

What is a Declaration of Trust?

A Declaration of Trust is something you'll come across when you're planning to buy a property with someone else, or with the support of another person. It's a legal document, also referred to as a Deed of Trust, which records the financial arrangements between everyone who has a financial interest in the property. This could be necessary if you're buying as a joint owner or getting help from someone else, such as a parent.

How does it work?

By signing a legal document which sets out how much each person has put in, and what should happen in any eventuality, the aim is to remove uncertainty and eliminate the chance of disagreements down the line, creating expensive legal delay and avoidable stress.

Without a Deed of Trust, it wouldn't be clear how much should be repaid – and to whom – when the property is sold. Instead, all beneficial interests in the property are registered. The respective shares set out in the document are the proportions used to distribute the sale proceeds.



5 reasons why you should have a Declaration of Trust

1. If you're unmarried, the same legal protection doesn't apply if you split up.

It's not something any couple wants to think about, but it is a possibility. Without a Declaration of Trust or cohabitation agreement, couples in this situation have different rights to married couples.

2. It protects everyone's investments.

It's easy to get swept up in the excitement of a property purchase – especially if you're a first-time buyer. It's important to remember it's not only going to be your home, it's a huge investment asset. Could you re-start elsewhere without your initial investment back? If not, you should consider protecting it in order to protect your future.

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3. Reduces the risks of disagreements down the line.

When you buy property, you – and any joint owner – will be registered as the legal owner with the Land Registry. However, this doesn't always record the proportions contributed by each party and if you're getting support but not buying with some-one, it could ignore their involvement altogether; i.e. Gift to be returned to your side of the family.

4. You may need to record the loan from a parent or other who has assisted you financially toward the purchase and should be repaid.

5. It's also helpful when one party's name isn't on the mortgage.

If you move in with someone who already owns their own home or you're a home-owner who has invited their partner to move in, only one person's name will be on the mortgage. The partner might contribute to the repayments and monthly bills, though. This means they could potentially have a beneficial interest – to protect all involved, it's best to get any agreements in writing to prevent disagreements later, or a claim against your Estate if you die.

Declaration of Trust



How can Hannah Solicitors help?

At Hannah Solicitors, we understand that thinking about your Declaration of Trust can be stressful and time consuming. We can help safeguard your interests and give you peace of mind by offering expert services to clients in need. If you would like more information about Declaration of Trust, please contact our friendly team and experienced Private Client Team by phone on for Luton **01582 329 069** or for Rushden **01933 588 022** or by email at privateclient@hannahsolicitors.co.uk. Take advantage of our free 30-minute telephone/video consultations for all new clients.



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