

MOVING INTO A REPOSSESSED PROPERTY

By

Dr Catherine Dawson

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For more information about Catherine Dawson,
visit www.cedawson.co.uk

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MOVING INTO A REPOSSESSED PROPERTY

If you have bought a repossessed property, there are various stages that you should work through before you complete on the purchase and move into the property.

Before you complete:

- **Find out about the condition of the property.** A repossessed property will be stated to be 'sold as seen'. Also, because of the legal doctrine of 'caveat emptor' ('let the buyer beware'), the onus is on you to make sure that everything is in working order and safe. Although the seller must not deliberately mislead the buyer, it is the buyer who must make sure that the property is in a condition that he or she wants. With a property that has been repossessed, a lender will state that it has no knowledge about the condition of appliances, fixtures and fittings. It is, therefore, very important that you check that all of the appliances, central heating and other systems are in good working order before you commit to the exchange of contracts (if they have not been removed from the property).
- **Negotiate.** If you do find any damage or deliberate sabotage, you can negotiate a reduction in the selling price or request that the problems are rectified before the exchange of contracts. If they are not rectified satisfactorily, or the lender will not reduce the selling price, it is your prerogative to pull out of the sale.
- **Undertake a safety inspection.** In rare cases repossessed properties can be placed on the market in a serious and dangerous condition. Some of the problems may not be spotted unless a detailed inspection is carried out by an expert. This is in addition to the survey that you will have already commissioned on the property. Although this will have highlighted structural problems, and other problems with the condition of the property, surveyors cannot remove fixtures and fittings or enter areas that are difficult to access. Therefore, you will need to ask someone else to undertake this task once you have purchased the property. This includes electrical safety inspections (www.esc.org.uk) and gas safety inspections (www.gassaferegister.co.uk).

When you move in:

- **Inform utility companies.** Take meter readings, including gas, electricity and water (if relevant) as soon as you complete on the property. This is the date when all the contracts have been signed and exchanged, all monies have been paid and the keys are passed to you. This will protect you against claims for fuel that you have not used.
- **Reconnect services.** In some cases, the gas or electricity may have been disconnected, especially if the previous occupants were unable to pay their bills. As long as the pipes are not damaged and if you can supply proof of your last address and show that you have a good track payment at your previous address, it should be no problem to get the services reconnected. But there may be a charge for this service. You can change your supplier at any time by giving 28 days' notice to the present supplier. If you choose to do this, both the old and new supplier will need informing

and both will need an accurate meter reading for the day when the supplier changes over.

- **Repair pipes.** In cases where pipes have been left in a dangerous condition, they will need to be repaired before your supply can be reconnected. If the pipes are inside the house and boundaries, they are your responsibility and you will have to pay for repairs. If they fall outside the house and boundaries as part of the mains, repairs and costs are the responsibility of the supplier. But in cases where pipes have been deliberately damaged and they are outside the property boundaries, utility companies may refuse to pay for the work, so you may have to seek legal advice specific to your circumstances. In certain properties the pipes may be shared between neighbours and, in most cases, all of the neighbours should share the cost if the pipes are within their property boundaries. If the pipes have been deliberately damaged, you will need to use your discretion about whether you ask your neighbours to share the cost or if you pay for the work yourself to maintain goodwill.
- **Deal with pre-payment meters.** In houses where a pre-payment meter has been installed, you must transfer the supply into your name. If you use the previous occupant's card or key, any money you pay will be credited to his account. If you have a good previous record with your utility supply company, you can contact the company to find out about changing the pre-payment meter. You should do this as soon as you can, as this type of payment system tends to be more expensive than other options.
- **Update the electoral register.** When you move into your property, you need to contact your local authority so that when it next updates the electoral register, your details will be included. These updated registers are sent to credit reference agencies and once your details have been included, you should not have any problems with your credit rating at your new address. You can obtain a registration form from your local authority or download a form from its website. To obtain the contact details and website of your local authority, visit www.direct.gov.uk. A separate entry needs to be made by each member of the household who is eligible to vote. Once you have completed the registration form, it should be returned to the Electoral Registration Office at the address printed on the form. It will then make the required changes and send the updated register to the credit reference agencies. For more information, visit www.electoralcommission.org.uk.
- **Sort out Council Tax.** You should inform the local authority that you have moved in for Council Tax purposes. Again, specify the exact date that you moved in and make it clear that you do not know the whereabouts of the previous occupants, and instead include the contact details of the lender that repossessed the property or the selling agent, if these details are not available. People who have been repossessed may have outstanding Council Tax debts, so you need to make it clear from the outset that these debts are nothing to do with you, as the new owner. Council Tax is charged on a daily basis and the charge will begin on the day that you move in or complete on the property. If you have purchased a property that requires a considerable amount of work to make it habitable, and you leave it unoccupied and unfurnished, you may not have to pay Council Tax, as the property will be exempt for up to six months while it remains in that state. But you do need to check that the property has not been empty for a six-month period prior to your ownership as the exemption will have already

been exhausted. Contact your local authority for more information or visit www.voa.gov.uk.

