

Understanding property surveys



Surveys are designed to give you the information you need to make an informed and sensible offer on your future home. Both Consumers' Association publishers of Which? Magazine and The Council of Mortgage Lenders **advise you to arrange a survey before buying a property** – don't just rely on a valuation.

This guide explains:

- **What you can expect from each type of property report**
- **How to choose a surveyor**
- **What to do if you are not satisfied with your survey report or surveyor**

What are valuations and surveys?

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Valuation

A valuation is an inspection carried out on behalf of your mortgage lender to determine the amount and terms of a mortgage offer. Your mortgage lender will probably ask you to pay for the valuation and will send you a copy of the report.

A valuation is not a survey. It's a limited inspection to identify problems that affect the security of your mortgage lender's loan. A property can have defects that are critical to a prospective buyer, but are not of concern to the mortgage lender and therefore won't appear in a valuation report. That's why **you should not just rely on the information provided by a valuation** when deciding whether or not to purchase a property.

What are valuations and surveys?

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Survey

You should have a survey carried out on the property you intend to buy, and carefully consider its results before entering into a contract to buy it (or before making an offer in Scotland). Depending on the seriousness of any defects and the cost of necessary repair work, you could try to re-negotiate the purchase price to reflect the cost of repairs in your offer or decide not to purchase the property at all.

Surveyors should comment on all parts of a property that are readily accessible but they are not obliged to inspect areas that are difficult to access. They won't lift carpets, shift furniture, use a ladder to inspect the roof or move items stored in the loft.

Similarly, since most surveyors are not experts in electrics or plumbing, they won't test services such as the wiring and water supply. However, they may comment on their condition. Where necessary, surveyors will recommend that an expert examination be carried out.

Different types of survey - there are two main types of survey:

- 1 Homebuyer Survey and Valuation (also known as HSV, HBSV or Homebuyer report)
- 2 Building Survey

The Homebuyer Survey and Valuation Report (HSV)

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An HSV is a service carried out to a standard format, defined by The Royal Institution of Chartered Surveyors (RICS), designed for properties built after 1900, which are of conventional construction and in reasonable condition.

An HSV includes the following information:

- The property's general condition
- Any significant defects, in accessible parts of the property, which may affect its value
- Urgent and significant matters that need assessing before entering into exchanging contracts (or before making an offer in Scotland) including recommendations for any further specialist inspections
- Results of testing walls for dampness and timbers for damage including woodworm or rot
- Comments on the existence and condition of damp-proofing, insulation and drainage (although the latter will not be tested)
- The recommended reinstatement cost for insurance purposes (the anticipated costs of re-constructing a building in the event of damage by an insured risk eg fire). This is not the same as the market value of the property
- The value of the property on the open market

An HSV is not a detailed survey of every aspect of the property and **focuses only on significant and urgent matters**. It's not suitable for properties built before 1900, those in need of renovation or that you are planning to extend.

A building survey is a **comprehensive inspection** suitable for all properties but especially recommended for:

- All listed buildings
- Those built before 1900
- Any building constructed in an unusual way regardless of its age
- Properties you are planning to renovate or alter in any way
- Properties which have already had extensive alterations

A building survey involves a detailed examination of all accessible parts of a property and can be tailor-made to suit your individual needs and concerns.

A building survey includes the following:

- All major and minor faults
- The implications of any defects and the possible cost of repairs
- Results of testing walls for dampness and timbers for damage including woodworm or rot
- Comments on the existence and condition of damp-proofing, insulation and drainage (although the latter will not be tested)
- Extensive technical information on the construction of the property and details about materials used in construction
- Information on the location
- Recommendations for any further specialist inspections

A building survey does not include a valuation, although your surveyor should be able to provide a separate valuation report if required.

What do you want to find out?

