

A recent upturn in the housing market means there are more people now looking to buy a house than there were just a couple of years ago. Demand is increasing but supply may not necessarily be able to meet this demand. As a result, there is evidence that some people may be rushing into buying a new home so that they don't miss out.

This may have implications for you as a lawyer: an increase in demand for legal services could lead to mistakes being made as the pressure being placed on firms' resources increases. The Legal Ombudsman has seen examples of this happening already. For instance, we have helped to resolve a number of complaints regarding the non-payment of Stamp Duty Land Tax. Such examples of poor practice have significant consequences for home owners, resulting in stress and worry caused by surprise letters from HMRC demanding thousands of pounds.

The consequences can be severe for law firms too. The Legal Ombudsman has ordered a number of lawyers to pay the outstanding stamp duty plus penalties and interest as well as compensation for the distress and inconvenience caused. The Solicitors Regulation Authority (SRA) and Council for Licensed Conveyancers (CLC) have also intervened in a number of firms and closed their operations down.

We have put together some tips, based on our experience of resolving disputes around this issue, which may help you to ensure your clients aren't being hit with any nasty surprises:

Tips on resolving disputes and potential issues and risks

- 1. Tell your client early in the process how much stamp duty they will have to pay.** You can [use HMRC's stamp duty calculator](#) to accurately calculate the amount of stamp duty payable but you should double check all figures to ensure that you don't leave clients in trouble with the tax office because they paid the wrong amount. Remember that your client is counting on your expertise and professionalism to make their house purchase as smooth and worry free as possible.
- 2. Aim to give comprehensive quotes without any hidden costs.** People will inevitably shop around for a quote to help them choose a lawyer within their budget. If you are charging an extra £100, on top of any other costs, for filling out their stamp duty form then make sure your client knows about it when you provide your quote. Be as accurate as you can, even if you are only providing an estimation of costs.
- 3. Remember that stamp duty is payable no later than 30 days from completion.** Once a purchase has completed there are likely to be many more cases that need your attention to get them to completion. It is all too easy to focus on those cases and forget about post-completion issues, such as paying stamp duty. Consider having an organised system in place so that you don't forget. If you miss the deadline, it could result in late filing penalties as well as interest for your client. And if they complain, it could ultimately end up leaving you out of pocket.

- 4. If you are planning to close your practice, make sure that stamp duty payments aren't overlooked.** If it is possible, make sure your clients know about the planned closure and put an orderly system in place to process any outstanding payments. Your change of circumstance shouldn't unfairly impact on clients.
- 5. Avoid the temptation to cut corners.** Because stamp duty can be an expensive additional payment when buying a house, it can be tempting for clients to look for ways to minimise it. Make sure they know about their legal obligations when it comes to paying stamp duty. For example, if a client proposes apportioning a payment in an unrealistic way to reduce stamp duty liability, you should give robust advice on this. It is not worth risking your reputation and business by cutting corners.

How to contact us

Website: www.legalombudsman.org.uk
Email: enquiries@legalombudsman.org.uk
Telephone: 0300 555 0333
Minicom: 0300 555 1777
Overseas: +44 121 245 3050
Postal address: PO BOX 6806,
Wolverhampton,
WV1 9WJ

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