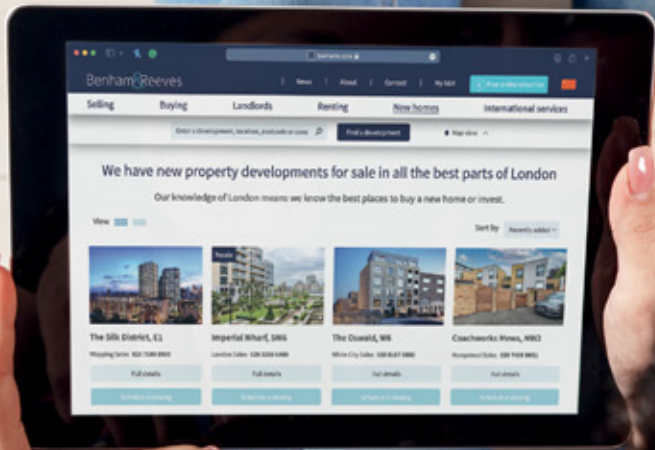




Step-by-step guide to
Buying a UK property
for Indian homebuyers & investors





STEP-BY-STEP GUIDE TO BUYING PROPERTY IN LONDON FOR INDIAN HOMEBUYERS & INVESTORS

London is one of the world's major financial hubs and is truly an iconic investment destination favoured by Indian property buyers for several reasons: secure property tenure, lifestyle, safety, diversified property portfolio, transparency, culture and education.

With prices comparable to South Mumbai or Delhi's grander properties, London homes are becoming a lucrative option for Indian buyers.

Unlike in other countries, buying a property in the UK is relatively straightforward. Benham & Reeves is the ideal partner for overseas buyers and investors, offering expertise at each point of the cycle of residential investment in the UK. We have local offices in Mumbai and Delhi, where agents with extensive expertise and market knowledge can assist you in purchasing the property of your choice.

The buying process starts with guidance on what to purchase, assistance with documentation and lawyers, managing the handover from the developer, furnishing and preparing the property for rental if necessary. We then follow through by providing assistance with lettings and property management, including advice on tax matters or the sale of the property if you wish to sell.

It helps that English is the business language in both countries. However, if you are uncertain about the steps involved in acquiring a property in the UK's Capital, this guide is for you.



The first step towards purchasing a property for an Indian Citizen is to plan their finances well in advance and be ready for fund transfer when the time comes to remit money from an Indian bank account. Before you start looking at properties, we recommend you arrange your finances so you know how much money you can set aside for the purchase in the fiscal year.

There are different ways through which an Indian can own a property in London:

a. Purchased with remittances made under the **Liberalized Remittance Scheme (LRS)**. Indian residents, including minors, can freely remit up to **\$250,000 per person, per financial year** (April to March) for any permissible current or capital account transaction or a combination of both, including purchasing a property. One can club the LRS limits of **four people** and buy a property jointly in four names, bringing the total remittance value to **\$1 Million** per financial year.

Remitter / Buyer	Remittance in Financial Year 1	Remittance in Financial Year 2
Family Member 1	USD 250,000	USD 250,000
Family Member 2	USD 250,000	USD 250,000
Family Member 3	USD 250,000	USD 250,000
Family Member 4	USD 250,000	USD 250,000
Total	USD 1,000,000	USD 1,000,000

b. Under section 6(4) of FEMA, an individual categorised as an **NRI** (Non-Resident Indian) is eligible to purchase property overseas.

c. As an **inheritance** or gift from a person referred to in sec 6(4) of FEMA; not exceeding the LRS limit of above \$250,000 per person, per financial year.

d. Purchased with balances in the **Resident Foreign Currency** (RFC) account of the resident maintained in India.

e. **Jointly owned** with a relative, provided there is no outflow of funds from India.

f. By an **Indian company** having extended overseas offices (as a business extension) or operational UK Company, for housing its business or for the residence of staff or employees.



STEP

2

Mortgage Eligibility

Foreign Exchange Management Act (FEMA) restricts Indian residents from borrowing mortgages against any immovable property outside India without permission from the Reserve Bank of India (RBI).

However, the restriction does not apply to these Indian residents — as they can own an immovable property:

- a) People who are not Indian citizens or are Foreign National – but reside in India and own an immovable property outside India
- b) Residents of India who acquired the property on or before 8th July 1947
- c) If the property is acquired on a lease not exceeding a period of five years
- d) A Non-Resident Indian can buy and hold immovable property overseas under Section 6(4) of the FEMA. A person resident in India can hold, own, transfer, or invest in any immovable property located outside India if, at the time of purchase, they were classified as NRI or inherited from a person resident outside India.

