



The Hips are down

Home information packs (Hips) will hit homeowners next month. But will they do their job and help buyers and sellers?

The introduction of Home information packs (Hips) in England and Wales sets out to ensure that, for the first time, home buyers have the information they need before making an offer.

In our view, the most important information such a scheme can provide is a survey detailing the property's condition and any defects that may affect the process of buying and selling a home. However, last July, the government downgraded this information, the home condition report (HCR), to a voluntary rather than mandatory part of the Hip, meaning that if consumer take-up of the now-optional HCR is poor, Hips may actually end up making very little difference.

What's in a Hip?

From 1 June 2007, anyone putting their home on the market must provide potential buyers with a set of documents containing important information about it. These documents, which are either 'mandatory' or 'optional', will form the Hip.

The government is hoping sellers will choose to top up their Hip with an HCR

Almost all of the mandatory information required will be familiar to anyone who's ever bought a property (see 'The Hips' log', below). New to home buyers and sellers, however, will be the compulsory energy performance certificate (EPC), which uses A to G ratings, similar to those used to rate fridges and washing machines. This will tell you how your home performs against government energy efficiency standards. The certificate will also advise on cost-effective improvements that can be made

to cut bills and reduce emissions. EPCs must be produced by a certified domestic energy assessor or home inspector.

Although it's not making HCRs compulsory, the government hopes that sellers will choose to 'top up' their Hip with an HCR.

The Department for Communities and Local Government (DCLG) told us: 'The HCR will reduce the risk of sales failing or being delayed due to problems with a property's condition being revealed too late.'

The department added that HCRs will give sellers a better idea of how much to ask for their home, and also the option of getting quotes or having necessary work done before marketing the property. It also stated that buyers will benefit from being able to make an offer that reflects the true condition of the property, so avoiding unexpected expenses when they move in.

Where do I get a Hip?

As more than 90 per cent of people in England and Wales use an estate agent to

Which? says

At present, one in five property sales collapses after an offer has been agreed due to the results of the survey. This costs consumers more than £350 million a year. We're sceptical whether the government's decision not to include a compulsory survey in the Hip will address this serious issue.

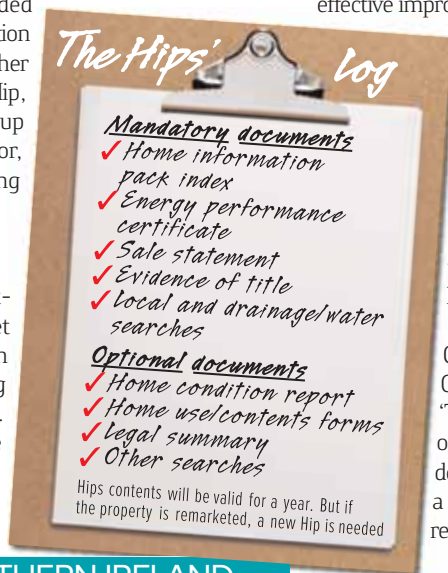
sell their property, it's likely that many sellers will arrange their Hip through an agent.

However, this won't be your only option: many mortgage lenders, solicitors and conveyancers will be offering Hips alongside specialist providers, and you'll also have the option to compile your Hip yourself. Hips from an estate agent have to be backed up by a redress scheme run by the Ombudsman for Estate Agents (OEA). If you get your Hip elsewhere, make sure you check that there is a redress scheme in place in case something goes wrong.

How much for a Hip?

A Hip is expected to cost between £300 and £400 for a typical three-bedroomed semi. This could rise to between £600 and £800 if you top it up with an HCR – although the market will ultimately determine prices.

Apart from the EPC, most of this cost already exists under the present buying and selling process; the key difference is that it will be transferred from the buyer to the seller – a move that will certainly help cash-strapped first-timers. Sellers who get their Hip from an estate agent are also likely to find that, far from having to fork out upfront for a Hip, they'll pay for it only once the sale is completed.



SCOTLAND & NORTHERN IRELAND

Purchaser's information packs (Pips) will be introduced next year in Scotland. Like Hips, key information about a property and an EPC will be included, but we're also pleased to report that, unlike Hips, Pips will contain a mandatory survey document and will bring real benefits to consumers in Scotland.

Hips are not considered necessary in Northern Ireland as its housing market does not suffer the same delays and problems experienced in England, Wales and Scotland. However, from January 2008, EPCs will be rolled out in NI in line with an EU directive.