

 guide to buying
property in Spain



For those dreaming of a life of basking in the sun, a holiday or retirement home in Spain may be the ideal solution.

This guide sets out essential information for people wanting to purchase property in Spain, including advice on the buying process, legal guidance, taxation, mortgages, setting up a local bank account and currency exchange, as well as retirement and pensions.

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Section 1

The Spanish property market and buying process

For much of the Noughties, Spain experienced strong economic prosperity and the housing market flourished, with Brits migrating to the country in their droves. But the Spanish property market has gone through a turbulent period in recent years, mirroring the state of the Spanish economy, with prices having plummeted nationwide due to the economic downturn and a chronic oversupply of properties caused by excessive housebuilding, presenting Britons with a once-in-a-lifetime opportunity to purchase property in Spain at rock-bottom prices.

However, with market conditions now improving as the country embarks on the long road to recovery, and with Sterling also performing well versus the Euro, now really is an ideal time to negotiate a bargain-basement Spanish property purchase. That'll explain why the sale of Spanish homes to international purchasers is rapidly increasing, according to the Spanish National Statistics Institute (INE), as a growing number of buyers flock back to Spain for real estate with a view to snapping up the best value homes Spain has seen for than a decade.

Marc Pritchard, sales and marketing director for leading Spanish housebuilder, Taylor Wimpey España, comments: "More buyers are taking advantage of favourable exchange rates and reduced Spanish house prices to purchase their dream second home abroad."

Moreover, for the first time in several years, domestic demand in Spain is also beginning to gather pace.

“
We are very confident in the Spanish market going forward and are moving ahead with the development of our Spanish sites
”

Javier Ballester
Taylor Wimpey España

Choosing a location

Many Brits seeking a new life or a bolthole in Spain opt for property in Costa Blanca, the Costa del Sol or Almeria, where prices start from around €50,000.

Barcelona and Madrid, widely considered to be among the coolest cities in the world, are also popular, as are the Canary Islands, particularly Tenerife, Fuerteventura, Gran Canaria and Lanzarote, as well as the Balearic Islands, most notably Mallorca and Ibiza, along with Marbella and Costa Brava.

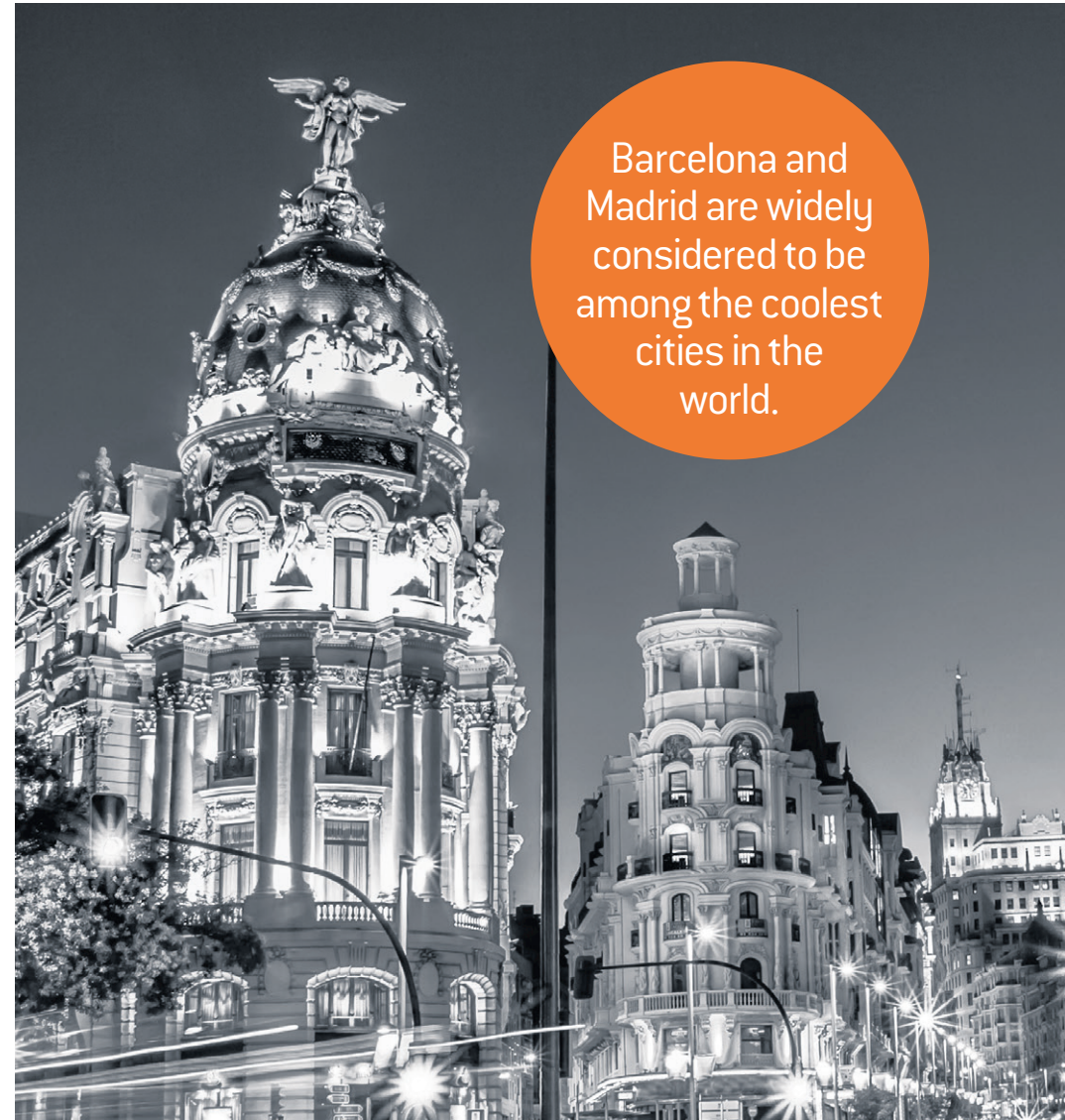
You probably already have an instinct for the area you want to buy in, but if you're torn between two or more options, there are a number of considerations to bear in mind dependant on your reason for buying.

