



BACKGROUND

The Right to Buy scheme was introduced in the 1980's with the aim to enable most eligible Council tenants to buy their council home at a discounted price, which meant lower than the market value at that time. You can apply to buy your own council home if:

- you occupy the dwelling house as your only or principal home: or at least one of the joint tenants does;
- you're a secure tenant; or
- you've had a public sector landlord (for example, a council, housing association or NHS trust) for 3 years – *Note: it does not have to be 3 years in a row.*

In the October 2024 budget, the government announced some changes to the Right to Buy scheme, notably the size of the discount which is available to tenants. From November 21, 2024, the maximum Right to Buy discount was reduced and capped to a maximum sum.

- The maximum discount reduction range is now £16,000 to £38,000 (pre-2012 levels) – depending on your area. This is quite a substantial decrease from the maximum prior to 21 November 2024 budget, which was £102,400 maximum across England and £136,400 for London Boroughs.

WHO CAN MAKE AN APPLICATION?

Eligibility:

- someone who has been a council tenant for at least 3 years;
- someone who shares your tenancy (joint tenant);
- Joint applications - up to 3 family members who have lived with you for the past 12 months (even if they do not share your tenancy); or
- you can be a sole applicant.

PROS AND CONS OF RIGHT TO BUY:

Pros:

- Provides a pathway for council tenants to become homeowners;



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WHAT IS RIGHT TO BUY?

- The generous discounts offered can significantly reduce the initial cost of buying a home (allowing individuals who might not have otherwise been able to afford to purchase, thus getting a foot on the property ladder).
- The discount can serve as a deposit, reducing the need to use savings to assist purchasing your home, also reducing the amount required to borrow on a mortgage.
- Gives the homeowner the ability to make their own improvements to what is now their own property.
- Owning your own property means more financial security, giving you something to pass down to your children or, use as security to pay for care home fees.

Cons:

- If you sell your property within the first 5 years of ownership, a proportion of the discount will be required to be repaid to the Council. The whole discount is repayable on a sale within the first year, after that, the total amount paid back reduces by 20% for each year for the remainder of the 5-year period; so for example, repayment would be 20% of the discount in the fifth year.
- If you wish to sell your property within the first 10 years of purchase, then prior to advertising on the open market, you must first offer the property back to the council.
- As the homeowner, you now have the financial burden and responsibility for all repairs, maintenance and other associated costs of owning your home.
- Former council homes can often be difficult to sell once purchased, especially if they are still surrounded by and within what is considered to be a "council estate."

CIRCUMSTANCES IN WHICH THE RIGHT TO BUY CANNOT BE EXERCISED

Circumstances (as denoted under Section 121 of the Housing Act 1985) include:

- If the tenant is subject to an order of the court for possession of the dwelling-house; and
- If the person, or one of the persons, to whom the Right to Buy belongs, either has a bankruptcy petition pending against him/her, or is an undischarged bankrupt.

SOME EXCEPTIONS TO THE RIGHT TO BUY

- Where the Landlord's interest would not be sufficient to grant a lease of a flat for a term of at least 50 years.
- Certain dwelling-houses for the disabled.
- Certain dwelling-houses for persons of pensionable age.
- A dwelling-house due to be demolished within 24 months.

THE MAIN EXCEPTION TO THE RIGHT TO BUY

The right to buy does not arise if the dwelling-house:

- is particularly suitable, having regard to its location, size, design, heating system and other features, for occupation by elderly persons; and
- was let to the tenant or a predecessor in title of his for occupation by a person who was aged 60 or more (whether the tenant or predecessor or another person).

CONCLUSION:

The Right to Buy scheme has been able to transform the lives of many families around the UK (however, the scheme is no longer available in Scotland or Wales), offering that pathway to home ownership which was not previously available; with the offer of

the generous discounts, the potential to boost your financial security and the opportunity it gives you by having more control over your own housing situation. Since the legislation was passed and with the creation of the Housing Act in 1980, over 2 million social homes have been sold using the Right to Buy scheme. The use of the Right to Buy scheme is intended to create a fairer and more sustainable system, which retains the opportunity for social housing tenants to buy their home, whilst at the same time supporting councils across England to replace properties which are sold.

About Pathfinder Legal Services Ltd's Property & Housing Law Team

Property law is a complex cross-sector area that requires a diverse pool of knowledge when considering sufficient spend, negotiating capital returns and contemplating investments. Our expert property law team provide professional legal advice to a wide range of clients in an extensive area of law ranging from dealing with council houses to complex commercial developments. Clients have benefitted from our strong commercial awareness and understanding that enables them to make informed decisions in protecting their assets and enhancing value.

About Pathfinder Legal Services Ltd

As a 'social enterprise law firm', Pathfinder Legal Services Ltd is one of the first of its kind to be established in the UK and is wholly owned by Cambridgeshire County and Central Bedfordshire Councils. We are experts in our field and provide a tailored legal service exclusively to the public and not-for-profit sectors, our clients are key, and our fees reflect this: our charging rates are substantially reduced and our billing system transparent. Our credibility, values and focus remain paramount to all that we do as a publicly owned legal service provider, with clients including Local Authorities, Integrated Care Boards, Foundation Trusts, Charities and Fire Services. In 2021 the firm was awarded 'Law Firm of the Year' (under its previous trading name of LGSS Law Ltd) at the prestigious Cambridgeshire Law Society's legal awards.

If you are keen to find out more about Pathfinder Legal Services including how our services work, our billing process and how to instruct us, please contact us at operations@pathfinderlegal.co.uk

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