

Guzumping - How to Avoid it !

People making an offer to buy a property need to be aware that they can be gazumped if contracts have not been signed and exchanged. Gazumping occurs when a seller accepts a buyer's offer but later sells the property to another buyer.

Gazumping can only occur before a Contract of Sale is signed, because until that time an agent is legally required to submit all offers to the vendor. A property is still on the market while all these are considered. It is up to the vendor to decide which offer to take and of course in most cases this will be the best offer made regardless of who got in first.

People who don't understand the process of making an offer, or don't have their finances in order, may find themselves disappointed when they miss out on the opportunity to buy.

At Maxwell and Co we believe the best way to avoid gazumping is to do your homework and be prepared before you start searching for a new home. As soon as you decide to look for a property, contact your lending institution for finance approval. This way, when you do find a property you are in a position to make an offer.

Unfortunately gazumping is more prevalent in a strong market when sellers receive a number of offers. It can also happen where a property is being keenly contested and a buyer is prepared to settle quickly.

The best way to avoid being gazumped is to be ready financially to make an offer and exchange contracts as soon as possible. Purchasers do have the option to exchange contracts through an estate agent and these have a cooling off period of five business days which will give you time to finalise the loan approval and other checks such as pest control and building inspections. This is the best way to avoid gazumping.

If you have any further questions please do not hesitate to contact Jason Maxwell on 62996677 to discuss this further.