If you're after a holiday home you'll visit

throughout the year, be sure that the climate is suitable at the times you're likely to visit. This is also important if you hope to earn rental income from your property – are your potential tenants likely to want to visit at the times you're absent?

Will you be within easy reach of local shops and important amenities? A long round-trip to the supermarket will soon become tiresome.

Check out the regularity of flights at all times of year from your local airport – can you get there at convenient times and will you have to fly from an alternative airport. Also check what amenities and attractions are open out of the traditional season – the kids may not be pleased if their favourite theme park is shut for the duration of your winter break.



Barcelona and Madrid are widely considered to be among the coolest cities in the world.



Coastal properties

There are some building restrictions in place when it comes to developing coastal homes due to an oversupply of coastal properties in parts of the country and so make sure, if you are considering purchasing a coastal property, that you contact the Coastal Demarcation office in your region to get a certificate to certify that the property is not affected by the 1988 Coastal Law ('ley de costas 1988'). The Spanish Coastal Law defines a public domain area along the coast and a further zone where special restrictions apply to private ownership. The aim is to make the whole length of the coastline accessible to the public and to defend the coast against erosion and excessive urbanisation.

Rural properties

Exercise extreme caution if the Land Registry record shows that the property you wish to buy is built on rural land. In normal circumstances this type of land is reserved for agricultural use and you would need to undertake additional checks with the municipal and regional authorities to ensure that full planning permission has been obtained for residential use.

Buying property off-plan

Buying off-plan property inevitably involves higher risk than buying re-sale property. If you are considering buying off-plan in Spain there are a number of points to consider.

- Obtain a bank guarantee ('aval bancario')

to cover your stage payments.

- Make sure the developer is registered with the Mercantile Registry.
- Check with the Land Registry to make sure the land which is going to be built on is registered to the developer you are doing business with.
- Get a copy of the Cadastral certificate giving the exact boundaries and square metres of your land.
- Check the project has planning permission.

Once construction has finished, ask for proof from the seller that the construction has been finished in accordance with the description given in the plans. This is issued as a certificate ('certificado final de obra'). You can also check with the Land Registry.

Repossessed properties in Spain

Spanish banks are offering generous financing for properties in Spain in an effort to offload the last remaining discounted repossessed properties on their books, many of which are listed for sale online on the major Spanish banking websites, as well as dedicated Spanish property portals. A simple 'Google search' should flag up the main websites.

Buying process

In order to secure your chosen property, you would normally be required to sign a reservation agreement and pay a small fee – which is negotiable – to take the property off the market for, usually, 30 days. If the full private contract is then signed within the

reservation period, the fee is deducted from the purchase price agreed. If not, it may be lost.

You would then be required to sign a contract which gives the buyer the "option" to buy a property or a full private contract, which specifies a period within which completion must take place. A larger deposit of 10% to 20% of the full purchase price needs to be paid at this point.

Prior to signing the contract and paying the full deposit, it is crucial that you have undertaken all necessary searches and legal enquiries.

The buyer needs to pay the balance of the price upon completion, at which point the seller must transfer ownership of the property to the buyer.

Legal ownership is transferred in the office of the Notary ('Notario') – a public official appointed to perform certain legal duties in the district – who prepares the conveyance document ('Escritura de Compraventa').

Once the Escritura de Compraventa has been signed before the Notario, all taxes must be paid and the Escritura presented to the Land Registry for registration.

