

Let Us Help You Improve Your Chances of Getting a Mortgage

Here at Bristol, Weston, Bath and Exeter Mortgages Online, we understand that getting your first mortgage, or even a remortgage, especially if your circumstances have changed, may look like an impossible task, but we are here to help. We hold your hand from your initial enquiry through to the completion of your purchase. It's not that tricky and there are ways you can improve your odds and boost your chances of a successful mortgage application.



You'll need to be as attractive as possible to lenders if you want to get the best mortgage deal. Here are some top tips on how to boost your chances of getting the deal you want. 17 tips adapted from www.moneysavingexpert.com.

Tip #1 Don't expect every lender to fancy you

Every lender has its own method to decide whether it wants to lend to you. It's like a beauty parade and lenders will be rating you against their ideals. If you fit a lender's criteria, you'll most probably be accepted quickly. If you're far from ideal, you'll most likely be rejected.

But for people in the middle, it's more of a grey area and the lender's scorecard will be based on several factors, such as:

- The size of loan you want to take out
- How much you've saved as a deposit
- Your employment status and income
- Your credit rating
- Your outgoings
- Your existing debt

How we will help you: We will use our expert knowledge to look at the whole of the mortgage market for you to match your needs and requirements with the most appropriate lenders to get the best deal.

Tip # 2 Check your credit score before they do

You need to convince lenders that you've got the financial discipline required to pay back your mortgage. One way they investigate this is by searching your credit report(s) to find out if you've a good repayment history.

Your credit report lists your past credit cards, loans, overdrafts, mortgages and even mobile phone and some utility payments, for all accounts that were open over the past six years.

It used to be that you'd have to pay to get your credit report, though now you can get them all for free. It is worth checking all of them, as you don't know which one(s) your future mortgage lender will use.

Some examples to use are:

www.experian.co.uk

www.equifax.co.uk

www.clearscore.com

www.creditkarma.co.uk

How we will help you: We will gladly look at your credit report in advance and give you guidance on how it could be improved, if necessary. We can also consider applications for those who may have existing Adverse Credit issues.

Tip #3 Correct credit score errors pronto

If your credit file information is wrong, you have a right to do something about it - either having the error corrected or, at the very least, having your say.

Your first step should be to check if the error is on your credit file held with other agencies, then talking to the lender. If this doesn't work, the free Financial Ombudsman could step in and order corrections.

How we will help you: We will gladly talk through any errors you may have and discuss this on your behalf with potential lenders. We can also advise you on prioritising sorting any issues.

Tip #4 Register to vote or you'll have no chance

This is a deal breaker. While you can have a perfect credit score without being on the electoral roll, it's still ALMOST impossible to get a mortgage without it. Lenders use electoral roll data in identity checks (to ensure you are who you say you are, and live where you say you live and that you're not laundering money).

Your credit file will say if you're on the electoral roll or not, but you can also check with your local council. Do this as early as possible. While you can usually be added within a month, in late summer and early autumn it could take longer.

If you're not on it, you can register on the electoral roll for free. If you're not a UK or EU national and thus can't get on the electoral roll to vote, then you can put a notice of correction on your file, saying you have other proofs of address and ID you can offer lenders (assuming that you do).

How we will help you: From the very first initial free consultation, we will advise you about the correct documentation and any required actions that you will require for a successful and timely mortgage application.

Tip #5 Your ex partner's score can wreck yours

If you're financially linked to someone else (which only happens when you apply for joint credit, such as a bank account, mortgage or loan) but you're now separated or have nothing to do with them, then de-link yourself.

If not, any late payments or misdemeanor they've committed will reflect badly on you. Write to the credit agencies and ask for a notice of 'disassociation'.

You could still be linked to old flat mates if you had a joint bank account for bills, so it's worth checking that their credit history isn't affecting yours. If it is, de-link yourself quickly.

Even if the person you're linked to has a good history now, you still risk problems in future if they miss payments.

How we will help you: If you think this may be an issue, we will work with you to establish what action needs to be taken prior to any application be submitted.

Tip #6 Carefully manage your available credit

This is all about how much credit you have available to spend on credit cards and overdrafts. It's the difference between your combined debit balances on your cards and bank accounts and your combined credit limits/overdraft limit.

You need to strike a balance between not having too much - as lenders may think you could rack up more debt by spending it all - and not getting too close to your limits, which makes it seem you're at the edge of your finances.

Credit agency Experian says that if you have debts, lenders prefer that they make up less than half your available credit. So, if you've a combined limit of £10,000, they'd rather you use less than £5,000 of it.

If you are using a decent proportion of your available credit, avoid lowering your limits so you're suddenly close to the edge. Similarly, don't have tens of thousands of pounds of available credit unnecessarily - new lenders get twitchy that you could suddenly be far more indebted than you currently are.

This is an art, not a science, and all lenders' views of how much credit you 'should' have differ. Try to stay below 50% in all cases. Of course, if you can pay off debt, you should do so.

