

## 0 % commission on-line – who ends up taking the hit/strike?

**Unfortunately it could be you, your buyer or even both of you !**

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 they are taking a strike at estate agents commission, yet none have so far managed to turn a profit - most end up striking an own goal and 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 .

They may offer a seller 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, professional photography 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.**

Some sellers report almost £400 for professional photography when the true cost is £50.

**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 'awesome'. Yes, awesomely expensive we think!

**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 high, distorting normal market competition and misleading home sellers when they are choosing an agent.

## What is the hidden catch ?

These firms only offer a 'basic core service' for free but they still have staff to pay. Yes, **commission hungry staff who need to sell extras, insurance and mortgages to survive.** The only persons they can target are you, the seller and your buyers - so both sellers and buyers need to beware. Streetwise sellers may be able to cope with this but your buyer will also be seen as a source of commission. If your buyer is persuaded into expensive conveyancing and possibly insurance and a mortgage too, then the agent will end up having a **bigger vested financial interest in your buyer than in you the seller.** A classic 'conflict of interest' which could end up working against you and **costing you money** if survey or other issues arise, as indeed they often do.

Many buyers speak of a 'nightmare' experience in trying to view or being subjected to sales pressure to use other expensive services. **This can only have a negative affect on their bid level for your home, meaning sellers may easily end up worse off in the end.** Yet sellers are being told they will save money!

## 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

Sorry, but receiving a good house selling service for free is a **marketing illusion** which many sellers fall for. Sellers may think they are saving money on fees but in most cases they are probably losing the same or more on ultimate price achieved, **without actually realising it.**

Hopefully, it won't be much longer before Trading Standards come to the rescue and strikes back, forcing all fees, charges and referral fees both for sellers and buyers to be disclosed in advance on an agent's website.

That would be really good news both for traditional estate agents **and** the consumer.

**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.**