

# Should you put a coronavirus clause in your contract when moving house?

Solicitors say Covid-19 delay clauses could become more prevalent in the future.

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In the week in which stricter lockdown measures were introduced in parts of northern England, it's important to remember that no one really knows what's around the corner. This is why, understandably, home movers are looking at ways to protect themselves against a sudden change in circumstances that could leave them financially worse off.

One way to do this is to build what are known as Covid or coronavirus clauses into contracts. These list a number of situations that may delay or scupper a property sale — “delay events” in legalese — that would allow the buyer or seller to rescind contracts or delay the completion date without losing their deposit.

At the start of lockdown, when these clauses first appeared, “delay events” were wide-ranging, covering government restrictions on moving house or even the closing of the Land Registry. They have evolved to cover illness, self-isolation or a loss of funding such as a mortgage offer expiring or being withdrawn by a lender.



Some home movers want more flexible contracts  
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“Where properties are empty or buyers are paying cash, this is clearly much more straightforward. Add a mortgage, or worse a chain, then negotiations are going to be involved,” says Richard Rogerson, a former lawyer who is now chief executive at the buying agency RFR Property.

At the moment corona clauses are a niche concern. Ruth Barnes, head of the residential sales team at the law firm Winckworth Sherwood, estimates that as little as 5 per cent of its clients opt for one.

“Sellers can get cold feet when they’re approached with these clauses and that is the reason why they are generally resisted as much as possible,” she says. “I wouldn’t be surprised if it became more prevalent over the next few months as people are concerned about their jobs and entering into contracts. Housebuilders will want to get exchanges under their belts, so they may need to build in a bit more flexibility to give buyers that comfort.”

Corona clauses rely on both parties acting in good faith. Jo Eccles, founder of the buying agency SP Property, says she has been advising clients not to use them “if we sense a particularly aggressive seller or one that we feel has the potential to abuse the clause for their own gain. These clauses are so new that they haven’t been properly tested yet.”

Even the finest legal minds will struggle to protect either party from being left high and dry for the duration of the pandemic. “The trouble is,” says Barnes, “it’s difficult to cover every possibility in these unprecedented times and we are all learning a lot as we go along.”