Buying costs

Allow for between 10% and 15% of the purchase price to cover the costs of buying your new home in Spain. This will cover Transfer tax, Land Registry, The Notario and legal fees (see page 5).

“
Choose a solicitor with whom you can communicate well in your native language but who is also a specialist in Spanish property law.
”

Pilar Ruso
Abaco Advisers

Section 2

Legal matters

Buying a property in Spain will probably be one the largest and most significant purchases you will ever make. It can be a complicated business with various essential checks required to help ensure that all is in order with the property, including the legal status of the dwelling. Thankfully a good solicitor can help to guide you through the whole transaction process.

The solicitor

Lawyers' charges vary substantially, but usually cost between €1,000 and €1,500 for a property purchase. This will be money well spent, especially as a lawyer can help you avoid some common problems with a home purchase or sale that could end up costing you significantly more money in the long run.

"It is essential that the legalities are completed by a competent solicitor. You should have your own representative who is looking after your interests when the contract is exchanged," says Pilar Ruso, a legal executive in the conveyancing department at Abaco Advisers. "Choose a solicitor with whom you can communicate well in your native language but who is also a specialist in Spanish property law."

Among other things, your solicitor will prepare the signing of the Title Deed, represent you at the Notary's and register the property with the Spanish Land Registry. But first they should check that the estate agent you are dealing with is properly authorised to act on behalf of the client, while also ensuring that the contract protects your rights and your money.

The power of attorney in Spain

If you want to acquire property in Spain but are finding it difficult to spend the necessary

time out there, you could potentially take out a power of attorney ('poder notarial'). This would enable the legal process to continue without you actually being in Spain yourself. You can nominate a trusted individual, such as a friend, legal representative or relative based in Spain, who will represent you in specified transactions but this must be recorded as a legal document signed in the presence of a Spanish notary.

Land Registry searches and home improvements

One of the initial things that your solicitor will do is make a thorough search of the Spanish Land Registry to make sure that everything is in order with the property that you are interested in buying, ensuring that there are no debts held against it.

Your solicitor should also make a thorough search of the Catastral Registry. This will include scrutiny of the 'nota simple' - an extract from the Land Registry that gives details of any mortgages and debts held against the property.

If any home improvements have been made to the property, it is important that your solicitor makes sure that all works or modifications are legal and that they have been registered with the relevant local authorities.

"Even relatively minor home improvements in Spain need the agreement of the town hall," says Ruso. "If the property is part of a community they should have given their consent too. If any alterations made have not been recorded on the Title Deed, this can cause problems when the property is sold and could become an issue for you in the future."

Once the necessary checks have been completed then a private contract will be drawn up between the buyer and seller. This is not logged on an official registry but in law it is considered to be legally binding.

The private contract

Always have the private contract checked by your legal representative before signing it and ensure that you have inspected the property itself. It's crucial that the price declared for the purchase of the property is what is recorded on the documents you sign. Declaring a lower price is illegal.

When you sign the private contract you will pay a deposit. If you, as purchaser, break the contract you will lose your deposit. If the vendor is the one who defaults then you are entitled to twice the amount of your deposit as compensation.

The private contract includes agreement about who will pay the expenses surrounding

the sale. The purchaser pays everything in Spain except the 'plusvalía' - a local (municipal) tax charged by the town hall on properties when they are sold - which the seller must pay by law.

Signing the Title Deed

The next stage is the signing of the Title Deed which needs to be undertaken at the Notary. The Notary is a professional within the Spanish law system whose main function is to certify Spanish documents ensuring that private agreements fulfil certain legal criteria. You have the right to choose who you would like this Notary to be. But never sign anything that you don't understand or that you aren't completely sure about. Once you have signed the Title Deed, you can't go back.

If you have a mortgage on the property the Title Deed will be kept with the mortgage details by the mortgage provider but you will receive a 'copia simple' (legal copy of the Title Deed). Once the mortgage is paid then you will be given the Title Deed.

If you purchase without a mortgage, you will be given a copia simple when you sign the Title Deed at the Notario's office. You will then receive the original Title Deed when you register the property at the Spanish Land Registry.



Section 3

Taxation

You will need a Spanish NIE ('Número de Identidad de Extranjero') before you can purchase a property in Spain because you are not permitted to complete a significant financial transaction without one, either as a resident or a non-resident.

NIE ('Número de Identidad de Extranjero')

The NIE is a tax identification number that must be applied for personally at the Foreigner's Office or National Police Station. Where appropriate, a residency certificate can be applied for at the same time.

"It [NIE] is a requirement by law, and is required for everything from buying a car to opening a bank account," remarks Jonathan Goodman, founding member of Spectrum, the independent financial advisors.

New and resale taxes

The purchase taxes payable are dependent on whether the property is new or resale.

New-build homes generally command IVA (VAT) of 10% and AJD (Stamp duty) of 1.5%, while there is 10% IPA (transfer tax) to pay on resale homes. However, these taxes are dependent on where the property is located.

