Best Practice Guide

Developed for Estate Agents offering or considering offering MMoA
What is the Modern Method of Auction?

The traditional Private Treaty sale is the most common method of residential property sales in the UK. However, it can be an inefficient solution for vendors looking to complete their property sale quickly and securely. The status quo has left vendors confined by limited, slow and unreliable methods to sell their properties.

This is far from ideal for vendors selling a property due to changing life circumstances. The ‘Modern Method of Auction’ (MMoA) provides an alternative for these motivated vendors and gives them the opportunity to sell their property in a transparent, secure and speedy manner.

A significant number of Estate Agents and Auction Houses are now selling properties using the MMoA, which combines elements of Private Treaty and Traditional Auction.

It provides the speed, transparency and security of a Traditional Auction but with extended timescales that allow mortgage and first-time buyers to engage in what used to be a cash only environment.

The fixed 56-day timescale of the MMoA opens auction to residential buyers, creating a larger more competitive marketplace, which drives significant levels of exposure, interest and activity. It is quickly becoming the preferred route for buying and selling via auction and is changing the face, and perception, of the industry.
Modern Method of Auction Best Practice Guide

This MMOA Best Practice Guide has been developed by iamsold, the UK’s largest independent residential auctioneer and pioneer of the Modern Method of Auction. The Code of Conduct outlined is supported by the NAEA Propertymark, The Property Ombudsman and Essential Information Group.

The guide was created for Estate Agents who are currently offering or are considering offering the MMOA to their clients. This framework serves to help MMOA providers and sets a benchmark level of service for the industry. This guide is applicable for Estate Agents across the UK, covering all aspects of MMOA, from fee structures to client due diligence.

iamsold is keen to speak with any Estate Agents and MMOA providers who would like to use the Best Practice Guide for their client base. If you would like to discuss the framework and approach, please contact our Compliance Team at compliance@iamsold.co.uk
“As an Ombudsman scheme, our focus is not just on resolving complaints but assisting the industry in raising standards and helping consumers to better understand the different ways they can buy and sell homes. The Best Practice guide is a step in that direction and mirrors The Property Ombudsman’s Code of Practice by emphasising the need to explain the differences, benefits and potential disadvantages of the method of sale to ensure consumers can make an informed decision.”

Peter Habert  Director of Policy

“At the heart of this is the desire that all parties to the auction fully understand the process and that there are no surprises for them after the sale.”

David Sandeman  Managing Director

essential information group
Modern Method of Auction Code of Conduct
• Always explain the differences, benefits and any disadvantages of the sales methods that you offer to allow your vendor to make an informed choice and select a sales option that best meets their needs.

• Be clear as to how the property will be offered for sale, for instance will the property be offered in an online auction or at a live auction event.

• Carefully explain starting bids, guide prices and reserve prices and that the reserve price is the minimum amount the vendor can expect to achieve.

• Fees must always be confirmed with the VAT included. Fees charged as a percentage needs to be confirmed as an actual amount including the VAT. For instance, if the fee is 2.5% plus VAT, display it as 3.0% including VAT. For the bidder, remember to confirm the associated stamp duty implications.

• Explain any Buyer Reservation Fee/Buyer Premium to the vendor. If these are paid in addition to the purchase price, confirm the buyer may consider the fee as part of the total amount they wish to pay for the property.

• When using an outsourced auction provider, make sure the clients are aware that the auctioneer is a separate company and gain their consent before sharing their personal information with your auctioneer. This includes vendors, viewers and bidders.

• Regardless of the auction type, an Auction Pack needs to be provided to allow interested parties to complete their required due diligence before bidding on auction properties. The Auction Pack can be compiled in house, by your auctioneer, or the vendor may provide their own. The pack must include the auction terms and conditions along with fees and timescales.

• Marketing materials must confirm that the property is being offered for sale through the Modern Method of Auction, that the sale is subject to auction terms and conditions and that fees and timescales apply.

• Any material information that could influence a buyer’s decision to purchase, must be disclosed to viewers and bidders to ensure you find the right buyer. This also helps prevent a disappointing sale fall though for the vendor and buyer later on.

• With viewers and bidders, take time to explain how the auction works, the fees payable, that there is a buyers information pack and why it is important to view the documents it contains. Explain they are required to do their own due diligence and recommend they seek independent legal advice about the property documents before bidding.

• Complete your risk assessments, client due diligence and identification verification process on all clients in line with Anti-Money Laundering regulations.

• Effective communication is key to the success of any auction transaction, so keep clients, solicitors, conveyancers and your auctioneer (if outsourced) updated throughout the process.

• Confirm any referral arrangements in writing before services are taken in line with NTSEAT guidance, ensuring that the person paying knows how much and to who monies are to be distributed before they make their decision.

This guide has been produced in consideration to the following acts, guides and regulations; TPO Code of Practice for Estate Agents 2019, 4th Money Laundering Directive June 2017 (updated May 2019) NTSEAT: Guidance on Transparency of Fees Involving Property Sales February 2019, General Data Protection Regulations 2018.