



How to buy a leasehold guide

A guide for current and prospective leaseholders in England

Hanover


HM Government

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When considering buying any property, you should always seek independent legal and financial advice.

This information is frequently updated. Search on GOV.UK for How to Lease to ensure you have the latest version.

The online version contains links you can click on to get more information.

If you do not have internet access, ask your local library to help.

Freehold or Leasehold?

It is important to check whether the property you're looking at is '[freehold](#)' or '[leasehold](#)'. These are the main tenures in England.

- 'Freehold'** means you own a property and the land it occupies.
- 'Leasehold'** means you own the right to occupy a property for a fixed number of years, typically 99 years or more. It is used for properties bought through [Shared Ownership](#) or [Right to Buy](#).
- Houses can be held freehold or leasehold. Flats are generally held leasehold.
- There are also guides on [How to Rent](#), [How to Let](#) and [Renting a Safe Home](#).

Who is this guide for?

This guide is for anyone already living in a leasehold property or anyone thinking of buying one.



If you are [thinking of purchasing](#) a leasehold property, reading this guide in full before you buy will help you understand what your rights are, which questions to ask first, what your responsibilities will be and how to get help if things go wrong.

Links

This guide is best viewed online as it contains hyperlinks.



If you are reading this on a computer or tablet, you can click on the links to go to other websites with more detailed information.

They are coloured and underlined [like this](#).

On Android or Windows devices, links work better if you download Acrobat Reader from get.adobe.com/uk/reader.



What is leasehold?

Leasehold is a type of long-term tenancy; it is not the same as outright ownership.

When you “buy” a leasehold property, you do not become the owner of the property: you acquire the right to occupy it for the amount of time that is remaining on the lease. This guide uses “buy”, “buyer”, “sale” and “purchase” in that context.

If the property you are interested in is leasehold, this means you, as the buyer (i.e. the ‘leaseholder’) will be signing a contract which grants you the right to occupy a property for a fixed number of years. This length of time (i.e. the ‘term’) should be specified in the contract (i.e. the ‘lease’). The building structure and any common parts will be owned by the freeholder who is likely to be your landlord.

This guide only applies where there is a ‘long lease’, i.e. where the lease was originally granted for a term of more than 21 years. Where this is not the case, you should seek independent advice.

When a lease term reaches zero, the landlord may take possession of the property. There is some [security for leaseholders](#) who wish to remain resident and qualifying leaseholders have the right to rent the property at market rate. It is possible to extend your lease term – be sure to do this before it has only 80 years remaining. Leasehold properties are assets that lose value over time and it can cost a considerable amount to extend a lease, particularly once the remaining term is less than 80 years.

A lease is similar to other types of contracts. It is a private legal agreement between you and your landlord and sets out the rights and responsibilities of both parties.

You must both abide by the conditions set out within the lease.



When you're looking at properties

Is it leasehold?

The seller, estate agent or developer must tell you if the property is leasehold. They should disclose what this entails, including being upfront about lease length, any costs or fees and how these might change over time.



Do your research

You should know what your legal responsibilities will be before you agree to them by signing any legally binding agreement.

If the property is leasehold, find out as much as you can about it. Ask about the level of upkeep and maintenance which may be required and any outstanding service charges, for example. If you decide to buy the property, your conveyancer should send you a copy of the lease and details of current service charges. It is essential that you study very carefully all the documents that your conveyancer sends you. You should also consider appointing a surveyor.

Who is the landlord?

The structure and any common parts of the building will be owned by the freeholder who is likely to be your landlord. Your landlord could be an individual, a company, a local authority, a housing association or a company which is owned by some or all of the other leaseholders in the building. In the last of these, you may be able to become a member of that company; that is where you own a 'share of the freehold'.

Is it affordable?

Consider whether you need a mortgage or are eligible for the Government's Help to Buy Scheme. You should also ensure that you can afford potential additional costs such as ground rent (if applicable) and/or service charges.



Who is the managing agent?