Where a resale property is sold by a non-resident it is usual practice for 3% of the purchase price to be retained by the lawyer

acting on behalf of the buyer. This is a legal requirement and is paid to the Spanish tax authority on account of capital gains tax. Where the seller has not made a profit, it can be claimed back.

The 'plusvalía'

Both new and second hand properties are also subject to plusvalía. This local (municipal) tax charged by the town hall on properties when they are sold is paid on the increase in the value of the land; the exact percentage is decided by the local tax authority, and is dependent on location, the time elapsed since the last transfer of title and the land size. The plusvalía is legally the responsibility of the vendor.

Complementary tax

Be aware of the possibility of a complementary tax ('liquidación complementaria') which is sometimes levied following a sale when the price declared on the Title Deed is below that considered the real value by the Spanish Tax Authority.

If you do receive a demand you can appeal in writing to the local authority. It is usually best to get your lawyer or Spanish tax advisor to prepare the paperwork for the appeal, which must be made within 30 days of receipt of the demand.

Tax obligations

The issue of taxes in Spain is a complex area and professional advice is recommended, because the obligations can vary depending on whether you are non-resident or resident.

Focusing on purchasing a property as a non-resident in Spain, you would have to pay non-resident income tax and a local property tax. This is achieved by filing an annual non-resident income tax return.

Goodman comments: "Tax will be due based on any income generated by the property. This can be if the property is rented; the net income after expenses. But this needs to be looked at carefully because the current tax rate is 24.75%.

"If left empty an imputed income based on the 'valor catastral' [registered value], or purchase value if there is no valor catastral, is due."

Double taxation treaty

Britain has a double taxation agreement with Spain to ensure people do not pay tax on the same income in both countries.

In accordance with Spanish and international law, all residents in Spain (nationals and non-nationals alike) are required to declare assets or groups of assets held outside Spain. Assets may include bank accounts, securities, rights, insurance, annuities

and property. The declaration is a separate exercise to the annual tax return.

To reinforce this obligation, and as part of Spain's anti-fraud law, the government requires all residents in Spain to file an annual informative declaration of assets held overseas by 31 March each year. Severe penalties for incorrect, incomplete or late reporting can be incurred and the legislation also means that criminal charges can be brought in the case of non-compliance.

Utilities and taxes check

If there are outstanding payments on utilities the debts must be settled before services can be reconnected or transferred into your name. Outstanding taxes must be paid before you can take ownership of the property. Therefore it is important that a check is made of electricity, water, community fees, refuse collection, council tax and plusvalía tax.

In addition, other local taxes will apply, eg for rubbish collection. The Property Tax Bill (IBI, 'Impuesto de Bienes Inmuebles') is calculated and due annually based on the value of the property. In general the tax is around 2%.

Section 4

Mortgages

Unless you already have the savings or are planning to release equity from your home in the UK to buy your property in Spain, there is a good chance that you will need to secure a mortgage to finance your purchase.

If you are serious about purchasing property in Spain and require finance, you should start arranging your Spanish mortgage almost before you do anything else to enable you to proceed with confidence in the knowledge that you have secured the finance necessary to buy a new home.

Forward planning at the start will also give you a better idea of how much you can spend on your Spanish property and can work out the likely future financial implications of your purchase.

Leaving the financial side of your Spanish property purchase until the end will potentially leave you in a weaker position, especially if you have to raise finance in a rush, which may mean that you end up being unable to secure the best possible mortgage at the most attractive borrowing rate.

Improving lending conditions

Despite Spain's recent economic woes and boom-and-bust nature of the housing market, there are a number of Spanish lenders still willing to lend to overseas nationals, with market conditions rapidly improving in

recent months. But you should analyse and compare a range of different products and services offered by different companies.

"Mortgage lending in Spain has improved considerably over the last few months. The main lenders are very keen to lend to non-residents and for clients with good profiles very attractive interest rates are being offered," says Kevin Monger, the founder of Mortgage Direct SL.

Deposit

For a Spanish mortgage, you will generally need a minimum deposit of 30% of the property's purchase price, with borrowing rates currently starting from around 4%.

"The maximum mortgage for non-residents is 70% of the purchase price or valuation, usually depending on which is lower. In most cases, better terms are offered where the mortgage is less than 70%," adds Monger.

Repayment or interest-only?

With banks in Spain now adopting greater caution following the recent Spanish property crash, most lenders now only offer home loans on a repayment basis - including both interest and payment towards the capital loan amount - which means that there are currently not many interest-only deals available.

Fixed or variable?

Although some lenders will allow the choice of either a fixed or a variable interest rate, most Spanish mortgages are currently available on a variable-rate basis, usually (but not always) with a maximum term of 35 years.

