

The Cost of Buying a Home



Your Guide



Understanding the various costs involved in purchasing a home can help you budget and prepare for the entire home-buying process.

Some costs are upfront, while others will be recurring payments after you've secured your mortgage.



Here's a guide to the main home-buying costs you'll need to factor into your budget

Upfront Costs:

1. Deposit



This will likely be your largest upfront expense. You'll need to save at least **5% of the property value**, though some lenders may require a **10-20% deposit**. A larger deposit can help you access better mortgage deals with more competitive interest rates.

2. Stamp Duty



This is a tax paid on property or land purchases in England and Northern Ireland. Scotland and Wales have similar taxes. The tax is progressive, meaning the amount you pay increases with the property's value and is affected by factors like first-time buyer status or whether you'll use the property for residential or mixed purposes.

You can check current rates via these resources:

- [England and Northern Ireland: Stamp Duty Land Tax \(SDLT\)](#)
- [Scotland: Land and Buildings Transaction Tax \(LBTT\)](#)
- [Wales: Land Transaction Tax \(LTT\)](#)

3. Valuation Fee

Lenders will value the property to confirm its worth matches your offer. Some lenders include this as part of the deal, but otherwise, expect to pay around £300. If you opt for a more detailed survey, the cost may be higher.



4. Mortgage Adviser Fees

If you use a mortgage adviser, they can help you navigate the market and secure the right deal. Independent advisers have access to a broader range of deals. They may charge a fee, so ask upfront about costs.

5. Arrangement Fee

This fee, also called a product or admin fee, is for setting up your mortgage. Depending on the product, this can range from £0 to £2,000. Paying upfront may help you secure lower interest rates, though adding the fee to your mortgage could result in higher overall costs due to interest.

6. Legal Fees

Solicitors handle the legal aspects of buying a home, including drafting contracts, transferring money, and organising property searches. Fees typically range from £800-£1,500, so get a quote beforehand. We can help with this by referring our trusted partners.

7. Surveys

Though not mandatory, a property survey could save you money by uncovering issues before you move in. Survey costs vary by type:

- Level 1: Condition Report – Basic, around £300.
- Level 2: Homebuyer Report – More comprehensive, costing £350-£550.
- Level 3: Structural Survey – Very detailed, costing £600-£1,000.

8. Chaps Fee

This small fee, usually £20-£30, is for transferring your deposit to your solicitor.

9. Estate Agent Fees (if selling)

Estate agents typically charge a percentage of the property price (usually between 0.75% and 3.5%) or a set fee. Be sure to get quotes.

10. Moving Costs

Hiring a removals company depends on the distance and number of items. Decluttering beforehand can help save on costs.

11. Furniture and Decorating

The cost of furnishing and decorating will depend on how much you need and what's included in the sale. Check with your solicitor to confirm whether white goods and appliances are part of the sale.

Recurring Costs:

1. Mortgage Repayments

Your monthly mortgage repayment will be your biggest recurring expense. The amount depends on your mortgage type (repayment or interest-only), the amount borrowed, the term, and the interest rate. Be aware of early repayment charges if you overpay or repay early.

2. Insurance

Mortgage lenders often require buildings insurance to protect the structure of your home. Other insurance options include life insurance, critical illness cover, income protection, and contents insurance. We can help and advise on this too.

3. Council Tax

The amount you pay depends on your local council and property's valuation band. For homes in Northern Ireland, rates are set individually. You can check your council tax band and rates on your local council's website.

4. Utilities

These include gas, electricity, water, broadband, and TV packages. Comparison sites can help you find the best deals.

5. Leasehold Charges

If you buy a leasehold property, you'll pay ground rent and service charges to the freeholder for maintaining communal areas and building upkeep.

6. Government Equity Scheme Costs

If you're using a Help to Buy equity loan, Shared Ownership, or another government scheme, make sure to budget for any additional costs.

By understanding these costs upfront, you can confidently plan your budget for the next step in your home-buying journey.