If your property is leasehold, it may be managed by an agent on the landlord's behalf or by the landlord directly. You may be legally required to pay a 'service charge' to cover the cost of services – as set out in the lease.

Before you start the purchase process

Take legal advice

We recommend seeking independent legal advice from a solicitor. A conveyancing solicitor will act on your behalf to seek information about the property and, if it is within the scope of the work that they have agreed to do for you, will advise you on any risks or implications of a purchase. Although you can ask them questions about the property, they are likely to provide the relevant information on an 'LPE1' form – [here is a suggested list of solicitors](#).

Consider the timescale

Buying a leasehold property can take longer than you think. Try to agree a timescale with your solicitor/conveyancer from the outset and bear in mind that your mortgage offer may be time limited.



You must read the lease

It is essential that you read and understand the lease before you sign anything. The lease details conditions attached to the property plus your legal rights and financial and other responsibilities. Your conveyancer will give you a copy of the lease and should summarise the key responsibilities of both you and the landlord under the lease if that service is part of what they have agreed to do for you. You should also be able to get a copy of the lease from the Land Registry for a small charge.



Ready to sign?

Before you exchange contracts with the seller and set a completion date, make sure that you have taken legal advice, read your lease and that you are confident you understand the terms of the contract you are signing.

Consider a survey

We recommend that you commission a survey of the physical condition of the property. The Royal Institution of Chartered Surveyors has a [postcode search tool](#) for finding surveyors online.



Things to consider

How much does it cost?

Leasehold property will involve on-going financial obligations. As with any long-term financial agreement, you must ensure you can afford to make your payments in full and on time. If you don't, your home may be repossessed by your landlord through a process called forfeiture.

Ground rent

This is a sum you may be liable to pay to your landlord if you entered a lease before 30 June 2022 and it is a condition of the lease. This charge varies from one property to another. The amount that you are required to pay, and when, will be written into your lease.

The phrase 'peppercorn rent' has been used historically to mean a very low or small amount of rent. The Leasehold Reform (Ground Rent) Act 2022 defines it as an annual rent of one (actual) peppercorn.

The Act puts an end to ground rent for most new residential long leases and restricts ground rent to a 'peppercorn' if your lease is regulated. For more detail on which leases are regulated by the Act, please see the user guidance here. The changes to ground rent for retirement properties will come into force no sooner than 1 April 2023.

When you buy a leasehold property with an existing lease you should ask your solicitor/conveyancer to find out if and when any future increases in ground rent may be likely. You should also check that your mortgage lender is happy to provide your mortgage based on the proposed level of ground rent and the remaining length of the lease.

See [further information](#) on the Leasehold Reform (Ground Rent) Act 2022 and a glossary of key terms.

Service charge

This is a sum that you usually have to pay to your landlord towards the costs they incur for the services they provide, like repairs, gardening or cleaning of common areas; it can also include building insurance.

This charge varies from one property to another and is set by the landlord. The services covered will be listed in the lease.

- As a leaseholder you will become responsible for paying [service charges](#). You should ask your conveyancer to ensure that the previous leaseholder(s) have paid all service charges in full before you buy the property. That is particularly important because a landlord is in some cases entitled to forfeit the lease if service charges are not kept up to date, and you may only be able to save the lease by paying all of the outstanding charges and the landlord's legal costs.
- Your conveyancer should also find out whether there is likely to be any fluctuation in the level of service charge in the reasonable future, whether the landlord is planning any major building works that you will be expected to contribute towards, and how your share of these costs will be calculated.
- For buildings over 11m or 5 storeys, your conveyancer should find out whether there are any ongoing historical building safety defects, how they might be addressed and how much, if anything, you might be asked to contribute. This is because the Building Safety Act 2022 introduces legal protections for certain categories of leaseholders, and it is important that you understand whether these will apply to you before buying the property.
- If the service charge varies, depending on the amount spent by the landlord, you can [challenge it](#) by applying to the First-tier Tribunal (Property Chamber) to determine, amongst other things, whether it is reasonable or not.

