



HM Treasury

Correspondence & Enquiry Unit
1 Horse Guards Road
London
SW1A 2HQ

Public.enquiries@hmtreasury.gsi.gov.uk

Mr Marcus Simpson
Sam Conveyancing
27 Churchfield Cottages
Bedford Lane
Ascot
SL5 0NN

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Dear Mr Simpson

Thank you for your correspondence dated 15 August about the Help to Buy: ISA. As it is not practical for Ministers to respond to all the letters they receive, I have been asked to reply on their behalf.

You asked for clarity about how a saver can use the funds in a Help to Buy: ISA and on how the government bonus can be used.

The Help to Buy: ISA is designed to be flexible for first-time buyers who are saving up for their first home. A Help to Buy: ISA account holder may choose to close their Help to Buy: ISA account prior to exchange of contracts and use their Help to Buy: ISA savings towards the deposit at exchange of contracts (with the government bonus then being paid out ahead of completion and contributing to the overall deposit). Or, they may choose to use other savings for the deposit at exchange of contracts and close their Help to Buy: ISA account between exchange and completion. If they choose to close the Help to Buy: ISA between exchange and completion then their Help to Buy: ISA savings together with the government bonus will contribute to the overall deposit.

The scheme is designed in this way so that the government bonus is only paid out when the property transaction is certain to proceed. Conveyancers should therefore apply for the bonus when they are confident that the property transaction is near to completion. The normal practice is for a conveyancer to apply for the government bonus in order to contribute towards the funds consolidated at completion of the property transaction. This process is set out in the conveyancer guidelines:

www.helptobuyisaadmin.org.uk/sites/default/files/conveyancer-guidelines-for-publication-dec-2015_0.pdf

Although the bonus is released at the point of completion rather than at exchange of contracts, the bonus does of course contribute towards an individuals' overall deposit and helps those saving for their first home. When calculating the size of an individual's mortgage, lenders will seek evidence of the funds that an individual has available for a deposit. This will include a consideration of the funds an individual has in a Help to Buy: ISA account and lenders will factor in the amount of the government bonus in addition to this.

For further information for conveyancers on how the scheme operates, please visit:
www.helptobuyisaadmin.org.uk/conveyancers/the-scheme

It may also be helpful to note, in order for a conveyancer to claim the government bonus on behalf of their client, a conveyancer must be registered with the Help to Buy: ISA scheme. Details of how to register can be found at:
www.helptobuyportal.org.uk/ConveyancerRegistrationStep1

Thank you for writing to us, I hope you find this information useful.

Yours sincerely,

Alamin Ahmed
Banking & Credit
HM Treasury