BRIDGING FINANCE 4U

The Auction Buyer's Playbook

Funding a UK property auction purchase inside the 28-day deadline

Winning the lot is the easy part. This guide covers what happens between the hammer falling and completion — the timeline, what it actually costs, where the legal pack hides problems, and why the exit matters more than the purchase price.

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Who this is for

Property investors and developers buying at auction. Everything here assumes an investment purchase. Bridging secured against a home you or a close family member will live in is a regulated mortgage contract, which we refer to a regulated firm rather than arranging ourselves.

1. Before the hammer: pre-auction due diligence

Bidding at a traditional auction is a legally binding commitment. The moment the hammer falls, exchange happens. You are locked in.

Most auctions now run digitally, which makes it easier than ever to bid on impulse. Have your funding position established before you log in.

Four things to do first

- **Instruct a solicitor early.** Find one who understands the 28-day cycle. Having a solicitor check the legal pack before bidding is non-negotiable. That is how ransom strips, restrictive covenants, short leases and awkward special conditions get spotted before money is on the line.
- **Secure a decision in principle.** We can usually issue one the same day. It tells you what you can bid up to, and just as importantly where to stop.
- **Get a full RICS valuation before auction day.** A legal pack will not tell you everything. A proper inspection can flag structural movement, damp, roof problems and Japanese knotweed before you are committed.
- **Verify your funds.** Your 10% deposit needs to be in an accessible UK account. Auction houses do not wait for transfers in progress.

Traditional auction vs modern method

	Traditional auction	Modern method
Binding point	Immediate at hammer fall	On signing the reservation agreement
Completion	20–28 days	Around 56 days
Deposit or fee	10% deposit, counts towards the price	4–5% reservation fee, usually non-refundable and on top
Finance	Bridging or cash	Mortgage possible, but the timeline is tight

2. The 28-day sprint: your completion timeline

Standard completion is 28 days. Miss it and you lose your 10% deposit. You may also be pursued for the difference if the property resells for less.

Timeline A — standard bridge

Day	What happens
0	Hammer falls. Pay the 10% deposit. Notify your broker.
1–2	Full application submitted. Valuation and legals instructed.
3–5	Loan offer issued, subject to legals and valuation.
7–14	Conveyancing. The lender's solicitor works through enquiries.
21	Final conditions met.
28	Completion. Funds released. Keys in hand.

Timeline B — private lender route

Day	What happens
0	Hammer falls. Pay the 10% deposit. Notify your broker.
1–2	Fast-track application. Accelerated checks begin.
5–7	Completion possible, in as little as five working days, subject to legals.
7–14	Buffer for any legal delays.
14–21	Complete comfortably inside the 28-day window.

A loan offer is not completion

An offer in three to five days is not the same as money reaching the seller's account. Completion takes longer because solicitors need time for conveyancing. The private lender route can compress both stages into as little as five working days on straightforward cases.

What lenders are actually looking at

Bridging is assessed on the security and the exit, not on income multiples or affordability testing. A clear, evidenced exit will move a case faster than a strong income ever will.

3. The real cost of bidding

Buying at auction involves considerably more than the hammer price. These are the friction costs, and they need to be in your budget before you raise your hand.

Cost	Amount	Notes
Buyer's premium	2%–5% or flat fee	Charged by the auction house on top of the purchase price.
Reservation fee	4%–5%	Modern method only. Usually non-refundable and separate from the price.
Valuation fee	From £600	Around £600 on a £500,000 property. Higher on development schemes.
Lender arrangement fee	2% of gross loan	Usually deducted from the advance rather than paid up front.
Monthly interest	From 0.59%	Retained, serviced or rolled up.
Legal fees	£3,000–£5,000	Covers both your own and the lender's legal costs.
Administration fee	£495	Fixed lender fee, charged once the finance is approved.
Telegraphic transfer	Lender's rate	For transmitting funds on completion.
Exit fee	0%–1% of gross loan	Payable on redemption where the lender applies one.
Broker fee	0%–1%	Depends on complexity. Disclosed in writing before you commit.