Reserve or Sinking fund

You may be required to pay into a reserve or sinking fund if it is specified in your lease. This is normally a fund of money collected over a budgeted period and set aside to cover the costs of major works such as roof repairs, external decorations or lift replacement works. Building up a reserve or sinking fund helps avoid the need for unexpected additional contributions from leaseholders.

You may be required by the lease to contribute towards this fund through your service charge.

The amount that you may be required to contribute towards the sinking fund is not usually specified in the lease. It is normally decided by the landlord, taking into account the future costs that are likely to be incurred in maintaining and keeping the building in repair. However, the charge must be reasonable. Leaseholders have the right to challenge the amount that they are asked to pay, if it is unreasonable, at the First-tier Tribunal (Property Chamber).

Leaseholders will usually not receive any repayment from a sinking or reserve fund if they sell their property.

Landlords must hold all service charge and reserve/sinking funds in trust.

- You should ask your solicitor/conveyancer to find out whether any major works are planned, what exactly you are expected to pay for and how your share is calculated. Doing this before purchasing a leasehold property will help you avoid unexpected financial costs.
- You might consider requesting a statement from the landlord about the amounts held and use of a reserve or sinking fund.

Additional costs

Leaseholders may be asked to pay an administration charge to obtain their landlord's written permission before making alterations to a property. The landlord might also charge for making certain documents available, for the late or non-payment of ground rent or service charges, or in connection with a breach (or alleged breach) of a covenant or condition in the lease.

The Leasehold Reform (Ground Rent) Act 2022, which comes into force on 30 June 2022, bans landlords from charging administration fees for collecting any ground rent that is restricted by the Act.

You can [challenge a variable administration charge](#) by applying to the First-tier Tribunal (Property Chamber) to determine whether it is reasonable or not.

Potential future costs

You are likely to incur more solicitor/conveyancer's and surveyor's fees if, in the future, you [extend your lease](#), [buy the freehold of your property](#), or collectively buy the freehold of the building with a group of your fellow leaseholders – a legal process called '[collective enfranchisement](#)'.



What does the lease really say?

You should read the lease and seek independent legal advice on its content before purchasing a property. It's essential to check the lease to make sure you're happy to agree to it; if you break the terms of your lease the landlord may be entitled to [forfeit your property](#).

Try to find out any terms you are not happy with before committing to buy a property!

Conditions

Many leases require you to ask for permission if you want to sublet your property on short term lettings such as AirBnB, to make alterations or to keep pets. Others prohibit the running of a business from the property. In certain situations, the landlord is entitled to charge you a fee for considering whether to grant consent to requests that you might make.

Some lease conditions might make it harder to sell down the line. This is why you should ensure you fully [understand the conditions in your lease](#).

Time remaining

Most leases give the right to occupy a property for 99 or 125 years from when the lease was first granted – although some leases can be for as long as 999 years.

Whatever the length of the lease, the remaining term will decrease with each year that passes. When the lease runs out, all rights over the property will generally return to the landlord.

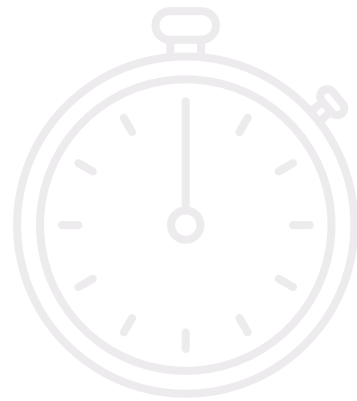
This means that the value of a leasehold property reduces as it approaches the end of the term. However, you may have a legal right to extend the lease, or buy the freehold.

If there are fewer than 80 years of the term remaining, the cost of [extending](#) it can be significant. This is because a '[marriage value](#)' charge has to be paid to the landlord as part of the cost of the extension.

Buying/Selling

A lease may specify certain restrictions or requirements that need to be met when a leaseholder wants to sell their property.