A variable rate generally means that your mortgage payments can go up or down according to movements in interest rates usually as a set percentage, as opposed to a fixed-rate mortgage which guarantees your mortgage payment each month over a set period.

Monger continues: "Nearly all mortgages are variable rate mortgages with the annual Euribor as the reference rate. Some brokers can offer rates as low as annual Euribor + 1.5% to premium clients on terms that are not available directly through bank branches."

Whether you opt for a variable-rate or fixed-rate mortgage you will normally have to pay an early repayment charge if you want to pay off your mortgage sooner or remortgage to a new deal. But redemption penalties are low in Spain - typically 0.5% in the first five years of the loan for full or partial redemption and 0.25% thereafter.

Insurance

"It is also worth noting that home and life insurance is usually compulsory for all

people looking to secure a Spanish mortgage, although some brokers can arrange mortgages where this is not the case", adds Monger.

Bank properties

It is a totally different ball game if you are planning to purchase a repossessed property from the bank, with some lenders willing to offer 100% loan-to-value (LTV) mortgages and more in a desperate bid to offload high levels of repossessed stock on their books.

Warning

Your property in Spain is at risk if you do not keep up repayments on a mortgage secured on it. Be sure you understand the repayments and can afford them before entering into any credit agreement.


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The maximum mortgage for non-residents is 70% of the purchase price or valuation
”

Kevin Monger
Mortgage Direct SL

Retirement in Spain

For many retirees, the thought of moving to a warmer country that offers a more relaxing and safe way of life, not to mention sun, sea and sangria, is simply too good to resist.

Spain offers retirees a high quality of life including access to year-round sunshine, delicious cuisine, stunning beaches, picturesque towns and a number of buzzing cities, not to mention various financial benefits that arise from low-cost housing and affordable healthcare.



Your state pension will rise annually, even if you live in Spain.

Living expenses

Brits retiring will find that their pound (or euro) goes further in Spain, thanks to the country's relatively low cost of living, especially when compared with other established countries in Western Europe.

Financing your retirement

There are a number of key areas relating to retirement finances that you should consider when you are moving to Spain, such as checking to see what impact a move will have on the benefits and pensions that you are entitled to receive in the UK.

When thinking of retiring to Spain, it is essential that you "seek independent advice" when it comes to your private pension and UK state pension, according to Spectrum's Jonathan Goodman, who adds: "This would ideally happen before arrival in Spain."

It is important to inform the Department for Work and Pensions that you are moving overseas and provide them with contact details.

Currency exchange

Because Spain's currency is the euro, it is important to take the sterling-euro exchange rate into consideration, and what impact any major fluctuations between the two currencies may have on your ability to survive in Spain. **(see page 11 for more details on getting the best value out of currency exchange)**

State pension

In addition to a private pension, you could potentially claim a UK state pension while in Spain, but you should check with the International Pension Centre (IPC) to ensure that you are eligible. You can contact the IPC by email or phone, or fill in the international claim form.

If you have not yet reached your state pension age, you should be sent a claim form four months before you hit the milestone. Contact the IPC if you have not received a letter three months before you reach state pension age.

Life certificate

A 'life certificate' is a form the Department for Work and Pensions might send you to check you are still eligible for the state pension.

If you get sent a life certificate, you will need to get it signed by a witness – the list of people who can do this is the same list of people who can countersign a passport photo - and send it back, as instructed on the form. Your payments may be suspended if you do not comply.

Rates of state pension

Your state pension will rise annually, even if you live in Spain as it is within the European Economic Area (EEA).

Payment of your pension

Your state pension can be paid into a bank in Spain or a bank or building society in the UK. But you cannot choose to have it paid in to one country for part of the year, and a different country for the rest of the year.

You can use an account in your name, a joint account, or someone else's account - if you have their permission and keep to the terms and conditions of the account

You will need the IBAN and BIC numbers (both of these are international bank codes) for payments for some countries outside the UK, including Spain.

You can choose to be paid every four or 13 weeks and will be paid in local currency – the amount of money you get may change slightly due to exchange rates.

Tax on your state pension

You may have to pay UK tax on your state pension over a certain amount. This will depend on your taxable income and whether you're classed as a UK resident or non-UK resident for tax purposes.

Non-UK residents

Non-UK residents don't pay UK tax on their state pension but may pay tax in Spain. You don't have to pay tax in both countries because there is a double taxation agreement between the two nations.