Our fees are charged once a case is formally agreed by the lender, not on enquiry.

Below market value purchases

Where a property is being bought demonstrably below open market value, some lenders will consider up to 80% of that open market value at 0.995% per month. Where the discount is large enough, that can cover the full purchase price.

Representative example

A worked illustration of what a bridging facility costs in practice.

A gross loan of £250,000 secured against a property valued at £500,000 — a loan to value of 50% — over a 12 month term at 0.59% per month.

Item	Amount
Gross loan	£250,000
Property value	£500,000
Loan to value	50%
Term	12 months
Monthly rate	0.59%
Interest, retained from the advance	£17,700
Lender arrangement fee, 2% of gross loan	£5,000
Legal fees, estimated	£3,000
Valuation fee	£600
Administration fee	£495
Telegraphic transfer charge	As levied by the lender
Exit fee	0%–1% of gross loan
Broker fee	0%–1%, depending on complexity
Total repayable at end of term	**£250,000 plus any exit fee**

Read this alongside the risk warning

Figures are illustrative and do not constitute an offer. Your own quotation will be based on the actual property, the term, the strength of your exit and the individual lender's pricing. Bridging finance is secured against property. Your property may be repossessed if you do not repay the loan in full by the end of the term.

4. The exit strategy: planning your way out

Lenders do not care how you buy. They care how you pay them back. The exit is the single thing that determines whether a case gets written, and at what price.

Exit route	Advantages	Watch out for
Buy-to-let refinance	Long-term cash flow. Keeps the asset.	Typically 8–12 weeks, and many lenders want six months' ownership first.
Property sale	Realises the profit quickly.	Subject to market conditions and to how long the sale actually takes.
Bridge-to-let	Seamless transition. Exit agreed at the outset.	Slightly higher initial rate than a standard bridge.
Development finance	Funds a larger scheme properly.	More documentation, monitoring surveyor, staged drawdowns.

> **Where auction deals actually fail**
>
> Not on the purchase price. They fail because the bridge lands in five days, the exit mortgage takes twelve weeks, and nobody mapped the two timelines against each other before the hammer fell.

5. Why use a specialist broker

Finding a bridge is the easy half. The harder half is making sure the exit actually works.

That means checking, before you bid:

- Whether the bridge can land inside the auction deadline
- Whether the refinance lender will pick it up afterwards
- Whether the asset is mortgageable once the works are done
- Whether the legal title is clean enough for both the bridge and the exit lender

We work with around 20 core lenders and have access to around 50 more, including private funders and family offices that do not deal directly with the public. We are a broker, not a lender — we do not lend our own money and we are not tied to any single funder.

6. Asset flexibility: what can be funded

Mainstream banks decline properties that are not immediately habitable. Specialist bridging lenders do not, because they are lending against the asset and the exit rather than against a mortgage valuation.

Case type	Maximum loan to value
Prime	Up to 65%
Standard residential investment	Up to 75%
Re-bridge	Up to 70%
Below market value auction purchase	Up to 80% of open market value, at 0.995% per month
Refurbishment	75% net on day one, 70% of gross development value. Up to 80% where the borrower funds the works
Second charge	60% combined loan to value

Facilities run from £25,000 to £50 million, over terms from one month to 24 months. In Northern Ireland the minimum is £150,000, because the lender panel operating there is narrower. Specialist assets including dog kennels, care homes and agricultural land can also be funded.

7. Legal pack red flags

The legal pack is where deals go to die. Never bid without a professional review.

1. **Restrictive covenants.** A 'no business use' clause can kill a commercial conversion outright, and it will not be on the first page.
2. **Ransom strips.** Small pieces of land blocking access, requiring a payout to whoever owns them before you can do anything with the property.
3. **Short leases.** Anything under 70 years is difficult for traditional lenders, which puts your exit at risk before you have even started.
4. **Japanese knotweed.** Must be disclosed, but often buried in the special conditions rather than flagged.
5. **Unresolved planning breaches.** Enforcement notices stay with the property, not with the previous owner.