When buying a leasehold property, you could ask your solicitor/conveyancer to use the [Law Society's](#) template 'LPE1' form.



How does it work?

As a leaseholder, you have a unique set of rights and responsibilities.

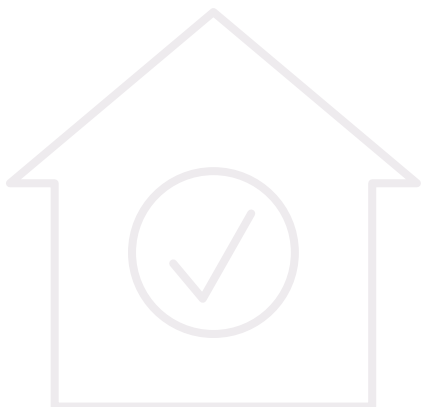
The landlord, through its managing agent, is likely to be responsible for running the building or development, but in certain situations, you may have a right to be consulted about works and services. You may also have a right to challenge your service charge and administration charges in the First-tier Tribunal (Property Chamber), although you should take independent professional advice before doing this. It is always best to try to resolve any dispute with your landlord without the need for formal legal action.

Managing Agents

Your landlord may appoint a managing agent. That agent will arrange the services, repairs, improvements, insurance and deal with day-to-day aspects of your building or estate's management.

On the other hand, the property may be managed by a company owned and run by a group of fellow leaseholders who have acquired the Right to Manage. That company may also appoint a managing agent to carry out its repair and other obligations.

Ask who the managing agent is and if they are a member of a relevant industry body or association. There are two 'Codes of Practice' which set out the law and best practice for managing agents in the leasehold sector. There is the [RICS code](#) for the residential leasehold sector and the [ARHM](#) for retirement housing. Where relevant, those codes can be taken into account at court or tribunal proceedings.



Repairs and maintenance

The landlord will likely be responsible for ensuring repairs are carried out and for organising any '[major works](#)' on the building like external painting or replacement of all the window frames.

By law, when major works that cost over £250 per leaseholder are proposed, your landlord must initiate a consultation process that begins with a written notice (called a 'Notice of Intention') that provides a general description of the works that are proposed. In most cases, you should be offered the opportunity to make formal observations on those works and to nominate a contractor to quote for the works. This is known as the 'section 20 consultation process', named after the section of the Landlord and Tenant Act 1985.

You should find out whether any major works are planned before you buy a leasehold property: you might have to start paying towards those works through your service charge as soon as you move in. You should also check if there already is a reserve/sinking fund to help too.

If you are in a building of over 11m in height or with at least 5 storeys you should also find out about whether there are any historical building remediation works, and plans to address them. The Building Safety Act 2022 introduces new protections for certain leaseholders and limits the amount that some leaseholders are liable to pay to address these defects; it is important that you understand whether these protections apply to your property before you purchase it.

Facilities

Is there an electronic entry system? If so, does it work? Where is rubbish and recycling stored? Is there centrally controlled heating? Some properties are part of a [leasehold retirement housing scheme](#) and offer tailored services. If applicable, you may be obliged to pay for these things through your service charge, so it's important to make sure you know what you should be getting for your money.

When you are a leaseholder

Your landlord must:

- Provide contact information:** The landlord must provide their name and address on every demand letter that asks for ground rent and service charges. If that address is not in England and Wales, they must also provide an address in England and Wales where notices can be sent to them. If they don't, you may be able to withhold payment until it has been correctly demanded.
- Provide financial information:** The lease may require the landlord to provide a budget at the start of the year and an annual statement accounting for leaseholders' service charge money spent at the end of the year.
- Tell you what your rights are:** The landlord must include a summary of your rights and obligations as a leaseholder with every demand letter that asks you for service charge or administrative charge payments.
- Consult on major works:** Before the landlord carries out work to the building that will cost you, or any one leaseholder, more than £250 the law requires them to follow a specified consultation procedure. This is called the section 20 consultation process. If the landlord fails to do this, they might only be able to recover £250 from you towards the overall cost of work.
- Consult on long-term (qualifying) agreements:** Before the landlord agrees a contract for any service over 12 months where the cost to any leaseholder is more than £100 per year, the law also requires them to follow the section 20 consultation process. Again, if the landlord fails to do so, they might only be able to recover £100 per year from you towards the cost of the contract.
- Further detail on the section 20 consultation process:** Further information about the prescribed consultation procedure is also available in an advice note published by the Association of Residential Managing Agents and the Leasehold Advisory Service.