Before the survey, **talk to your surveyor** about any specific information you would like to know, for example, whether or not it would be feasible to make any structural alterations. You should also mention any specific areas for investigation, such as testing the drains or checking for woodworm. If your surveyor isn't qualified to do this, they should be able to arrange for another specialist to do so.

Make sure you fully understand what is and isn't automatically included in the survey. Read the terms and conditions carefully, and double-check with your surveyor if you are unclear about anything.

Getting advice - recognising a professional surveyor

Chartered surveyors are members of The Royal Institution of Chartered Surveyors (RICS). They can be identified by the letters MRICS and FRICS (professional members and fellows of RICS) or TechRICS for technical surveyors.

Chartered surveyors are professionals whose academic qualifications and training have been approved by RICS. They follow a strict code of ethical conduct and professional standards. To find a chartered surveyor in your area, call the RICS Contact Centre on **0870 333 1600** or log onto the website **www.rics.org**.

The costs

The cost will depend on what type of survey you need. Prices will differ according to the type and value of the property, its size, age and the complexity of the survey.

If a valuation or survey is being arranged on your behalf, perhaps by a bank or building society, they may charge an administrative fee for this service. You are entitled to know the amount of the fee being paid to the surveyor and the amount being retained by the lender.

Why you should consult an RICS surveyor

- RICS members are **qualified and experienced** professionals
- They offer independent, **impartial** advice
- RICS members who offer surveying services to the public must have **professional indemnity insurance**. If you have a valid claim against a chartered surveyor, that person or their firm will be covered by an appropriate policy
- All chartered surveyors follow strict rules of conduct, which are enforced by RICS

The RICS Rules of Conduct provide you, as a client of a chartered surveyor, with the additional **protection** of a formal complaints handling procedure. A statement that they operate a complaints procedure should be included in their standard terms and conditions. This procedure must be provided to you if you request it. RICS sets out a minimum standard for complaints procedures which includes timescales within which a complaint will be dealt with.

The procedure also provides you with an alternative to court action if you remain dissatisfied. All chartered surveyors must agree to implement the independently run Surveyors Arbitration Scheme if the client wants to use it.

RICS itself takes all complaints received about chartered surveyors' conduct very seriously. It considers allegations of professional misconduct in the context of the rules of conduct.

You can get more information on the complaints procedure or the rules of conduct from RICS on request.

For further information about surveys or to find a chartered surveyor in your area call the RICS Contact Centre 0870 333 1600 or log on to www.rics.org

Service	Lender's valuation	Homebuyer report	Building survey
Type of property	All – a valuation is required by most mortgage lenders	Properties built after 1900 of conventional construction in reasonable condition	Suitable for all properties but particularly recommended for <ul style="list-style-type: none"> • listed buildings • those built before 1900 • buildings of any age constructed in an unusual way • properties which have been renovated or which you are planning to alter or renovate
Type of service	A very limited inspection solely for the benefit of the lender	This is a mid price, mid range service, which uses a standard form to focus on urgent and significant matters	A detailed and comprehensive report which can be tailor made to suit your needs
Purpose of service	To determine value and pin-point major faults and factors which may affect the amount and terms of your lender's mortgage offer	<ul style="list-style-type: none"> • To allow you to make a reasoned and informed judgment on whether to proceed with purchase • Assess if the property is a reasonable purchase at agreed price • Be clear as to decision and actions taken before contracts are exchanged 	<ul style="list-style-type: none"> • To provide you with a report detailing the condition and construction of the property. • To give you technical advice by highlighting the implications of defects and remedial action needed

Service	Lender's valuation	Homebuyers report	Building survey
Additional features of service	None	Focuses on urgent and significant matters	<p>Details of property construction, materials used and all major and minor defects.</p> <p>Can be tailor made to suit your needs.</p>
Valuation included?	Yes	This is an integral part of the survey	No, but is easily arranged as an optional extra.
Format of report	Lenders will generally use their own standard forms	Standard format as defined by RICS	Detailed report in surveyor's own format or one that you specify.

Contact details

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