A big family purchase rarely costs exactly what the first quote says. A house move can bring solicitor fees, surveys and repairs; a family car may need new tyres sooner than expected; and a kitchen renovation can uncover problems behind the cupboards. That is where a **contingency fund** comes in: money set aside for likely surprises connected to a particular purchase.

As a practical starting point, consider adding **10% to 20% of the estimated total cost** as a budget buffer. A straightforward, well-researched purchase might need less; an older property, renovation or complicated move may justify more. The right figure depends on what could go wrong, how certain your quotes are and whether you can manage a cost overrun without borrowing.

There is one important distinction: this purchase-specific buffer is not the same as your emergency fund. Keep money for unexpected costs around the purchase separate from money that protects the family if income falls or an essential bill arrives. Below is a practical way to work out both amounts without counting the same savings twice.

First, separate your contingency fund from your emergency fund

A contingency fund covers surprises that belong to a planned goal. If you are buying a home, for example, it could cover a higher-than-expected survey cost or an urgent repair discovered after completion. Your emergency fund is there for wider household shocks, such as a period without work, an essential boiler replacement or an unexpected drop in income.



It can be tempting to treat one pot as the answer to everything. The trouble is that spending your emergency money on a predictable purchase overrun could leave you exposed if a different crisis happens the following month. Equally, calling money “contingency” does not make it available for every surprise if it has already been committed to the purchase.

MoneyHelper offers guidance on budgeting and building savings that can help you think through your household priorities. The useful principle is simple: give each pound a job, and make clear which money is for the goal and which is for protecting your day-to-day finances.

Name and date the goal before you start saving

A goal becomes easier to budget for when it has a name, a target date and a realistic cost. “Save for a move” is vague. “Build the house-purchase budget by September next year” gives you something to calculate against.

Write down:

- **What you are buying:** for example, a home, a family car or a major renovation.
- **When you need the money:** use a month and year, rather than “soon”.
- **The estimated total cost:** include fees and practical extras, not just the headline price.
- **Your contingency amount:** state how you arrived at it.
- **Your monthly saving target:** divide the remaining amount by the number of months available.

For example, if your goal is £2,400 in 12 months, that is £200 a month before interest. If you already have £600 set aside for that goal, you have £1,800 left to save, or £150 a month over the same 12 months. This straightforward calculation helps you spot early if the date or monthly target needs to change.

Money Trumpet can be useful as a source of practical personal-finance ideas when you are thinking about savings habits and money goals. Whatever resources you use, base the plan on figures you can check against your own quotes and household budget.

Research the true total cost—not just the price tag

Before choosing a contingency percentage, build a list of the costs that are likely to come with the purchase. Look at current quotes, ask what is excluded and check whether prices could change before you pay. The more complete the estimate, the more meaningful your budget buffer will be.

Here is a simplified **housing** example. Imagine you are planning to buy a home priced at £300,000. The price is not necessarily the amount you need available for the whole process. Depending on your circumstances, you may also need to budget for a survey, legal work, moving costs, insurance, immediate repairs, and any applicable tax or lender fees. The details vary, so check current requirements and get estimates rather than relying on a generic figure.

Housing cost to investigate What to check Survey and valuation Which service is included, and could you need a more detailed survey? Legal and transaction costs Ask what the quote includes, what might be charged separately and when payment is due. Moving and setup Consider removals, storage, connection fees and any overlap between homes. Repairs and replacements List urgent work and items that may need replacing soon, such as appliances. Tax, lender and insurance costs Check which charges apply to your circumstances and confirm current figures.

Use official sources for rules and rates that can change. GOV.UK has information on buying a home and relevant taxes, while a solicitor, lender or qualified adviser can clarify what applies to your own transaction. Do not assume a friend’s recent bill will match yours: location, property type and personal circumstances can all make a difference.

For family spending, keep a running list of the sneaky extras too. Childcare around moving day, meals while the kitchen is unusable, parking, storage, nappies or temporary travel costs may not appear in a property quote, but they can still affect the household budget.

Choose a contingency percentage that matches the risk

Once you have added up the expected costs, choose a contingency based on how uncertain they are. A percentage is a planning tool, not a guarantee that every surprise will fit inside it.

- **Around 5% to 10%:** may be reasonable where the purchase is straightforward, costs are well quoted and there is little work involved.
- **Around 10% to 15%:** can provide more room where a few costs remain uncertain or prices may move.
- **Around 15% to 20% or more:** may be worth considering for older homes, renovation work, complex logistics or several unknowns.

