



Mortgage Network

The Deal Club

Broker Guide to the UK Property Auction Market

Helping brokers structure and fund auction purchases with confidence.

Introduction

Property auctions remain an important part of the UK property market, offering opportunities for investors and developers to purchase property quickly. Once the hammer falls, the buyer is legally committed to complete the purchase, typically within 28 days. Because of these compressed timelines, auction purchases often require specialist finance solutions such as bridging finance or bridge-to-let structures.

Understanding the UK Auction Market

Traditional Auctions: Exchange of contracts immediately when the hammer falls, 10% deposit payable, completion typically within 28 days.

Modern Method of Auction: Reservation fee structure, completion typically within 56 days, greater flexibility but funding still needs to be arranged quickly.

Why Auction Purchases Need Specialist Finance

Many auction properties cannot be funded using standard mortgages due to refurbishment needs, non-standard construction, title complexities or mixed-use elements. Specialist finance such as bridging loans can allow buyers to complete quickly before refinancing.

Pre-Auction Checklist for Brokers

Ensure the legal pack has been reviewed by a solicitor, deposit funds are available, the exit strategy is clear, property condition understood, and finance options explored before the client bids.

Finance Options

Bridging Finance: short-term lending designed for speed.

Bridge-to-Let: bridging loan with pre-agreed buy-to-let exit.

Refurbishment Finance: funding for property improvements before refinance.

How The Deal Club Supports Brokers

The Deal Club assists brokers with structuring specialist property finance transactions, accessing specialist lenders, packaging support and guidance on exit strategies.

Key Risks

Auction purchases may involve structural issues, planning restrictions, tenancy complexities or unexpected refurbishment costs. Clients should always obtain independent legal advice before bidding.

Example Funding Structure

Example: Purchase £250,000, refurbishment £40,000, post-works value £375,000.

Bridging loan used to acquire and improve property before refinancing onto a buy-to-let mortgage.

Key Broker Takeaways

Confirm legal pack review, deposit availability, finance in principle, exit strategy and refurbishment costings before auction.

Needing Help from Us

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