



RESIDENTIAL · GUIDE

What happens if you can't close on time

The real consequences of missing a closing date, and how to handle a short delay before it becomes a breach.

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The closing date in your agreement is not a soft target. In most Ontario real estate agreements, time is "of the essence," which is legal shorthand for "the dates in this contract are firm and both sides are expected to meet them." So the honest answer to "what happens if I can't close on time" is: it can be serious. But it is rarely the disaster people fear, and most short delays get sorted out without anyone losing their home or their deposit. The key is what you do the moment you see a problem coming.

First, the reassurance

A delay is not the same as a collapse. Closings get held up all the time for ordinary reasons: the buyer's mortgage funds are late arriving from the lender, a bank takes an extra day to wire money, the sale of the buyer's existing home that was supposed to fund this one slips by a day. When the delay is short and both sides still want the deal to happen, the normal outcome is that the lawyers arrange a brief extension and everyone closes a day or two later. Nobody goes to court over a one-day funding delay if it can be fixed.

The problems start when a delay is long, when one side actually cannot perform at all, or when one side uses the other's delay as a reason to walk away from a deal they have come to regret.

Why "time is of the essence" matters

When time is of the essence, missing the closing date is a breach of contract, not just an inconvenience. That has two consequences worth understanding:

- The other side is generally not required to grant you more time. They can choose to, and usually do when the deal still makes sense for them, but they do not have to.
- If you cannot close and the other side can, they may be entitled to treat the deal as over and pursue you for their losses.

This cuts both ways. If the seller is the one who cannot close on time, the same rules protect you as the buyer.

What it can actually cost

If a buyer fails to close without a valid reason, the realistic exposure includes:

- Losing the deposit. This is usually the first thing at risk.
- Liability for the seller's losses. If the seller has to put the home back on the market and sells it for less, or carries extra costs in the meantime, the defaulting buyer can be on the hook for the shortfall and related damages. How much depends entirely on the facts, so be cautious about any specific number you read online.

If a seller fails to close, a buyer has their own remedies, which can include forcing the sale to go through or claiming damages.

The point is not to memorize the consequences. It is to understand that the exposure is real enough that you never want to treat the closing date casually.

The cooperative fix: an extension

When a short delay is coming, the practical solution is almost always a mutually agreed extension. The lawyers prepare a simple amendment moving the closing date, both sides sign it, and the deal proceeds on the new date.

Two things make this work:

- It has to be agreed by both sides and signed. You cannot extend a closing date by yourself. A one-sided "we'll close Thursday instead" is not an extension, it is a default.
- It has to be arranged before the deadline, not after. Once the date passes without an extension in place, you are already offside, and the other side's cooperation is no longer something you can count on.

This is exactly why the single most important thing you can do is tell your lawyer early.

What to do if you see a delay coming

- Call your lawyer immediately. The moment you suspect your funds, your financing, or the sale of your current home might not line up with the closing date, say so. Early warning is the difference between a quiet extension and a breach.
- Be straight about the cause and the realistic new date. Your lawyer can only negotiate a workable extension if they know what is actually happening and how long you really need.
- Do not go silent. The worst version of this is the buyer or seller who disappears as the date approaches. Silence turns a fixable delay into a default and hands the other side a reason to walk.

Bottom line

Missing a closing date in Ontario is a real breach because time is usually of the essence, and the exposure, your deposit and the other side's losses, is genuine. But most short delays are caused by ordinary timing problems and get solved with a signed extension when both sides still want the deal. The thing that decides whether your delay becomes a problem is how early you raise it. The moment you think you might not make the date, call your lawyer, while there is still time to fix it.

This is general information about Ontario real estate closings, not legal advice for your transaction. What happens in a delayed closing depends on your specific agreement and facts. Talk to us as soon as you think a date might slip.

Questions about your own situation? Book a free consultation at lucianolegal.com/contact.html, call 647-479-4585, or email info@lucianolegal.com.

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