STEP

3

Documentation

When buying a property in the UK as an Indian investor, you will require a few documents with all the buyers' names:

- i. **Proof of Identity:** Current Passport (Valid UK visa is not mandatory)
- ii. **Proof of Address:** Utility Bill, Driver's License, Bank, Building Society or Credit Union Statement, Tenancy Agreement (any one + dated within the last three months)
- iii. **Proof of Funds:** 03-06 months' bank statements where money will be remitted from, for the purchase
- iv. **Supporting documents to show the source of funds:** Accumulated over time like Income from Salary, Business Income, Gifts, Fixed Deposits, Sale Of Property, Sales or Liquidation of Investment Portfolio, Company Profits, Dividend Payment, Inheritance, Insurance Policies, Retirement Income, etc.
- v. **Form (A2) Annexure 1:** This is the declaration of remittances or purpose of remittance, along with necessary forms required by the local bank in India.

All these documents are to be certified by a currently practising professional people such as

- **Licensed Conveyancer** or **Solicitor**
- **Chartered Accountant** with a practising certificate
- **Qualified lawyer** or **Attorney**
- **Notary**

STEP

4

Narrow Down Your Search

With our **local offices in India**, we make the process of buying the property in the UK straightforward. But you first need to help us identify these parameters:

- **Purpose of purchase:** Whether it's for self-use or investment.
- **Size:** How many bedrooms and bathrooms do you want?
(*Note: for investment, one and two-bedroom are the easiest to rent out + better rental yield*)
- **Location:** As London is a large city made up of 32 different boroughs, you need to identify which area you want to buy the property in — it can be central London, or slightly further out
- **Type- New or Old:** Do you want an older property, a brand-new property off-plan (which will be completed in the future), or a recently completed property within a new development?

Understanding Leasehold – Many properties in London are leasehold, but that doesn't mean you don't own them. In general terms, the reason the property is leasehold is that there is an area of the community where various people effectively live under the same roof and, as such, need to contribute towards the cost of repairing the structure of the building, the roof or any other communal areas or facilities. Lease terms vary, but most new developments grant properties with leases for **125 to 999 years today**.

STEP

5

Know Your Budget

Once you identify the budget you are willing to spend and remit overseas from your Indian bank account to buy your property (*under the LRS scheme*), you need to take note of all the **additional costs** involved when purchasing a property in the UK:

Element	Details of the Outflows on Purchase of Property
Purchase Price	Is the price paid for the apartment after discount (<i>if any</i>) to the developer or seller
Legal Fees to the UK Solicitor	£1,800 - £4,000 approx , depending on the property area and value <i>In the UK, all property documentation must be prepared and vetted by UK Solicitors only.</i>
Property Maintenance Charges	<ul style="list-style-type: none"> • Annual Service Charge (est. £3 - 6 per sq ft.) • Annual Ground Rent (est. £200 - 600) To be paid every year to the developer as maintenance charges. <i>For the first year, it is to be paid in advance along with the property purchase price.</i>
Stamp Duty Land Tax (SDLT)	For Non-UK Resident Individuals: <ul style="list-style-type: none"> • On property value of £300,000 - Tax @6.67% i.e. £20,000 • On property value of £500,000 - Tax @8% i.e. £40,000 • On property value of £700,000 - Tax @8.57% i.e. £60,000 <i>For more, visit https://www.benhams.com/calculator/stamp-duty/</i>
Disbursements Miscellaneous	£500 - £700 appx Includes transaction or miscellaneous charges to be paid to the solicitor or other parties, such as insurance, developer's solicitor engrossment fees, search or due-diligence fees, transaction handling charges etc.
Mortgage Lender's Fees	1% of Loan amount approx. To be paid to the mortgage lender in case you need financing
Furnishings	<i>(Optional)</i> We have an in-house furnishings arm that also caters to all kinds of home designs. <i>For more, visit www.instyledirect.com</i>

STEP

6

Viewing &
Shortlisting
Properties

While you are short-listing properties, viewing becomes integral to decision making. Once you have selected/narrowed it down to a few options, our team can arrange viewings for you.

- **Physical Viewings:**

We have 19 local offices covering most of central London and a team of 200+ experts who can arrange in-person property tours. Once we have your travel dates to London, we can plan an itinerary for guided physical tours of the shortlisted properties. The viewings help you better understand the properties, amenities, and surrounding areas.

- **Virtual viewings:**

Our team can even discuss all the property details virtually through video calls (Zoom or WhatsApp). We can give you a one-to-one personalised virtual tour of the properties you're interested in, including viewing photos, videos, floor plans and layout, strategic apartment selection and the views from apartments and the development.

STEP

7

Making an
Offer &
Reservation

Once you have selected the property you want to buy, we discuss the offer you wish to put across and accordingly present your offer to the developer or seller.

Things to consider before making an offer-

- a) **Resale** or completed properties: Require full payment when you make an offer and exchange contracts. In contrast, under-construction properties will have staged payments subject to development timelines.
- b) **Under-construction** or off-plan properties: Pay the initial **reservation fee**, also known as **token money**, to reserve your choice of property. Post that, you have 28 days to exchange contracts and pay 10% of the property purchase price.

STEP

8

Instructing the Solicitor

All property transactions in the UK are to be conducted via a solicitor. We work with several independent lawyers and can recommend a list of solicitors or conveyancers who have extensive experience with such property transactions. Once the property is reserved, your solicitor or conveyancer will organise all the necessary documentation and look after your interests during your new home purchase.