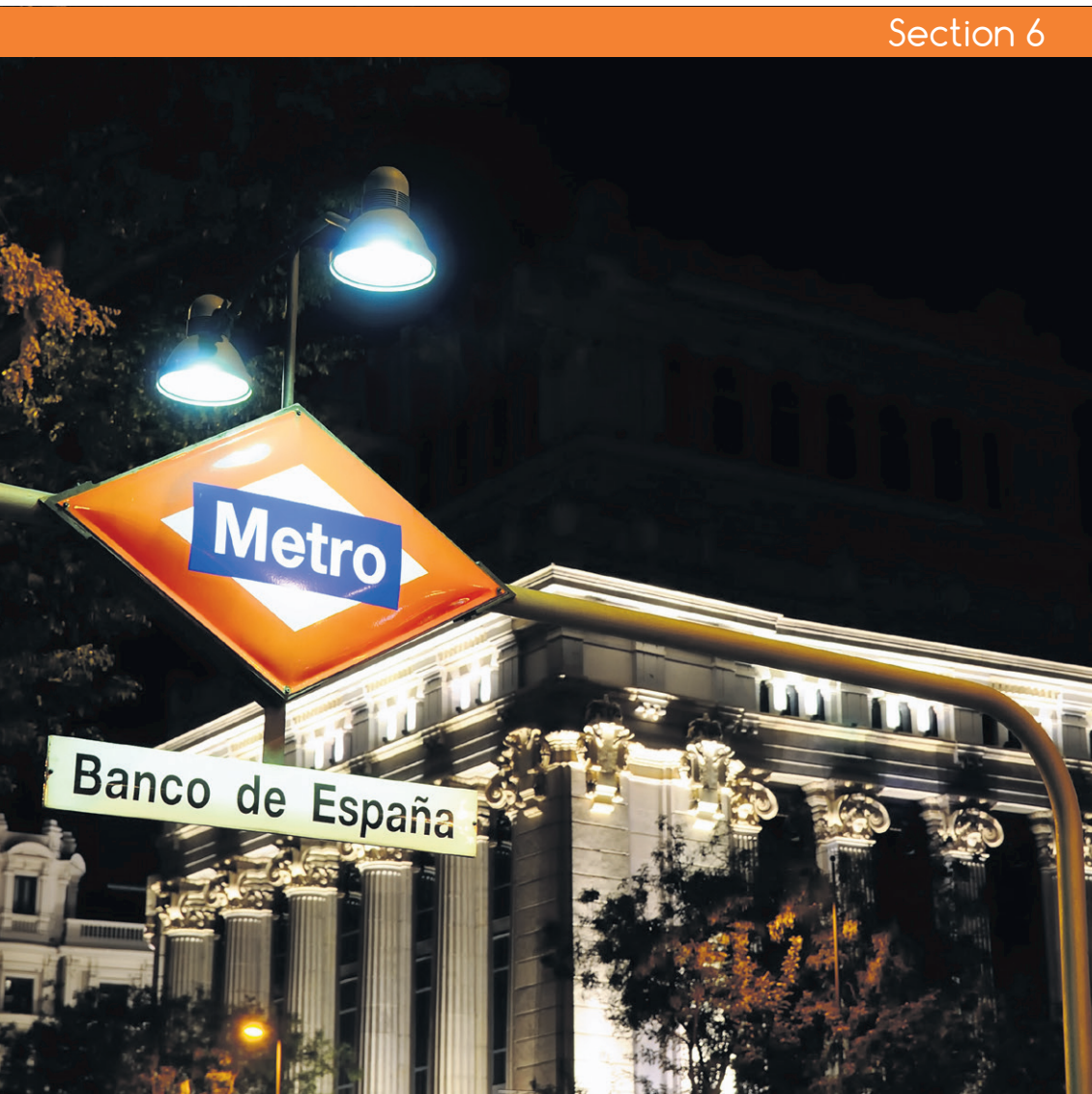
Healthcare

Spain has a well-developed national health system that is available to all, even those from abroad, although there are some limitations to this latter group. However, the health service in Spain does experience high demands for services and there are often long waiting lists for treatment and operations.

Many people opt for private healthcare in order to avoid this and people who are seriously considering retirement in Spain may want to research the cost and availability of such care, in which case adequate health insurance that is valid for retirees would be advisable.

You also need to be aware of emergency procedures; who to call in an emergency and which hospitals that will be the most suitable for your needs in the event of an emergency. Spain's emergency number is 112, although in some places it is better to phone the hospital direct.

Section 6



Banking in Spain

When sending money to or from Spain, you'll need a Spanish bank account in order to receive the funds, and to make transactions whilst in Spain (avoiding potential charges from your UK bank). It will also enable you to set up Direct Debits to pay for various utility bills, solicitors' and agents' fees, taxes etc.

The Spanish banking system is as sophisticated as that in the UK, so whichever bank you choose, you can expect to find a large network of branches and ATMs that you can use located across the country, and online services allowing you to operate on a 24/7 basis. As in the UK, charges and tariffs can vary significantly from bank to bank. Free banking is a rarity in Spain.

Notably, CaixaBank is one of the most trusted financial institutions in Spain and its partnership with Currencies Direct marks the first agreement made between a currency exchange specialist and a Spanish bank.