How we will help you: We will complete the necessary affordability forms with you so that you are clear from the outset about all income and expenses that a potential lender will consider. We will also ensure that you have a clear understanding of all repayments and costs involved.

Tip #7 Close old, inactive accounts or they can kill your application

If you're not using an account, it may be worth closing it. Leaving it open could not only be a fraud risk but could also mean some of your details may need to be updated.

However, if applying for a mortgage, longer, stable credit relationships are a positive. So, if you've two credit cards, one recently opened and an older one, it's probably not worth closing the older one before the mortgage application as you could lose the credit score boost it gives you. If you are closing an account, just cutting up the card isn't good enough - you must tell the bank you want it closed.

How we will help you: When preparing all the documentation that you will need us to submit, include all accounts and details of all open accounts/cards etc., even if they are not in use, this will help us progress your mortgage more quickly and smoothly.

Tip #8 Want a mortgage? ALWAYS pay ALL your bills on time

It's obvious - so do it.

All missed payments count against you on your credit file, so it's vital to keep up all repayments on ALL your outgoings. Defaults count against you for at least a year, and they'll stay on your file for the next six years. Miss just one mobile phone payment and it could be the difference between getting a mortgage and not.

Set up a direct debit on all accounts to make sure payments are made on time.

we will help you: We are often dealing with clients months ahead of a purchase or move, so it is important to keep all payments up to date during that period so there is no change or interruption to your application.

Tip #9 Don't apply for credit shortly before a mortgage

Try to avoid applying for credit in the three months before getting a mortgage - it could hinder your score and lead to rejection. Some recommend at least a six-month gap, to be absolutely safe. This is because lenders will search your credit file every time you apply for a loan, credit card, overdraft, or even a mobile phone or utility contract. This search is registered on your file even if you don't take out the contract.

The more searches you have in a short time, the less likely you are to be granted credit, as you could be viewed as desperately seeking borrowing.

If you NEED to apply for credit, it's unlikely that one application will hurt all that much, provided it's affordable.

BUT - if it's a payday loan, some lenders will decline you for a mortgage if you've had one in the past year.

How we will help you: We work closely with our clients during the process from application to completion. Any change of circumstances especially financial should be advised to our Advisers or Administration Team on an immediate basis in case it may negatively impact on your application.

Tip #10 Cut back on spending before you make your mortgage move

Lenders will ask for a lot of detail about your outgoings and may even want to see bank statements to verify what you've told them. This is because new rules brought in in April 2014 mean the lender has to 'stress test' you.

Don't worry, this isn't hooking you up to wires checking if you're telling the truth - it's checking you'd still afford your mortgage if rates went up several more percentage points.

The lender may ask for your latest three months' bank statements before you apply. It will use these to check your income matches what's on your payslips and examine your recent spending.

It's worth tightening your belt in the months before you apply. Don't go getting a round in for everyone in the local or spending every Saturday night in a casino - especially if you're applying for a large mortgage that will put some pressure on your monthly budget.

It also makes sense to live a little frugally in the run-up to buying your first home. Moving costs are high, so every penny you save means a bigger budget to meet unexpected costs.

How we will help you: The affordability and Fact Find forms are very lengthy and detailed. We will help you with the completion of these and all other forms of documentation to ensure that you have a more stress-free experience.

Tip #11 Stay out of your overdraft

If you're constantly in your overdraft, this could be seen as living close to the edge of your finances, so avoid it if 10. In fact, some lenders may not tolerate you being in your overdraft at all in the last three months.

And if you've no choice but to be in your overdraft, should you really be getting a mortgage?

To get a cheaper overdraft (if you really need it) see our Best Bank Accounts guide, but always budget to clear the debt as soon as possible.

How we will help you: As before, it is important that we present you to a potential lender in the best possible light. They will require balances of all bank accounts and credit cards, so the healthier these balances are, the more attractive you look to get the best possible deal.

Tip #12 Make paying your rent boost your credit score

Do you pay your rent on time? If so, there's a free scheme which millions of private renters can use to make paying rent boost their credit rating.

Private tenants can opt into the free Rental Exchange scheme. Launched in March 2016, it records your rental payments and sends the results to credit reference agency Experian.

How does it work?

You pay your rent to a third party called Credit Ladder. Credit Ladder passes on your payment to your landlord or lettings agency and tells credit reference agency Experian whether you've made the payment on time. Experian then updates your credit file accordingly.

If you know you'll be able to pay on time and you're trying to improve your credit rating or build up a credit history, this can be a clever way to make your rental payments count towards that. Of course, if there's a risk you're going to miss payments it could harm your rating.

How we will help you: If you are talking to one of our Advisers at the early stages of your property search and currently renting, this may well be worth considering. Click here to find out more www.experian.co.uk/rental-exchange

Tip #13 Put down £100 extra on top of your deposit if you're on the border of a deposit band

Putting down a little bit more than the minimum deposit required can boost your attractiveness to the lender, or at the very least cut the amount of documentation it wants to see.

