

Help to Buy: ISA Factsheet

The following information should be easily available to savers when they open an account, in any annual updates and at the point they start to discuss the sources of funding for their deposit.

Who can open a Help to Buy: ISA?

An account must be held in a single name and you must be:

- UK resident for tax purposes;
- aged 16 or over and have a valid National Insurance number; and
- a first-time buyer purchasing a UK property.

A first-time buyer is someone that has never held any interest in a residential property anywhere in the world.

You will be able to open a Help to Buy: ISA until 30 November 2019. After that date they won't be available to new savers anymore – but if you opened your Help to Buy: ISA before then you will be able to keep saving into your account until 30 November 2029, when accounts will close to additional contributions. You must claim your bonus by 1 December 2030.

How much can I save?

You can save up to £1,200 in the first month of opening your new Help to Buy: ISA. The maximum deposit after that is up to £200 per calendar month. You don't have to save money every month and the amount you save into the account every month is up to you – as long as you don't go over £200. However, you can't roll over your allowance.

Who can receive a Help to Buy: ISA government bonus?

To be eligible for the government bonus you must be a first-time buyer purchasing an eligible UK property with a mortgage, and have saved into a Help to Buy: ISA. The government bonus of 25% of the balance held on closure in your Help to Buy: ISA will be paid to your conveyancer when purchasing your first home.

The minimum government bonus is £400, meaning that you will need to have saved at least £1,600 into your Help to Buy: ISA before you can claim your bonus. The maximum government bonus you can receive is £3,000 – to receive that; you need to have saved £12,000.

Can my client use the money saved in a Help to Buy: ISA for the deposit at exchange of contracts? What properties are eligible for a government bonus?

The government bonus is available on home purchases of up to £250,000 outside of London and up to £450,000 in London. You can see the London boroughs eligible for the £450,000 price cap at: www.helptobuy.gov.uk/documents/2015/12/london-definition.pdf. The property must be the only home you will own, be where you intend to live and be purchased with a mortgage.

For a shared ownership property purchase the price cap applies to the full sale price of the property rather than just the share you initially buy. The full sale price is a multiple of the equity share you are buying.

For a joint ownership (i.e. tenants in common and joint tenant) property purchase the house price cap

applies to the full sale price for the whole property rather than just the share you are buying.

If you are unsure, you should speak to your conveyancer and they will be able to advise you on whether the property you are purchasing is within the price limit and if it is eligible for a government bonus.

How do customers apply for a bonus?

If you want to take advantage of the government bonus you should request a full closure of your Help to Buy: ISA account 30 days before you expect to complete your property purchase. A closing statement/letter will be given to you within 7 working days of full closure of the account. You will then need to provide your conveyancer with your closing statement/letter. They will then make a bonus application on your behalf to the Scheme Administrator at: www.helptobuyportal.org.uk

You should consider the impact of withdrawing funds before closing your Help to Buy: ISA, as the bonus is paid on the closing balance.

You should contact your conveyancer for assistance if it is not possible to request closure 30 days before the expected completion date. If the government bonus is needed urgently, there is a faster bonus application process conveyancers can follow.

When will the government bonus be paid?

The government bonus is paid once it is certain the transaction will go ahead. This means that your conveyancer will claim your bonus in anticipation of the completion date. The bonus will be sent to your conveyancer to be included with the other funds which have been consolidated for the completion of the property transaction. The government bonus cannot be claimed after the property transaction has completed.

The government bonus cannot be used for the deposit due at the exchange of contracts, to pay for solicitor's, estate agent's fees or any other indirect costs associated with buying a home.

What happens if the house purchase falls through?

If the property purchase doesn't proceed after you have closed your Help to Buy: ISA account in anticipation of claiming a bonus, you can re-open the account. To do this the conveyancer will give you a 'purchase failure notification' confirming the property purchase did not complete.

You should take the purchase failure notification to your Help to Buy: ISA provider who will re-open the account. Alternatively, you may approach a different provider to open a new Help to Buy: ISA or any other ISA.

The purchase failure notice should be presented to an ISA provider within 12 months of issue.

If the government bonus has already been transferred, the conveyancer will need to return the bonus to the Scheme Administrator (www.helptobuyportal.org.uk) before providing you with a purchase failure notification.

This document provides a summary of the main features of the scheme but if you are thinking of investing in a Help to Buy: ISA then you should visit the Help to buy website: www.helptobuy.gov.uk/help-to-buy-isa/how-does-it-work/ – or contact the Scheme Administrator through the online portal via the 'Contact Us' page: www.helptobuyportal.org.uk/CreateServiceRequestAnonymous/?flag=Consumer

Correct at 10th July 2017