Choosing a bank

Don't just plump for the first bank you see. There are a number of considerations to bear in mind before making your choice.

- Size of network. Most banks charge a commission for using ATMs that are not a part of their own network, so make sure the bank has a good distribution of branches and cash points. For example, CaixaBank operates over 6,000 branches with over 10,000 ATMs. If you choose a small regional bank which only has a few local branches,

it could be costly when you try to access your money from elsewhere in the country. Regional banks may also charge more for international transfers.

- English-speaking staff: In some of the most popular areas with foreign buyers, some banks have English-speaking staff, which can make life easier if your Spanish is not good.
- Location. Don't just choose the closest branch to home as it may not have English-speaking staff or an ATM and in more remote places, branches may have extremely limited opening hours. It might be beneficial to choose a bank further away where these issues are eliminated.
- Telephone and internet banking. Nearly every bank in Spain now provides these services and some even provide them in English.
- Translated statements and other documents. Some banks offer customers the option of receiving bank statements and other paperwork in English – again, useful if your Spanish is not strong.
- Charges and free services. Consider the kind of transactions you're likely to use and how much each bank charges for those transactions. For example, some banks charge a fee for banker's cheques and transfers, others may charge commission. For example, when you pay for your property, CaixaBank charges a flat €60 for a transfer rather than a typical 0.6% at another bank, which will save a considerable amount on that one transaction alone.

Resident and non-resident accounts

According to Spanish law, a person must meet at least one of the following criteria in order to be considered a resident:

- He or she lives in Spain at least 183 days per year
- He or she has a spouse and/or children under 18 who are permanent residents in Spain
- He or she bases a business or professional activity in Spain

Spanish banks offer accounts tailored to residents and non-residents. Residents will usually have access to a wider range of products and tend to get better interest rates and lower commissions and charges.

Residents must prove their status by presenting the bank with their residence identity certificate/card, which contains details of their NIE and home address. They must also submit an annual tax return.

Non-residents are not liable for capital gains tax or submitting tax returns though they do need to provide an NIE number and complete a Declaration of Fiscal Residence ('Declaración de Residencia Fiscal') form when opening an account. The bank should provide this Declaration form when the applicant first visits the branch to open the account and sign the paperwork, and the bank will submit it to the tax authorities once it has been signed.

The Declaration of Fiscal Residence is valid for up to two years, after which a new Declaration must be signed. The bank should contact the account holder when this renewal is due. If the account holder decides to become a permanent resident at any time, they must advise the bank, which in turn will inform the tax authorities of the change in status.

Opening a bank account

There several different types of bank account available, but the main ones you'll be considering are:

- Current account ('cuenta corriente'), for everyday banking activities. As in the UK, little or no interest is paid on accounts in credit.
- Savings account ('cuenta de ahorro'), which with have a limited number of banking services and may not allow instant access to funds, though balances attract higher interest rates.
- Deposit account ('cuenta de depósito'), offering yet higher interest rates no day-to-day banking services.

To open a bank account in Spain, applicants must be aged 18 or over and present the following documentation at a branch of the bank:

- Photo ID, typically a passport or national identity card from the country of origin (for each applicant if opening a joint account)

- Proof of occupation or status, for example an employment contract, payslip, pension or disability payment confirmation, student card, letter from an accountant or lawyer
- A confirmation of address not more than three months old, for example a utility bill or driving licence
- Residents also need to produce their NIE card/certificate

Presenting all these documents at once should ensure that the account is opened almost straightaway. A cheque book (though cheques are not commonly used in Spain) and ATM/debit card should follow within a few days, though some banks will provide a temporary pass book ('libreta') to allow withdrawals until the ATM/debit card arrives.

For security reasons, most banks will not send cheque books and ATM/debit cards to overseas addresses. If you don't yet have an address in Spain to send them to, they will need to be collected from the branch.

Free
banking
is a rarity
in Spain

Currency exchange

Fluctuating currency markets, along with poor exchange rates and unnecessary fees from your bank, mean that you could lose thousands of pounds when transferring money to Spain to pay for a property.

Using a foreign exchange specialist (sometimes referred to as an 'FX provider') means getting a better exchange rate, and usually paying a lot less in fees and hidden charges. In fact, you could save up to 5% by choosing one instead of a high street bank.

For example, if you're thinking on buying a property in Spain for €250,000 and transfer the funds with your bank, it would cost you £204,943 (that's at the average bank's exchange rate of €1.22=£1*, plus a £25 transfer fee).

However, the same transaction with Currencies Direct would have cost you £200,000 (by eliminating transfer fees from the picture and using a better exchange rate of €1.25=£1*).

(* Rates correct on 5 August 2014)

Top tips

A foreign exchange specialist will offer a better exchange rate than a high-street bank, won't charge transfers fees and can offer a wider choice of services that match your specific requirements.