For example, instead of applying for a £75,000 mortgage on a £100,000 property (where the loan is 75% of the property value), apply for £74,900 if you can afford the extra £100 deposit.

All mortgages have a maximum loan-to-value (the amount you borrow compared to what the property's worth) but it's best to borrow just under this, if you can.

How we will help you: Due to the fact that our Advisers are fully independent and have years of experience, they will give you a number of options in most cases. These options may well include illustrations of putting down additional funds towards a deposit. We are regulated to always give you the best possible advice.

Tip #14 Sort your paperwork to speed things up

Lenders now have to see proof of your income before they can offer mortgages, so it makes sense to get your paperwork together in advance. Sending all the paperwork in one batch speeds up the process as it reduces the chances of your application being reviewed by more people.

Many lenders won't accept printed internet bank statements, so you may need your bank(s) to send you original copies. Ask for these a few weeks in advance in case you need to wait for the originals to arrive.

Your lender may want to see any or all of:

- Your last three months' bank statements
- Your last three months' pay slips
- Proof of bonuses/commission
- Your latest P60 tax form (showing income and tax paid from each tax year)
- Your last three years' accounts or tax returns
- Proof of deposits (eg, savings account statements)
- ID documents (usually a passport)
- Proof of address (eg, utility bills or credit card bills)
- A gift letter. If you're getting deposit help, the lender needs to know it is a gift (not a loan), and that the giver won't part own the home.

How we will help you: We will provide you with documents, guides or downloads to advise you on exactly what requirements you will need, as well as liaise with your Solicitors and Estate Agent/developer. Plus, your Adviser and our Administration team will guide you through all the documentation

Tip #15 Avoid delays - fill out the application form correctly

Here are our top five tips for filling in the paperwork.

- DO state your income exactly. Don't round up.
- DO give your FULL NAME – even middle names are necessary.
- DO declare ALL your debts. The lender will find them anyway and withholding the info can mean a quick decline.
- DO get your three-year address history exactly right, including postcodes.
- DO give honest answers when asked about how much you spend.

How we will help you: This is not an easy task and we do not expect our clients to do this unsupported. We have expert knowledge of each lender's documentation, and their requirements regarding supporting paperwork.

Tip #16 Test drive your mortgage chances

Once you've done all the steps above, your finances should be in great shape. To test this, a mortgage agreement in principle (AIP), offered by many lenders, is the acid test.

It's a conditional offer saying you may be accepted, based on a quick check of your income and, probably, your credit file. But it offers no guarantees and it's not compulsory. But for first-time buyers especially, it boosts estate agents' or sellers' confidence that you'll be able to complete the sale, so may up your chances of having an offer accepted.

It's worth benchmarking a top deal with the best deal by asking the lender (or your broker) to see if you pass the checks for their AIP. Don't worry - just as it doesn't tie them in to lending to you, it doesn't mean you have to borrow from that lender if you spot a better deal further down the line.

Beware - too many of these checks in a short space of time could harm your credit rating if the lender does a credit check and marks it on your file. This could damage your mortgage application later on.

Some lenders offer a 'soft' search option, which won't be visible to other lenders (but will show up for you). Find out from the lender which it is before agreeing to one.

How we will help you: After your free initial consultation with one of our Advisers, getting you an AIP is usually the next step. This can be used to move straight to an application or held for you, usually for a pre determined time e.g. six months, until you have found a property.

Tip #17 Rejected? Throwing yourself at the next lender's feet will only make it worse

If you're rejected - FREEZE! Don't automatically apply again with a different lender. Too many applications will mess up your credit score, so don't do it. Instead, the first thing to do is to check your credit file again. Could you have missed something?

At all costs, avoid the rejection spiral. The nightmare example works like this:

- You apply
- You get rejected (sometimes falsely, due to an error)
- You apply elsewhere
- You get rejected again

This continues, until finally you check your files and get the error corrected. So...

- You apply again
- You're rejected because of recent 'searches'

If you're rejected once, immediately go to the top of this guide and follow the steps we've set out, or you may mess up your score as more applications mean more searches, which will compound the problem.

If you haven't missed anything and your credit file's still looking good, it could just be that the lender you applied to had its own reason for turning you down. It's worth asking the lender why.

It should indicate to you the main reason you were turned down - and will tell you if that was your credit file.

How we will help you: If you have worked closely and openly with us, it is very unlikely that you will be rejected once you are post-application. If that did happen will use our expert knowledge to find another suitable lender or advise you about the steps that need to be taken.

Useful Information Guides

Each of our websites as a section full of free, useful and informative information to download.

Contact Us

For further details about the mortgage and protection products we offer as a fully independent mortgage broker, or any other mortgage information, book your FREE CONSULTATION with one of our expert Mortgage Advisers.

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