

## **0 % commission on-line – is selling a house really so simple?**

### **It is simple (i.e. foolish) – if the agent (or the seller) ends up worse off !**

These days it seems that almost anyone, irrespective of experience or qualifications, can set up a website purporting to sell houses. Usually they have nothing to lose, apart from lots of money – but usually other people's money.

**What better way to lure house sellers than by offering 0% commission?** When the agents inevitably lose money, after drawing their own salaries, it won't be them who suffer, so why worry? They claim it's simple, yet none have so far managed to turn a profit - most end up losing millions of pounds each year. **Many have already gone out of business**, yet the madness continues.....at least until the regulators catch up or investors give up.

### **Why should sellers worry about that ?**

**Always look a gift horse in the mouth!** Remember the old saying? Perhaps you should start with the on-line agent's website, after all you can't pop into their local office to check them out ( let's face it, you wouldn't be welcome anyway ).

They may offer 0% commission - yet they also offer easy payment options. Why the contradiction? Because of all the **expensive optional extras**, of course, ranging from Viewings, Energy Certificates, replacement sale boards etc. No mention of prices for any of these extras on their website or the degree of mark-up, but take it from us, the extras aren't cheap.

### **Above all, watch out for those hidden referral fees !**

**Most on-liners make money from referral fees**, paid to them should seller or buyer opt for their expensive conveyancing, either on sale or purchase, or even both. Typically you might pay £795 plus vat (£954) per transaction, **perhaps £300 - £400 above the local going rate**, to reflect an **in-built referral fee**. Yet no mention of this is made of this on their website, despite disclosure being recommended as best practice by estate agency regulators. Some on-liners even have the audacity to describe their conveyancing package as 'low cost'. Not in Yorkshire it isn't !

**The irony is that if you opt for most of the optional extras, all with hidden in-built referral fees, your overpayment would be similar to the sale commission you might typically pay should you choose a traditional local estate agent !** Yes, the agent who will work hard to ensure you get the best price and service! That is why the Government is now demanding openness and transparency with referral fees, because they are distorting normal market competition and misleading home sellers when they are choosing an agent.

Sellers may not be getting the bargain they think they are getting and that is simply wrong.

We mentioned above that **a traditional agent is more likely to achieve a better price than an on-line only agent** and that is according to independent studies, not just our opinion. So it's not just the agent who stands to lose, but the seller too! **That's just one of the catches.**

( go to <https://www.theadvisory.co.uk/estate-agents/online-vs-high-street/> )

### Claims about standards

Any agent can make unsubstantiated claims about high standards, but the proof of the pudding is in the eating. Some on-liners claim to adhere to the Property Ombudsman Code of Practice, even citing adherence to legislation which has long since been superseded. That bit really is simple.

Others breach the recently updated industry Code of Practice which is trying to promote open disclosure of referral fees. **Such hidden fees are the main source of income for some on-line only agents, so disclosure of referral fees poses a very real threat to their survival,** especially if it becomes law rather than just best practice.

### Exclusion of liability

**Here's another catch with some on-liners - responsibility for just about anything which could go wrong is pushed onto you, the seller.** In these litigious times, there are significant risks to house sellers posed by the Consumer Protection Act, and common questions normally asked by potential buyers about a whole range of matters relating to your home.

That's why home sellers really should seek the guidance of experienced agents with sound local knowledge. **Using an agent with no local office or limited local knowledge could prove very risky and a costly mistake indeed if things go wrong.**

### Conclusion

House selling probably is simple for those who aren't in it for the long term, and where the agent has no liability for mistakes, and no incentive to achieve the best outcome. **Is that why so many on-liner's boards seem to lack a 'sold' slip?**

**It is far from simple** if your agent is honest and open about referral fees and other mark-ups and works hard to ensure sellers get the best service and outcome.

It's the difference between being professional or unprofessional, or being transparent or opaque when dealing with customers. Some house sellers will instinctively know the difference, unfortunately most others **will only find out through simple trial and error.**

**In the meantime, until the word gets round, it is down to those who know the difference to help make as many sellers aware of the potential pitfalls of online only agents, BEFORE they commit.**

**We are not saying all of the above apply to all on-line only agents. Please make your own enquiries, read the small print thoroughly and ask questions before you decide who will get the best results for your house sale.**