

Pitfalls of using a conveyancer in property law matters

Buying a property is a costly endeavour, however using inexperienced conveyancers or legal practitioners to complete the transaction may end up costing you more than the worth of the property itself.

At RRR Lawyers, we have seen the impact of using inexperienced parties to complete the conveyancing of your purchased or sold property. This article discusses one such instance, where the purchaser of a property used an inexperienced conveyancer to complete their purchase of a property.

The property in question was located in Rye, Victoria. During inspection, the purchaser noted that significant extensions were built onto the house, including a workshop, a verandah and retaining walls to adjoining properties. The purchaser signed the contract for the sale of land and was given the name of a conveyancer by the agent selling the property. The purchaser informed the conveyancer of their concerns regarding the property and its extensions, and the conveyancer agreed to look into it further. The fees charged by the conveyancer for completing this transaction were \$660.00 plus approximately \$100.00 for property searches.

The vendor provided to the purchaser and their conveyancer a copy of the Section 32 Statement. The conveyancer for the purchaser asked the vendor whether there were any notices from the council regarding the extensions built onto the property. The vendor informed the conveyancer for the purchaser that they are not aware of any such notices having been issued. The conveyancer for the purchaser did not complete any additional council searches for the property.

After settlement, there are significant problems with the property including flooding under the floorboards of the house and rapid and serious deterioration of the retaining walls to the adjoining properties. Further, it was discovered that the verandah and other rooms added onto the property were done without proper building permits. The purchaser of the property continued to live in this property for six months until they were concerned for their safety in the house and they decided to sell the property.

This time, the original purchaser engaged the services of a lawyer to complete the necessary conveyancing required to sell this property. The lawyers conducted searches on the property and found that six years ago there were notices issued by the council against the then owners (the original vendors for the property) to demolish the

extensions on the property as it was unsafe to inhabit. Unfortunately for the original purchaser, these notices were included in the Section 32 Statement prepared by their lawyers. At auction, this property was passed in and continued to remain unsold for some time.

The original purchaser was unable to sell the property and continued to pay the mortgage for the property to the bank, whilst renting elsewhere till they were able to sell the property. The purchaser was in significant financial strain, because if the property was sold, the purchaser would have been able to buy another property and would not be required to rent elsewhere. Given the unsafe state of the property they were also unable to rent it out to another party.

The purchaser approached RRR Lawyers and we agreed to take on their case on a 'no win, no fee' basis as they had limited finances and the loan granted by the bank was worth more than the property itself. The original vendors in this case joined their lawyers for the sale of the property into the proceeding, claiming that they should have included in the Section 32 Statement the notices that were issued by the council six years ago.

We settled the matter at mediation and secured \$270,000 for the purchaser, as well as allowed for the original purchaser to keep the property. This outcome provided our client with approximately \$470,000 in damages – this was worth more than the value of both the house and the land of this property. It is true however, that after legal fees, they would not have made much of a profit.

This case highlights how important it is to use a knowledgeable party to complete your conveyancing matters. It is true that you may save money by using the services from a company offering conveyancing services at a cheaper rate to buy or sell a property, however this could cost you much more in the long term if it is not done correctly.