The Codes of Practice on service charges in residential leasehold outline best practice that a landlord, RMC or managing agent should follow. Those Codes are government approved and can be used in tribunal cases as evidence of good practice.



A leaseholder's rights

Leasehold legislation has been altered and added to over time to give leaseholders a broader range of legal rights. Leaseholders can challenge their liability to pay variable service charges at the [First-tier Tribunal \(Property Chamber\)](#) and even take the [management of their block into their own hands](#). It is important to note that not all of the rights listed below apply to both flats and houses.

It is recommended that you seek independent legal and financial advice on your legal options before taking action.

Summary of costs (houses and flats)

A leaseholder can request a [summary of the costs](#) for the services and insurance that they have paid towards. Leaseholders also have the right to inspect invoices and other documents relating to the costs of the services, although they may be charged for obtaining this information.

Challenge charges (houses and flats)

Leaseholders can ask the [First-tier Tribunal \(Property Chamber\)](#) to decide on whether variable service or administration charges are reasonable and payable.

Right to Manage (flats only)

You and fellow leaseholders could set up a [Right to Manage Company](#) to [take charge of organising your own block's services](#) and can appoint your own managing agent. There are certain conditions which have to be met and this right does not exist where the landlord is a local authority.

Form a Recognised Tenants' Association (houses and flats)

This is where the leaseholders come together to represent their common interests, and can appoint a surveyor to inspect documents held by the landlord and inspect any common parts of the building.

Appointing a manager (flats only)

In certain circumstances, if the landlord has failed to comply with its obligations or has breached the Codes, leaseholders can ask the [First-tier Tribunal \(Property Chamber\)](#) to [appoint a new manager](#). This right does not exist where the landlord is a housing association or local authority.



□ **Extending a lease (houses and flats)**

There is a statutory procedure under which leaseholders who satisfy certain conditions have a right to buy a lease extension from the landlord, adding 90 years to their existing lease if in a flat and 50 years if in a house. The price for doing this is greater when a lease has 80 years or less remaining. The price is agreed between the leaseholder and landlord, or, if necessary, set by the [First-tier Tribunal \(Property Chamber\)](#). For details on ground rent and lease extensions please [click here](#).

□ **Buying the freehold (houses and flats)**

Under a different statutory procedure, leaseholders of a block of flats have a collective right to purchase the freehold under certain circumstances through a process known as [collective enfranchisement](#). A leaseholder of a house can buy its freehold too, by negotiation or [use of the law](#). Leaseholders considering extending their lease or buying their freehold should seek independent legal advice on their particular circumstances.

□ **Leaseholders can also collectively purchase their freehold (flats only)**

A further statutory procedure allows leaseholders to collectively acquire the freehold of the building in which their flats are situated. The price for this should be agreed between the relevant parties, but can be determined by the [First-tier Tribunal \(Property Chamber\)](#) if no agreement can be reached. This must be done collectively with fellow leaseholders to purchase the whole freehold – you cannot purchase a share of it.

□ **Right of first refusal (flats only)**

In some cases, where the landlord proposes to sell the freehold or part of their interest in the building, they must [offer it for sale to the leaseholders first](#). It is a criminal offence for the landlord not to do this. There are some exceptions to this requirement, including housing associations and local authority landlords.

□ **Right to vary the terms of a lease (houses and flats)**

A [lease can be varied at any time](#), with the agreement of all the interested parties. Otherwise, an application can be made to a Tribunal on the grounds that the lease does not make adequate provision for certain events or situations.

