have many lenders to choose from, you can start to see how the calculations of what is "best" can get complex.

One of the first points you will need to address, is how much deposit you will need to put down.

A deposit is simply the percentage of the purchase price that will secure you the Mortgage. For example, a 10% deposit requires a 90% mortgage and a 20% deposit an 80% Mortgage and so on.

On a property purchase price of £300,000, the deposit is £30,000 (10%) or £60,000 (20%) – with the balance being your Mortgage. Deposits tend to represent the biggest single upfront cost you will incur. It is likely the higher the deposit you can afford, the more Mortgage deals will be available to you.

However, you are unlikely to obtain a Mortgage above the level you can afford (see below) regardless of your deposit level.

What is important to note is that there are some government-backed schemes available, which can change from time to time, which can provide help with a deposit. It is always worth exploring these, and we can advise you around this.

There is quite a bit of exploration you will need to do here before you commit to buying a house to work out what mortgage you can afford and what deposit you will need to pay.

## TOP TIP #4

As soon as you can, work with a qualified Mortgage Adviser to explore your Mortgage options in full, and to see what level of deposit you will need to have at different levels of purchase price

The deposit will not be the only Mortgage-related upfront cost. Most Mortgage deals have arrangement fees, and although these will typically be far less than the amount of the deposit, you need to be aware of these and how and when they need to be paid.

Again, we will be able to support you in looking at your options, as well as setting out all the costs in full and ensuring you are getting the most suitable deal for your circumstances.

# Ongoing Costs

It is human nature to focus more on the here and now, rather than long-term. And when it comes to buying a home the emotional pull of wanting to get the deal done and be in your home is clearly very strong.

This means there is a risk that all the attention is on the immediate paperwork requirements, getting everything lined up so you can move and not worrying too much about the long-term.

Yet, the truth is that measured over time, the ongoing costs are going to outweigh the short-term ones by a very significant amount.

Therefore, getting a good Mortgage deal, that is right for you, and keeps your ongoing costs as low as possible, is crucial.



When you do as suggested in our TOP TIP #4 and explore your Mortgage options to learn more about the deposit levels and so on, you should be looking for the best long-term Mortgage deal. Getting something cheaper now, that is more expensive overall, rarely makes sense.

## TOP TIP #5



Make every effort to seek out all available Mortgage deals and work with an Adviser to calculate the most suitable deal for your circumstances.

Exploring all your Mortgage options is very different to some other cost comparison exercises you might be used to.

The Mortgage costs must be looked at considering:

1. The cost of any deal over several years, in different situations and future scenarios.
2. All costs associated with owning your home and having the mortgage.

In terms of point no.1 it is perfectly feasible that a deal advertised as 2.45% interest per year could be more expensive than one advertised at 3.19% interest per year. How? Well, the "cheaper" deal advertised might have a discount off the normal variable rate of interest for 2 years and the second one may be fixed for 2 years.

If interest rates go up in the first two years, then the interest rate on the cheaper deal may go above the fixed rate and over the two-year period could cost more.

The Mortgage costs, both monthly repayment of the mortgage and the interest costs, are one of a few bills you will have in most home buying situations.



Other costs include Life Insurance, Critical Illness Insurance, House and Contents Insurance, as well, as of course all the household bills (gas, electricity etc.).

Life Assurance and Critical Insurance are particularly important as these are/may be needed to cover the liability of the Mortgage.



You will want to make sure the Mortgage is cleared if you die (Life Assurance). Or you have some funds to pay the Mortgage should you become seriously ill (Critical Illness Insurance).

You may also want to consider income protection insurance, to cover time off work due to shorter-term ill health or sickness, which is not covered by the Critical Illness Insurance.

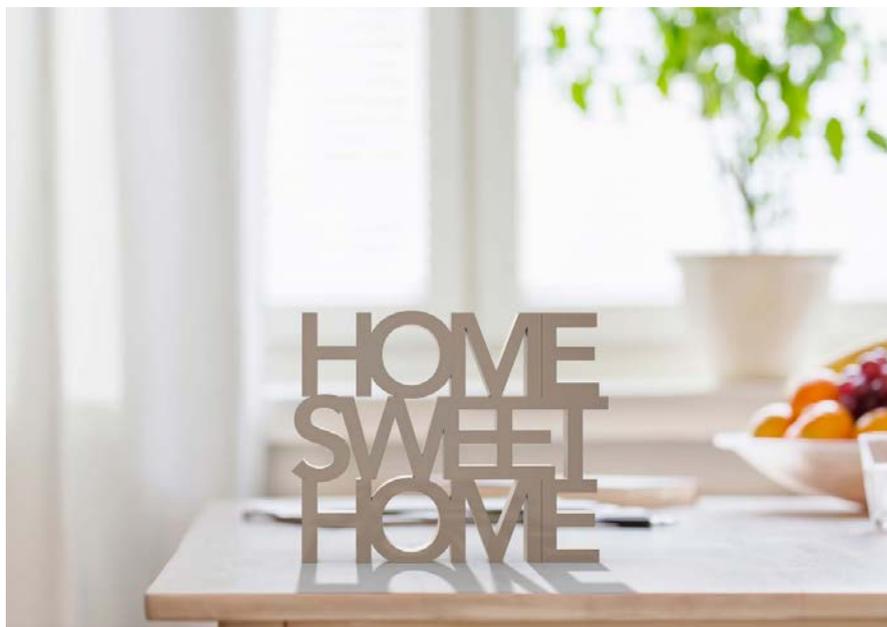
The costs of these – and home insurance etc. – are likely to be variable from company to company.

#### TOP TIP #6

Where you have Insurance requirements, make sure you shop around and seek out the most suitable deal. Costs and terms will vary from company to company. Seek advice.

# A Delicate Balancing Act

The temptation when faced with a house move, is just to get it all done, so you can get into your home, relax and go back to your daily routine.



However, you are – inevitably – facing many bills when you move and will have a list of bills to pay once you are in.

Do not let the hassle of moving interfere with ensuring you find the most suitable deals on everything involved.

This will not always mean the cheapest deal in every case. For example, you may reduce the deposit you have to pay but in doing so you increase the amount of ongoing Mortgage cost.

Or you plump for a big discount on your first year's interest costs but end up paying more later down the line.

And so on.

**Moving house, and figuring out the most efficient deals, in every area, is not easy and this is where we can come in. We can help you calculate and assess how all these balancing factors weigh against each other, and what is best for you given your circumstances.**

## TOP TIP #7

Perhaps your smartest move will be to find a great Independent Mortgage adviser to work with, who can help you understand all the options, calculate with you the best ones for you and – most importantly – steer you through this potentially stressful time, making it as stress-free as possible!

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