## Why Thomas Dunton?

We are independent solicitors. We have a wealth of expertise and experience within the firm to assist with all your legal needs. So, when discussing gifting money to your family for the purchase of a new home, we can also advise making or updating your will, minimising inheritance tax, or how our conveyancing team can help with the purchase of said property, to name just a few examples.

But don't just take our word for it, here is a summary of just some of the things our clients have said about us

*"You have been utterly brilliant when we needed you most."*

*"Wonderful and understanding. Guided me through the process and presented all the options in a way I could understand."*

*"Extremely helpful and efficient. Service provided was faultless from start to finish."*

*"Been a customer for years. Wouldn't go anywhere else."*

*"Informative, patient, understanding and most helpful."*

*"Knowledgeable and efficient. You provided helpful and practical advice. A pleasure to deal with."*

*"In this day and age of impersonal internet services, we feel lucky to have dealt with a firm which operates at the human level."*

## What else can Thomas Dunton help you with?

Our solicitors are here to talk to you about even the most complex legal matters, to listen to your needs and offer practical solutions.

- Buying & Selling a Property
- Dispute Resolution
- Personal Injury
- Family & Children
- Employment Law
- Mediation
- Powers of Attorney
- Probate
- Contested Probate
- Wills
- Business Law

**www.thomasdunton.co.uk**

THOMAS DUNTON SOLICITORS

Accredited LEXCEL Practice Management Standard – The Law Society

Solicitors Regulation Authority

Accredited Children Law – The Law Society

Accredited Personal Injury – The Law Society

Accredited Conveyancing Quality Scheme (CQS) – The Law Society

Association of Personal Injury Lawyers – apil – Accredited Practice

resolution – first for family law

fsb – Experts in Business

*Contracted with the* **Legal Aid** *agency*

reviewsolicitor

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*Please contact us at*

217-219 High Street
Orpington
Kent BR6 0NZ

**01689 822554**

enquiry@thomasdunton.co.uk
www.thomasdunton.co.uk

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THOMAS DUNTON SOLICITORS

*Your guide to*

# Helping Family Purchase a Property

LOCAL PROFESSIONAL TRUSTED

**With high house prices, rising interest and mortgage rates and the cost-of-living crisis to contend with, more and more people are struggling to find the funds to get onto the property ladder. It's therefore unsurprising that financial gifts from family members are now supporting a third of property transactions.***

And with that figure set to soar even more over the coming years, we offer some helpful guidance for those wanting to help their child or a family member purchase their new home.

## I want to pay part of my child's deposit. Should I make a gift or a loan?

Firstly, you need to decide whether you will need the money back at any time in the future. If the answer is "yes" the money must be loaned. It's also worth noting that if you decide to make a gift of the deposit, once paid, you have no right to reclaim the money whatever your or your child's financial circumstances.

## My child is buying the property with another person. How do I protect the investment?

If you are making a loan to your child or family member, this can be protected by a charge being registered at the Land Registry. If your child is raising a mortgage to finance the purchase, they will need to obtain consent for you to have a second charge. While some lenders may object initially, it's worth persevering as a charge is the best way to secure your money. If you are making a gift, you



need to decide and document whether the gift is just to your child or to them and their partner. If the gift is only to your child, you need to ensure they protect their interest by entering into a Deed of Trust and/or a Cohabitation Agreement. A solicitor can help with this.

## Are there any taxation issues I should consider?

If you gift money to your child, this is a potentially exempt transfer (PET) for inheritance tax purposes (IHT). If you survive for seven years the gift becomes exempt from IHT. If your child lives in the property as their principal/main residence, any gain will be exempt from capital gains tax (CGT). Gifting money to your child to invest in a property can therefore be a very efficient method of tax planning.

If you make a loan to your child, any interest payable will be part of your income for tax purposes. In addition, if the loan is protected by a trust deed giving you a percentage share of the property, any increase in value of your share over your annual exemption (£3,000) will be chargeable to CGT. It will also remain part of your estate for inheritance tax purposes.

*It is important to note that this guide is not a full statement of the law. The information in this leaflet is of a general nature and may not reflect your individual circumstances. You should receive individual advice before taking any action.*

## Will I need to see a specialist?

The answer to this question is almost certainly yes – particularly if the money advanced is a loan. While this adds to the costs incurred, if you wish to protect your and your child's investment, it is important to ensure the nature of the transaction and the intentions of all parties are properly considered and protected.

## Why Thomas Dunton Solicitors LLP?

We have been delivering a personalised service to the local community for over 40 years and are renowned for putting our clients and their needs first. When you instruct us to help buy or sell your home, an experienced professional from our conveyancing team will deal with your legal work both thoroughly and carefully to protect your investment, while giving you the care and attention you need to ensure everything runs as smoothly as possible.

But what sets us apart? We offer a wide range of legal services within the firm, which means we have the expertise to go above and beyond what you would expect, while helping you plan for things you may not have even considered. This includes drafting Deeds of Trusts and Cohabitation Agreements, inheritance tax planning and making and changing a will, to avoid any complications in future.

**according to new data from Legal & General and the Centre for Economics and Business Research (CEBR)*

For more information, please contact us on **01689 822554**, email **enquiry@thomasdunton.co.uk** or visit **www.thomasdunton.co.uk**