Be aware that the expenses don't stop once you have completed your move. Many people will still have to transfer money between the UK and Spain even after they have moved. A currency provider can set up a Direct Debit for you and save you money over the years.

Work out when the market's in your favour; sign up to market newsletters, rate alerts email notifications, and so forth.

Currency exchange when selling a property

When selling a property in Spain, you are likely to want to transfer a large sum of money back to the UK. When transferring a large sum, the exchange rate becomes all-important.

A 'forward contract' can be ideal in this situation. If today's rates look good, but you don't need to transfer your money until a later date – for example, three months – a forward contract could help. It is the currency world's version of 'buy now, pay later'. A small deposit will fix today's exchange rate and it's yours for up to a year.

As Alistair Cotton, money transfer expert at Currencies Direct, puts it, "The currency markets are constantly fluctuating, so when moving a large sum of money, taking advantage of exchange rates when they are in your favour could literally save you thousands."

Paying your mortgage or sending living funds

Whether you're thinking of living in Spain permanently or regularly using a holiday home, you may find yourself making regular transfers from the UK – perhaps paying a mortgage, transferring your pension or paying yourself living costs. In this case, look for a regular transfer service – which is ideal for these types of weekly, monthly or quarterly payments. It's usually Direct Debit driven, and the savings on transfer fees is considerable when compared to the usual transfer fees of typically £20 to £40 that banks impose. Some FX providers do not charge any transfer fees on this type of transfer.

What's more, if the exchange rate moves in your favour, you can actually 'lock in' that exchange rate for up to one year.

Learn about your options

Every type of overseas money transfer has a service tailored to help you. Learn to discern which products will work best for you and make your life easier – as well as making your money go further.

Spot contracts

Buy currency now, for immediate requirements. Use for:

- Paying invoices in another country
- Moving money quickly across your accounts
- Sending money to a friend or family member

Forward contracts

Fix a rate for up to a year, by paying a small deposit today. Use for:

- Buying or selling property abroad
- Big international purchases
- Transferring your life savings

Regular transfers

Set up a Direct Debit and even fix the exchange rate for up to one year. Use for:

- Paying your mortgage
- Pension transfers overseas
- Transferring regular living funds

Limit orders

Set an automated currency purchase when your target exchange rate is reached. Use for:

- Maximum benefit when exchange rates move in your favour

- Transfers that are not time sensitive

Rate watch

The FX provider keeps a close eye on the market for you; if the rate reaches your target, they will get in touch. Use for:

- Keeping an eye on the currency markets
- Leaving your options open when your target rate is reached
- Transfers that are not time sensitive

Six top reasons for using a foreign exchange specialist

- 1. Better exchange rates.** Exchange rates can vary widely, with some of the best deals available through specialist foreign exchange providers, as opposed to banks, which generally offer a much lower rate in comparison.
- 2. No hidden fees or charges.** FX providers generally do not charge transfer fees every time you transfer money abroad, as opposed to banks which typically charge an average fee of £25 per transaction. Some also charge a receiving fee.
- 3. Personal service.** A currency expert will always be on hand to help you. Whether it's a one-off payment or regular transfers, they will guide you every step of the way.
- 4. Trade when it suits you.** Most foreign

exchange specialists offer you a 24/7 online money transfer service that enables you trade anywhere and at any time.

- 5. Fast transfers.** While it can often take a bank a whole working week to transfer money overseas, a transaction can often be completed within a day or two with most FX providers.
- 6. Protection and security.** Whichever foreign exchange provider you use, it is crucial that they are authorised by the Financial Conduct Authority (FCA).

How to monitor the markets

Foreign exchange providers are dedicated to staying on top of the currency markets, but not everyone else has the time. If you're in that camp, then there are a few tools that you might find useful.

Rate watch

Setting up a rate watch is basically a way to tell your foreign exchange specialist what exchange rate you're interested in, and what you think is an acceptable deal. They then assign a member of their expert team to monitor the markets for you, who will notify you when the rate becomes available.

Banks simply don't have the time to offer this service. Most importantly, when your desired rate arrives, you're under no obligation to

actually trade. It's just a great way to keep abreast of what's happening in the currency market so you know when the best time is to start trading if you need to.

Email notifications

Stay up to date with rate exchanges and market updates. Most currency providers frequently offer their customers a variety of newsletter options to sign up to, which include daily market analysis, weekly market analysis, rate alerts, and more.

Social media

YouTube daily market analysis podcasts, Facebook posts, tweets or even infographics in Pinterest – foreign exchange companies are embracing all social media platforms to bring to their customers all the latest news of the currency market. Join their social networks, follow them, favourite their posts and even have live conversations on Twitter!

Currencies Direct is one of the UK's leading foreign exchange specialists and has helped more than 150,000 people with overseas money transfers.

Visit www.currenciesdirect.com for more information.



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