These are starting points, not rules. If you have a fixed-price contract and detailed quotes, a large percentage might overstate the risk. If the work could uncover hidden damage, even 20% may not cover every possible problem. In that case, consider staging the work, getting specialist advice or delaying optional parts until you have more certainty.

Here is the maths: if your researched purchase costs total £20,000, a 10% contingency is £2,000, making a planned target of £22,000. A 15% contingency is £3,000, making the target £23,000. Write down both the base estimate and the buffer so you can see which costs are expected and which are reserved for surprises.

Keep the goal money separate and accessible

A named, separate savings pot can make it easier to see how much of the goal you have funded. You might call it "House move—September 2027" or "Family car—March 2028". That is clearer than a general savings balance that may also include money for school costs or emergencies.

An instant-access savings account can suit money you may need to use at short notice, especially as quotes or completion dates change. Check the account's access terms, interest rate and any withdrawal restrictions. If you are saving for a purchase several years away, you may also compare other suitable savings options, but make sure the timing and access rules fit the goal.

Keep your emergency fund in a separate pot or account as well. This is not about making money car repair budget harder to reach in a genuine crisis. It is about being able to see, at a glance, what is already committed and what remains available for an unrelated emergency.

Set an emergency fund floor based on essentials

Instead of choosing an emergency-fund figure because it sounds impressive, begin with your essential monthly costs. Add up the bills your household would need to keep paying if income dropped: housing costs, utilities, basic food, essential transport, insurance, minimum debt payments and necessary childcare or care costs.

Then decide how many months of essential spending you want to protect. The right number depends on factors such as how secure your income is, whether you have dependants, how quickly you could replace lost work and whether another adult in the household earns. A household with irregular income may need a larger floor than one with stable income and strong support options.

For instance, if essential outgoings are £2,500 a month, a three-month floor would be £7,500. That does not mean every family must have exactly that amount; it shows how to connect the target to real bills. You could build toward it in stages, and decide that the emergency fund must not fall below a specific minimum when planning the purchase.

Think about it: that floor is a boundary, not an invitation to spend the money above it automatically. If a purchase overrun would push you below your chosen emergency level, pause and review the plan. You may need a smaller

purchase, a later date, more savings or a different approach to the work.

Run the plan through a bad month

Before you commit, test the budget against a month that goes wrong. A family plan that only works when every bill lands on time and nothing breaks is too tight.

Ask yourself:



- Could you still pay essentials if a pay packet were delayed or reduced?
- What if the purchase costs 10% more than expected?
- Could two costs arrive together, such as a repair and a childcare bill?
- Would you need to borrow, miss a payment or dip below your emergency-fund floor?
- Can the purchase or non-urgent work be delayed if the numbers stop working?

If the answer is “we would have to put it on a credit card and hope”, the budget buffer may be too small, the timeline too short or the purchase too large for the current plan. That is useful information before you sign, not a reason to feel bad about the budget.

What to do when the contingency is used

If an unexpected cost comes up, record what it was and check whether it was genuinely unforeseen. A missed quote or forgotten fee should change your checklist for next time. A hidden fault or sudden price increase may be a real surprise. Either way, update the remaining total rather than treating the original estimate as fixed.

If the contingency runs out, do not quietly take the shortfall from the emergency fund without checking what that would leave behind. Pause optional spending, ask suppliers whether work can be staged, and compare the cost of delaying with the cost of borrowing. For a housing purchase, get advice before making decisions that could affect contracts, deadlines or safety.. Exactly.

A simple checklist for your budget buffer

1. Name the goal and write down its target month and year.
2. Research the full cost, including fees, delivery, setup and family-related extras.
3. Get written quotes where possible and check what each quote excludes.
4. Add a contingency that reflects the level of uncertainty and risk.
5. Keep the goal savings in a separate savings pot from emergency money.
6. Set an emergency-fund floor using essential monthly costs.
7. Test the plan against a bad month before committing.
8. Review the figures when quotes, dates or household circumstances change.

The right contingency fund is not the biggest number you can manage to save. It is a realistic budget buffer that gives your family room to handle likely unexpected costs while protecting money reserved for genuine emergencies. Research the full price, name and date the goal, keep the pots separate, and make sure the plan still works when the month does not go to plan.