

Freehold vs leasehold

Audio transcript

Freehold: If you buy a house and you own the freehold, you own both the property and the land it's on, outright.

Leasehold: If you own a leasehold, you're effectively a tenant on the land and whoever owns the freehold is your landlord.

For example; if you buy a flat, you'll own the property but lease the land and building from the freeholder. You can also be a leaseholder who has a share in the freehold.

New leases are usually between 90 and 999 years long. Mortgage lenders typically require a lease to have around 30 to 40 years remaining after your mortgage term ends, so the remaining term on an existing lease may affect your ability to get a mortgage.

Depending on the terms of your lease, you may need to pay maintenance fees, service or factoring charges, and a share of the building's insurance to the freeholder or management company.