

Guidance

# COVID-19: Practical Guidance for Conveyancers





## Practical Guidance for Conveyancers

COVID-19 (also called coronavirus or novel coronavirus) is a developing global health situation which is starting to create challenges for individuals and businesses, and put pressure on major economies. As the situation develops, events could change rapidly, leading to complex and difficult conditions which could impact peoples' ability to work, travel and carry out daily activities. Businesses are advised to consider their position and the potential impact of coronavirus and put in place plans to mitigate against these to ensure business continuity.

We have identified and considered potential issues faced by conveyancers and have prepared some practical guidance. This includes guidance on market conditions, regulatory considerations and cyber security issues which could arise as a result of the spread of coronavirus. The situation is in flux, so it's important to keep up to date with advice published by the government and regulatory agencies.

If you have any queries about anything contained in this guidance, you can contact us at: [contact@thirdfort.com](mailto:contact@thirdfort.com).

## Transaction progression and completion

Throughout property transactions, physical documents such as Land Registry forms, reports and contracts are changed hands numerous times.

Wherever possible, conveyancers should restrict the use of hard copy documents and instead opt for a known, secure provider to send documents digitally, be that via email or a document sharing platform, making sure that any communications and work products are password protected to avoid data security breaches.

E-signing platforms have the potential to simplify and speed up execution arrangements and can be used to sign remotely if signatories are physically unavailable, provided they have access to the internet via a mobile phone, tablet or computer. Electronic signatures are valid under English law to execute documents, including some deeds or where there is a statutory requirement for a signature. This is the view of the Law Commission, set out in its 2019 report *Electronic execution of documents*, which was endorsed by the UK Government in a Ministerial Statement on 3 March 2020.

## Cyber Security

There have been multiple reports about public health themed phishing emails attempting to trick people into opening malicious attachments or revealing sensitive personal and financial information with an aim to steal it. One victim has also reported losing over £15k when they purchased face masks that were never delivered.

Conveyancers should ensure software updates are performed to protect devices from threats and remind staff of firm policies for dealing with suspicious emails, such as avoiding clicking on links in emails from an unknown sender.

An increasing number of businesses are asking employees to work remotely from home or employees are choosing to self-isolate. This may increase the number of people working outside of normal firm policy and using unknown systems. Employees should be provided with clear guidance on processes for secure access.

When dealing with the transfer of funds on completion, extra controls should be introduced to make sure robust authentication processes are in place, such as email confirmation followed by a phone call to make sure any payment details are correct and communications haven't been intercepted by fraudsters.

## Regulatory Compliance

Conveyancers need to consider whether coronavirus may impact on their compliance with regulatory obligations and plan accordingly.

Those with clients based abroad, particularly in high risk countries, will still need to carry out the necessary client due diligence checks at the beginning of a transaction but should avoid having any physical documentation, such as passports and bank statements, posted to their office. Conveyancers with clients in China should also consider whether these clients are based in areas currently under lockdown, in which case it may not be possible for them to get their documents certified.

These firms should consider using identity verification platforms to enable clients to electronically verify the validity of their identity documentation and its ownership via a smartphone or tablet. These solutions remove the need for any physical documents to be posted and handled by staff. The Fifth Anti-Money Laundering Directive, which came into force in January of this year, endorses the use of electronic verification, stating *"The latest technical developments in the digitalisation of transactions and payments enable a secure remote or electronic identification and ensure adherence to duties under money laundering regulations."*

## Market conditions

The property market has so far remained steady, seeing a 2.9% quarterly rise in prices in the three months to February, the fastest pace since October 2015. However, the pressure coronavirus is putting on global markets, through supply chain disruption, is spiking fears of those who remember the 2008 recession and resultant housing crash.

Although it should be noted, banks are significantly better capitalised than in 2008, when several years of a housing boom was quickly reversed through banks' stopping lending. The 2008 housing crisis was caused by a banking crisis, so whilst a coronavirus induced shock could trigger a recession, the housing market has been soft since Brexit and therefore, once the uncertainty surrounding coronavirus subsides, it is feasible that confidence in the property market returns.

However, in the near term, things could get worse before they get better. A survey carried out by London estate agents, Benham and Reeves, has raised concerns after finding a sixth of buyers and sellers have already been deterred because of coronavirus and a further 9% who were in the process of buying and selling have decided to wait. Estate agents, James Pendleton, suffered a

purchaser pulling out of a transaction due to their job security being at risk as a result of coronavirus. However, these instances are currently isolated and there still appears to be an appetite from vendors to move.

There doesn't currently seem to be any tangible evidence that the damage coronavirus is causing to other parts of the economy is seeping into the housing market. However, if the spread of coronavirus continues, conveyancers should consider what they need to do to remain competitive. Firms must recognise that business models are not monolithic and be prepared to be flexible in the face of a changing market. Automation of manual tasks and freeing up human resource to focus on delivering service could be key to staying afloat during uncertain times. By understanding these shifts in the sector and taking steps to get in front of them, conveyancing firms can ensure they remain a valued part of the UK property landscape in the years to come.

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## Key contacts



Olly Thornton-Berry  
Director  
[otb@thirdfort.com](mailto:otb@thirdfort.com)



Jack Bidgood  
Director  
[jbb@thirdfort.com](mailto:jbb@thirdfort.com)

### Thirdfort Limited

Belle House  
Unit 2, Victoria Station  
London  
SW 1V 1JT

Tel: 020 3948 1386  
[contact@thirdfort.com](mailto:contact@thirdfort.com)

[www.thirdfort.com](http://www.thirdfort.com)