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Residential Abortive Transaction Insurance

Frequently Asked Questions

1. What is Residential Abortive Transaction Insurance?

Residential Abortive Transaction Insurance provides cover for costs incurred during the house buying and selling process, such as conveyancing fees, survey/search fees and mortgage lender fees, in the event of the purchase and sale of a residential property falling through.

2. What are the cover limits?

For the Home Buyers product, the cover is limited to:

- £1500 for home buying costs to cover:
 - Mortgage lender arrangement fees
 - Mortgage lender valuation fees
 - Conveyancing fees
 - Survey fees and searches
 - Disbursements
- £300 for mortgage advisor's fees
- £500 for alternative accommodation

For the Home Sellers product, the cover is limited to:

- £1500 for home selling costs to cover:
 - Legal fees
 - Conveyancing fees
 - Disbursements

3. In what circumstances could a claim be made?

For the Home Buyers product:

- The seller accepts an alternative offer for the property
- The seller withdrawing for reasons beyond the control of the buyer
- The buyer having to withdraw due to:
 - i) An adverse legal search
 - ii) An adverse survey
 - iii) The mortgage lender's valuation of the property being less than 90% of the sum offered by the buyer
 - iv) Where the buyer was purchasing the property for the purposes of relocating for work, the employer decides to no longer move their premises from its original location
 - v) Unexpected involuntary redundancy
 - vi) The policyholder or family member dying or suffering an unforeseen illness or physical bodily injury caused by a sudden and specific accident

For the Home Sellers product:

- The buyer having to withdraw due to:
 - i) Reasons beyond the control of the buyer
 - ii) An adverse legal search
 - iii) An adverse survey
 - iv) The mortgage lender's valuation of the property being less than 90% of the sum offered by the buyer
- The seller or buyer having to withdraw:
 - i) Where the buyer was purchasing the property for the purposes of relocating for work, the employer decides to no longer move their premises from its original location
 - ii) Unexpected involuntary redundancy
 - iii) The policyholder or family member dying or suffering an unforeseen illness or physical bodily injury caused by a sudden and specific accident

4. What are the main exclusions?

There is no cover for:

- Claims arising before the insurance started
- Claims during the first 24 hours of cover
- Transactions not declared in the timeframe outlined
- Any voluntary withdrawal from a transaction
- Claims that occur as a direct result of a delay caused by the policyholder
- Flood risks
- Title defects

5. How long does the cover last for?

The cover will automatically cancel at the earliest occurrence of the following:

- 12 months from the inception date; or
- the date on which the first transaction is successfully completed and no claim is made under the policy; or
- the date on which the second transaction is successfully completed and no claim is made under the policy; or
- the date on which costs and expenses are paid under this insurance for the third transaction and the claim is closed or where the maximum amount payable is reached for the third transaction which results in the claim being closed.

6. When should this cover be purchased?

Residential Abortive Transaction Insurance should be purchased prior to or at the time a solicitor or licensed conveyancer is instructed to commence conveyancing work with the intention of completing the purchase or sale of the residential property.

7. Can Residential Abortive Transaction Insurance be purchased after a survey or search has been completed?

No, the cover cannot be taken out after a survey or searches have been completed as there may be prior knowledge of something existing that would affect the purchase being completed.

8. Does the policy cover properties being purchased in Scotland, Northern Ireland or abroad?

No, the property being purchased or sold must be located in England and Wales.

9. Can this cover be purchased for a buy to let or commercial property?

No, the property should be a private, residential dwelling.

10. What if I change my mind, can I cancel my cover?

a) Cooling-off period

You can cancel this insurance, without giving any reason, within 14 days of the inception date or within 14 days of receiving your policy documents, whichever is later. If you wish to exercise this right, you must notify the administrator. You will be entitled to a full refund of premium paid as long as you have not made a claim under this insurance.

b) Outside the cooling-off period

You can cancel this insurance at any other time, subject to providing the administrator with 7 days' notice. As long as you have not made a claim under this insurance (or are not aware of any event or circumstance which could give rise to a claim under this insurance) and subject to the terms of business between you and the administrator, you may be entitled to a partial refund of premium.

11. How is the premium calculated?

The premium is calculated per residential property transaction in the territorial limit. So, if you were buying a property and selling a property at the same time and wanted to enjoy protection on both transactions, you would need to pay a premium for the purchase transaction and another premium for the sale transaction, plus Insurance Premium Tax at the prevailing rate.

12. When do premiums become payable?

The premium is payable by the customer in full on or before the date on which insurance cover incepts. At the end the month for which that policy was incepted, you will submit a bordereau of all bound insurance risks and remit the net premium to us (the premium paid by customer less your agreed commission), plus Insurance Premium Tax at the prevailing rate. IPT is payable on the retail premium paid by the customer.

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