Property wholesaling: a plain guide

What property wholesaling (often called deal sourcing) is, how it usually works, and the checks to make on any sourcer, including us.

What it is

A property sourcer finds a property, agrees terms with the owner, and introduces the opportunity to an investor, who buys directly from the owner. The sourcer is usually paid a fee by the investor.

How it usually works

- The sourcer finds an owner who wants a straightforward sale, often of a property that needs work.
- The owner and sourcer agree a price and terms in principle.
- The sourcer shares the details with investors, with the owner's agreement.
- An investor agrees to buy; both sides use their own solicitors; the investor pays the sourcing fee as agreed in writing.

Checks to make on any sourcer

- Membership of a government-approved property redress scheme, with the membership number.
- Registration with HMRC for anti-money laundering supervision, where required.
- Registration with the Information Commissioner's Office for handling personal data.
- Written terms that state the fee, when it is paid and whether any part is refundable.

General information only, not legal, financial, mortgage or debt advice. Check the official sources for current rules. AFV Property Services is the trading name of [Registered company name, number and office].

For owners

- A sale through a sourcer is usually below open-market value. Get an independent estate agent valuation.
- Ask who the eventual buyer will be and whether you pay any fee.
- Use your own solicitor, and do not feel pressured to decide quickly.

For investors

- Check the figures yourself: price, refurbishment costs, rent or resale value, and fees.
- Ask for evidence behind every figure, such as comparable sales and lettings.
- Take independent legal and tax advice before you commit.

AFV's role: [to be confirmed, with redress scheme and HMRC anti-money laundering registration]. Fees: [sourcing fee to be confirmed], shown up front.

Sources

- GOV.UK, Redress schemes for property agents: https://www.gov.uk/redress-scheme-estate-agencies
- GOV.UK, Money laundering supervision for estate agency businesses: https://www.gov.uk/guidance/registration-guide-for-estate-agency-businesses
- The Property Ombudsman: https://www.tpos.co.uk/
- Property Redress Scheme: https://www.theprs.co.uk/
- ICO, data protection fee: https://ico.org.uk/for-organisations/data-protection-fee/