

# Foreclosure auctions in Switzerland.

Process, procedure, risks. What you need to know before you bid.

## What is a foreclosure auction?

A foreclosure auction is the public sale of a property on behalf of a creditor. It takes place when an owner can no longer service their mortgage or other financial obligations. The procedure is governed by the **Swiss Federal Act on Debt Collection and Bankruptcy (SchKG)**, and the auction is conducted by the competent debt collection office (Betreibungsamt).

Switzerland sees roughly **600 property foreclosure auctions per year**. Common causes are divorce, prolonged unemployment, illness, or failed self-employment. Several months, often years, pass between the first missed payment and the auction date.

Four parties are involved: the debtor as the previous owner, the creditor (often a bank), the debt collection office as organiser and supervisor, and the bidders competing for the award. Final bid prices often fall below the official appraisal value, but there is no guarantee.

## How does it work?

### 01 Announcement

The auction is published at least one month before the date. This marks the start of the period in which interested parties can prepare to bid.

### 02 Schedule of liabilities and auction terms

The schedule of liabilities (Lastenverzeichnis) lists all encumbrances on the property: mortgages, easements, and any existing tenancies. The auction terms (Steigerungsbedingungen) define how the auction is run and how the award is processed. Both documents should be reviewed carefully before bidding.

### 03 Viewing

The debt collection office typically organises one or two official viewings. Additional walk-throughs are usually not possible, and the structural condition can often only be assessed visually. A prior building survey is the exception, not the rule.

### 04 Appraisal report

An official appraiser produces a report on the market value. It is the most important reference point for bidders and often sits below the pure market value. It is not a guaranteed minimum for the final bid.

### 05 Posting security

Anyone wishing to bid must post a security deposit before the auction. This is typically around 10 percent of the appraisal value, depending on the canton and auction terms. Without a deposit, you cannot bid.

### 06 Auction

The auction takes place publicly on site. The award goes to the highest bidder and is binding immediately. The remaining payment is due within the deadline set out in the auction terms, typically 30 days. Ownership transfers definitively once the change is recorded in the land register.

## What you need to watch out for.

### Tenancy agreements usually remain in force.

If the property is rented out, you take over the existing tenancies. Personal use is not automatically possible, as Swiss law protects existing contracts. Extraordinary terminations are possible but tied to short deadlines and may trigger compensation claims.

### Encumbrances and easements transfer with the property.

Rights of way, liens, and similar encumbrances may pass to the buyer. Which encumbrances remain in place and which are extinguished by the award is set out in the schedule of liabilities. Review carefully before bidding.

### Limited viewing access.

Viewings are short, and the structural condition is hard to assess. Renovation needs often only become apparent after the award. Bringing a professional, such as an architect or structural engineer, to the viewing can save significant money.

### Financing must be in place.

The bid is binding the moment the award is given. A bank commitment should be in place before the auction, otherwise you risk losing the security deposit and facing potential damage claims.

### Account for additional costs.

Property transfer tax, notary fees, and land registry fees come on top of the final bid, several percentage points depending on the canton. Add potential clearing, renovation, and refurbishment costs. Rule of thumb: budget 5 to 10 percent above the final bid as a reserve.

## Frequently asked questions.

### Can I also bid online?

In Switzerland, foreclosure auctions are generally held publicly on site, at the offices of the debt collection authority or at the auction venue. Personal attendance is required, or alternatively, an authorised representative may attend on your behalf.

### Will I get my deposit back if I do not win?

Yes. Bidders who do not receive the award get their deposit back after the auction. If you do receive the award, the deposit is credited toward the purchase price.

### Can I withdraw after the award?

No. The award is immediately binding. Anyone who fails to pay the remaining balance loses their deposit and may also be liable for damages.

### Who is allowed to bid?

In principle, any adult with full legal capacity. The prerequisites are a posted security deposit and valid identification on the day of the auction.