- **Sort out your TV licence.** Your TV licence does not automatically move with you when you move house. Therefore, you will need to notify TV Licensing as soon as you move into your new home, so that it can update your details to make sure that you are correctly licensed at your new address. It is important to do this as soon as you move into a repossessed property, as the previous occupants may not have paid their bill and this will be registered on the TV Licensing database. You can change your address quickly and easily by visiting its website. You will need to have your current TV licence number available to complete the form (www.tvlicensing.co.uk).

As you live in the property:

- **Check details held by credit reference agencies.** Although your credit rating should not be based on the property, if you apply for credit before the records have been changed on your new property, you may experience problems obtaining credit. This is because the lender uses the electoral register, held by the credit reference agencies, to confirm that the client lives at that address. If your name does not appear on the register at that property, you may be refused credit. The three main credit reference agencies in the UK are Callcredit (www.callcredit.co.uk), Equifax (www.equifax.co.uk) and Experian (www.experian.co.uk).
- **Change details held by credit reference agencies.** If you check your credit report and you find that there are inaccuracies or mistakes, you can take action to rectify the problem. Initially, you should contact the appropriate creditor, or lender, as it has standard procedures for customers who have a complaint. The situation should be resolved quickly if you are able to prove that a mistake has been made. You should keep records of all correspondence. If the problem cannot be resolved with the lender, you will need to contact the credit reference agency direct. The agency will conduct an investigation and alter the mistakes if the investigation is successful. Although the other credit agencies should, eventually, alter their records, this can take some time, so you may find it quicker to contact each agency to get your records updated.
- **Deal with debt collectors.** In some cases, and despite all your hard work informing the relevant people, debt collectors can hassle you when you move into a repossessed property, whether it is by telephone, letter or face-to-face. Creditors use debt collection agencies to chase debts, but they are not court officials and they do not have the same powers as bailiffs. They cannot enter your home, seize possessions, harass, intimidate or act in a threatening manner. If any debt collectors do this, you should report them immediately to the police or to your local authority's Trading Standards department. It is important to note, also, that debt collectors cannot pursue third parties for payment when they are not liable. Therefore, it is important that you keep all of the records of your house purchase, and the date you moved in, as well as proof of your identity, so that you can prove that you are not the person owing the debt. However, debt collectors should not demand this information and you are not obliged to provide it, unless you would like to do so because you feel that it will help your case. If a debt collector refuses to acknowledge that you are not the debtor and continues to pursue you for the previous occupant's debt, again, you should report

him to Trading Standards. Once you have informed a debt collector that you are not the debtor, he should cease all of his collection activities. For more information, visit www.tradingstandards.gov.uk.

- **Deal with outstanding bills.** If outstanding bills arrive through the post it is illegal to open letters that are addressed to someone else. Therefore, if the identity of the company is not clear from the envelope, you can find out who the electricity supplier is by calling your local distribution company. Each one keeps a record of who supplies electricity to every home in its area. When you contact the supplier, you need to speak to its Meter Point Administration Service (MPAS) and inform it of your address, including your postcode. Telephone numbers for the distribution companies are available on the Energywatch (Consumer Focus) website (www.energywatch.org.uk). For gas suppliers, call Transco's Meter Helpline on 0870 608 1524 and ask it for the name of your registered supplier. Once you have found out which utility companies have been used by the previous occupants, send them a letter with the exact date that you moved into the property and your meter readings for that date. Make it clear that you are the new owner and that you have no idea of the whereabouts of the previous occupants. Include contact details of the lender that repossessed the property (if you are able to obtain these) and ask that all correspondence relating to the previous owners is addressed to them. If you cannot obtain details of the lender, provide contact details of the selling agent instead. Keep a copy of the letter so that you can refer to it if problems should arise at a later date.
- **Deal with demands.** Unfortunately, some utility companies and other organisations take a long time to update their records and you may find that you receive several demands for previous bills. But you cannot open post that is not addressed to you, as Postwatch illustrate in the following quotation:

‘Postwatch appreciate that receiving post intended for individuals no longer living at an address can be irritating. Under the Postal Services Act 2000, a person commits an offence if he opens an item of post which he knows, or reasonably suspects, has been correctly delivered to the address - but addressed to a previous occupant. Royal Mail are obliged to deliver the post as addressed and advise that the only way to stop a mailing is at source. Score through the address with a pen and write on the front of the envelope NOT KNOWN AT THIS ADDRESS RETURN TO SENDER. Put the mail back into a post box - free of charge. If there is no return address visible, Royal Mail have a returned letter centre in Belfast where it is allowed to open the mail and repatriate with the sender. The relevant database should then be amended and the mailings stop. If no suitable recipient can be established, the item will be destroyed.’ Postwatch website, December 2007 (www.postwatch.co.uk).

Although you cannot open post addressed to a previous occupant, you should not ignore these demands. Return the envelopes in the manner described above and write again to the utility company explaining the situation. Again, keep all records of correspondence. In some cases, you may find it more successful to speak to the complaints department. If you are unable to resolve the issue, contact Energywatch and it will be able to act on your behalf to sort out the problems (www.energywatch.org.uk). Alternatively, you can contact the Energy Ombudsman,

who will be able to decide what action should be taken (www.energy-ombudsman.org.uk).

More information about buying a repossessed property can be obtained from *The Complete Guide to Buying a Repossessed Property*, by Dr Catherine Dawson (Lawpack, £14.99). Visit www.cedawson.co.uk for more information about this book and www.lawpack.co.uk to buy a copy of the book.