[The Leasehold Advisory Service \(LEASE\)](#)

is a Government funded body that provides independent advice on residential leasehold law and leaseholder rights. Initial advice to leaseholders is free.

Advice can be provided through the [website](#), via a telephone appointment with one of LEASE's advisers (020 7832 2500), or by [email](#).



If things go wrong

What to do if:

- You are having financial problems**, or are falling into ground rent or service charge arrears. Speak to your landlord or managing agent as they may be able to help and are likely to be more sympathetic if you talk to them about any difficulties early on. Should you need further help contact [Citizens Advice](#) or [The Money Advice Service](#) as soon as possible.
- You are unhappy with the quality of management** and an informal complaint has not been resolved, you should complain through the landlord's or managing agent's formal complaints procedure.
- You are a private sector leaseholder and have already complained formally:** Consider lodging an official complaint with a [redress scheme](#). Since October 2014 anyone involved in property management work, subject to some exceptions, is required to belong to a government-approved redress scheme.
- You are a leaseholder in the social housing sector** (this includes Housing Association and ex-local authority homes) and have already complained formally: you could contact a local councillor or MP to refer a complaint to [The Housing Ombudsman](#). Alternatively, you can contact The Housing Ombudsman direct if at least 8 weeks have passed from the end of the landlord's complaint process.
- The building is in an unsafe condition** and your landlord won't repair it. Contact your [local authority](#). They have powers to make landlords deal with serious health and safety hazards.
- You are concerned that the seller, estate agent or developer did not disclose material information** that was relevant at the time of sale. You may be covered by the Consumer Protection from Unfair Trading Regulations 2008. It is recommended that you seek independent advice on your circumstances before taking any legal action.

Going to a court or tribunal can involve a great deal of time and money; it should be regarded as a last resort. Try to resolve matters directly with the landlord or the managing agent first.



Further sources of information

Helpful links

To find further information, advice and support

- [Association of Leasehold Enfranchisement Practitioners](#)
- [Citizens Advice](#)
- [Government webpage on leasehold](#)
- [Government guidance on the Leasehold Reform \(Ground Rent\) Act 2022](#)
- [Federation of Private Residents' Associations](#)
- [Homeowners Alliance](#)
- [Leasehold Knowledge Partnership](#)
- [Money Helper](#)
- [Shelter](#)
- [The Leasehold Advisory Service](#)
- [Building safety leaseholder protections factsheet](#)

Codes of Practice

- [Royal Institute of Chartered Surveyors' Service Charge Residential Management Code of Practice](#)
- [Association of Retirement Housing Managers Code of Practice](#)
- [Association of Residential Managing Agents' Consumer Charter](#)

Redress Schemes

- [The Property Ombudsman](#)
- [Property Redress Scheme](#)
- [The Housing Ombudsman](#)

To take a case to the Tribunal

- [First-tier Tribunal \(Property Chamber\)](#)

Obtain lease records

- [HM Land Registry](#)

Retirement Housing

- [Association of Retirement Housing Managers](#)
- [Associated Retirement Community Operators](#)

Buying and selling

- [Law Society's Solicitor Search tool](#)
- [The Conveyancing Association](#)
- [Council for Licensed Conveyancers](#)
- [Property Mark](#)
- [Affordable home ownership schemes](#)

Managing Agents

- [The Property Institute](#)

Surveyors

- [Royal Institution of Chartered Surveyors](#)

Also in this series...

- The government's ['How to Rent' guide](#)

helps tenants and landlords in the private rented sector understand their rights and responsibilities.

- The government's ['How to Let' guide](#) provides information for landlords and property agents about their rights and responsibilities when letting out property.
- The government's ['How to Buy a Home' guide](#) provides information to home buyers.
- The government's ['How to Sell a Home' guide](#) provides information to those looking to sell their home.
- The government's ['How to Rent a Safe Home' guide](#) helps current and prospective tenants ensure that a rented property is safe to live in.



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