

Let Us Help You Get a Mortgage if you are Self-Employed



Is it harder to get a mortgage if you are self-employed?

If you're self-employed, when you apply for a mortgage, you'll need to prove that you have a reliable income. There are plenty of ways to prove to a mortgage lender that you have a reliable income, it's usually just a case of getting the required documentation.

What counts as self-employed?

Lenders will view you as self-employed if you own more than 20% to 25% of a business, from which you earn your main income. You could be a sole trader, a partner, a company director, or a contractor.

How do you get a mortgage, if self-employed?

If you're self-employed and looking for a mortgage, you will have access to the same range of mortgages as everybody else and you'll need to pass the lender's affordability tests in the same way as any other borrower.

But because there is no employer to vouch for your wage, self-employed people are required to provide different types of evidence of their income than other borrowers.

What will I need to provide?

To prove your income, when self-employed when you apply for a mortgage, you will need to provide additional information regarding the trading history of the business. Most banks and lenders will want to see a minimum of 2 or more years' proof of income.

However, subject to meeting the lender's criteria, we can offer options for lenders who will consider those applicants with only 1 year's proof of income.

Other specific evidence may be:

- Self-assessment returns and a tax year overview (from HMRC).
- Evidence of upcoming contracts (if you're a contractor)
- Evidence of dividend payments or retained profits (if you're a company director)

Some lenders also prefer self-employed mortgage applicants to provide accounts that have been prepared by a qualified, chartered accountant; that way they can be sure of your reliability. It's likely that they will focus on the average profit you've earned over the past few years.

Regardless of your situation, our expert team will help you from the very start.

Having evidence that you've got regular work or providing proof of future commissions may help.

Having a healthy deposit and a good credit history will also help your chances of securing a mortgage when you're self-employed.

As well as providing evidence of your income, you will also need to provide:

- Passport/Driving licence
- Council tax bill
- Utility bills dated within three months
- Six months' worth of bank statements
- Proof of deposit.

Lenders will want to examine your bank statements to look at how much you spend on bills and other costs to be certain you could afford your mortgage repayments. They may ask about:

- Household bills
- Travel and commuting costs
- Childcare
- Holidays
- Socialising
- Hobbies
- Credit card and store card repayments
- Loan repayments
- Car finance agreements

Do self-employed people have to pay higher mortgage rates?

Self-employed mortgages aren't necessarily more expensive. As long as you're able to supply enough information about your income, you should qualify for the same mortgage deal as someone with a comparable salary in a permanent, full-time job. The mortgage rate you get is much more likely to depend on the size of your deposit, as well as your credit rating. The more you can put down as a deposit, and the higher your credit rating, the better your mortgage rate is likely to be.

As a fully independent broker we will search the whole of the market for you including many specialist lenders, to ensure we can offer the most competitive and suitable deal and rate.

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 and Protection Advisers.

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