The documents needed by the solicitor are

- I. **Proof of Identity:** Current Passport (Valid UK visa is not mandatory)
- II. **Proof of Address:** Utility Bill, Driver's License, Bank, Building Society or Credit Union Statement, Tenancy Agreement (any one + dated within the last three months)
- III. **Proof of Funds:** 03-06 months' bank statements where money will be remitted from, for the purchase
- IV. **Supporting documents to show the source of funds:** Accumulated over time like Income from Salary, Business Income, Gifts, Fixed Deposits, Sale Of Property, Sales or Liquidation of Investment Portfolio, Company Profits, Dividend Payment, Inheritance, Insurance Policies, Retirement Income, etc.
- V. **Form (A2) Annexure 1:** This is the declaration of remittances or purpose of remittance, along with necessary forms required by the local bank in India.

STEP

9

Acceptance of The Offer

- a) Once the seller accepts the offer, you will have to pay the reservation fee + sign the reservation form.
- b) Upon completing the reservation, the solicitor will prepare documents to exchange contracts.
- c) Exchange of contracts must happen within 28 days of reservation or as agreed upon reservation.
- d) As a buyer, you must ensure that the deposit amount is readily accessible and available at the exchange point before exchanging contracts.
- e) On completion or if possession is at a later date for an under-construction development, you will need to ensure that you have funds available for the total purchase amount, deducting the deposit paid.

STEP

10
Conveyancing

Conveyancing is a process where the lawyer or solicitor enables the process of buying and selling in the UK. The process generally involves:

- a) The seller's solicitor provides your solicitor with a copy of the Title Deed laid with legal terms and conditions.
- b) Your solicitor or conveyancer will organise all the documentation and look after your interests during the new home purchase and raise any queries on your behalf.
- c) Solicitors can also request local searches, furniture fixtures, and facilities provided within the development and property.

STEP

11
Exchanging
Contracts

Until this step, all the work carried out was not **legally committed** by both the buyer and seller. However, post the exchange of contracts, both the parties are legally bound to the terms and conditions agreed upon.

- a) Generally, the exchange takes place within 28 days from the reservation date.
- b) The agreed deposit, which is usually 10%-20%, is paid at this point of contract exchange.
- c) With off-plan or under-construction properties, the payment is usually paid in an agreed-upon due course of timelines.

STEP

12
Snagging or
Inspection Of
The Properties

For any off-plan properties where you would be a first-time owner, it's vital that someone inspects the property before handover — this process is called snagging or pre-inspection.

- a) The inspection meeting is usually held with the developer, and a snag list with a fully comprehensive list of items is provided.
(A snag list is a list of items that have not been completed satisfactorily by the developer or contractor, and it highlights damaged works that must be repaired. The list can include anything from cosmetics like paint splashes to improperly hung doors to leaks.)
- b) During this meeting, all features of the purchased property will be demonstrated to you, including central heating and hot water systems, lighting, switches, electrical consumer units, etc. In case of any deficiencies, the same can be brought to notice and fixed by the developer.

STEP

13 Completion of Purchase

Completion is when you transfer the balance payment to the solicitor i.e.
Total Purchase Price – Deposit on exchange = Balance payment

Then your solicitor transfers this balance of payment to the seller's solicitor's account.

Congratulations on completing the purchase & being a legal owner of a property in the UK!

STEP

14 Stamp Duty

Once the property is purchased, you are required to pay a percentage of the property as Stamp Duty within **14 days** of exchanging the contracts. The amount is calculated by your solicitor, who will also prepare your stamp duty land tax return.

Check out our handy Stamp Duty Calculator [here](#).

STEP

15 One stop service

- I. **Furnishing & Refurbishment:** Instyle Direct, a sister company of Benham & Reeves, provides complete furnishing and interior design solutions to furnish investment (low-cost designs to appeal to tenants) and self-use (complete interior design solutions) properties. Instyle Direct also offers refurbishment services, such as repainting, changing a bathroom or kitchen, or a total renovation, handled by its in-house team.
- II. **Lettings:** We offer lettings services and find the best calibre tenants ready to pay the highest rent. With 19 offices in London, we cover all areas investors look to buy in and let.
- III. **Management:** We collect the rent and pay it to your account, deal with any maintenance issues and ensure the tenant looks after the property.
- IV. **Bill Payments:** We pay service charges, ground rent and utility bills without making it a hassle for you.
- V. **Tax return service:** Preparation of personal tax returns for our overseas clients.





London

Canary Wharf
City
Colindale
Dartmouth Park
Ealing
Fulham
Hampstead
Hammersmith
Highgate
Hyde Park
Kensington
Kew

Knightsbridge
Nine Elms
Shoreditch
Southall
Surrey Quays
Wapping
Wembley
White City
Woolwich

International

China
Hong Kong
India
Indonesia
Malaysia
Middle East
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Qatar
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