8. The cost of failure

Most auction contracts give you 28 days. Miss that deadline and it gets expensive very quickly.

- **Loss of the 10% deposit.** On a £300,000 lot that is £30,000 gone.
- **The seller's legal fees** charged back to you.
- **Penalty interest**, often at 4% above base rate, running until completion.
- **Rescission and resale.** The seller may end the contract and sell to someone else.
- **The shortfall.** If the resale price is lower than your bid, you may still be pursued for the difference.

This is why the auction question is never simply whether a bridge can be found. The real question is whether the bridge, the legal work and the exit can all be delivered on time.

9. Quick reference card

Item	Position
Decision in principle	Usually issued the same day
Standard bridge	Loan offer in 3–5 days, completion inside the 28-day deadline
Private lender route	Completion in as little as 5 working days, subject to legals
Rates from	0.59% per month. 0.995% on below market value cases up to 80% OMV
Arrangement fee	2% of gross loan
Legal fees	£3,000–£5,000
Valuation	From £600
Administration fee	£495
Exit fee	0%–1% of gross loan
Broker fee	0%–1%, disclosed before you commit
Facility size	£25,000 to £50 million
Term	1 to 24 months
Assessed on	The security and the exit, not your income
Fees payable	Once the case is formally agreed by the lender, not on enquiry

Questions we get asked

Can I get a loan on a property without a kitchen or bathroom?

Yes. A traditional mortgage will not lend on an uninhabitable property, but bridging is designed for exactly this. The security and the exit are what matter.

What happens if I do not complete in 28 days?

You will be in breach of contract. You will likely lose your 10% deposit and may be liable for the seller's losses on resale. It is worth having a backup lender identified before you bid.

Do I need a survey before I bid?

Strongly recommended. A full RICS valuation before auction day can flag structural issues, damp, roof defects and Japanese knotweed while you can still walk away.

When are fees payable?

Our fees are charged once a case is formally agreed by the lender, not on enquiry. Lender and third-party costs fall due as the case progresses, and are set out in full before you commit.

Why does the exit matter before I bid?

Because the bridge is only the first half of the deal. A loan offer may land in three to five days, but the exit mortgage often takes 8 to 12 weeks. Those two timelines need to line up before you bid, not after.

Can I use bridging for land without planning?

Yes, though the loan to value is lower. Once planning is granted the facility can usually be increased.

Is bridging available on a home I will live in?

That is a regulated mortgage contract. Bridging Finance 4U arranges non-regulated bridging only, so we refer cases of that type to a regulated firm under an introducer arrangement. Auction purchases of investment property are unregulated and are what we handle directly.

Talk to us before you bid

Tell us about the lot, what you need to borrow and how the facility will be repaid. We will come back with indicative terms and an honest view of whether the timeline works. A decision in principle can usually be issued the same day, at no cost and with no obligation.

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Important information

Risk warning

Bridging finance is secured against property. Your property may be repossessed if you do not repay the loan in full by the end of the term. Bridging loans are short-term facilities and are not suitable for long-term borrowing. Late repayment may result in default interest and additional charges.

Regulatory position

Bridging Finance 4U is a trading style of Bridging Finance 4u Ltd and arranges non-regulated bridging finance only. We are a broker, not a lender. We do not hold FCA permissions and we do not arrange regulated mortgage contracts.

Bridging secured against a property that you or a close family member occupy, or intend to occupy, is a regulated mortgage contract. We refer cases of that type to a regulated firm under an introducer arrangement.

Because our activity is not regulated by the Financial Conduct Authority, you will not have access to the Financial Ombudsman Service or the Financial Services Compensation Scheme in respect of it. Our complaints procedure is published at bridgingfinance4u.co.uk/complaints/

About these figures

All finance is subject to status, valuation and underwriting. Rates quoted are indicative and the terms available to you will depend on the property, the loan to value, the strength of your exit and the individual lender's pricing. Figures in this guide are illustrative and do not constitute an offer.

This guide is general information about how auction finance works. It is not advice and should not be relied on as such. Take your own legal and professional advice on any specific transaction.

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