

VANTAGE POINT

EDITION 2

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The value of mortgage advice from a financial adviser

Harry and Sam have been staying with Harry's dad in his two-bedroomed terrace for just over a year while they save up a deposit for their first house. The lack of space and privacy has proved challenging to say the least and would now like to start searching for their own house.

Despite having saved up a good deposit, friends have warned the couple they would have no chance of getting a mortgage due to their working situation. Sam is a self-employed, successful roofer, but has only been working for himself for two years. His friends have told him, he'll need at least three years of accounts before a lender will go anywhere near him. They say any mortgage the couple can get will be based on Harry's income alone. Harry works as a hairdresser and his salary is nowhere near enough to secure the kind of mortgage they're hoping for.

The value of mortgage advice

Harry and Sam should resign from listening to their friends as when making such an important financial commitment like this, the only guidance they need is from a qualified mortgage adviser. Here are four ways they can make a difference to a mortgage search:

1 They know the market

If, like Harry and Sam, your needs or circumstances are 'out of the ordinary', your options may indeed be more limited than those of other buyers. However, this doesn't mean you don't have options. They know the lenders who are willing to consider buyers in your situation and will check you're likely to meet their specific lending criteria before submitting a formal application. This will save you time and avoid unnecessary searches on your credit file.

2 They know what a good deal looks like

An attractive rate may seem like your best bet when choosing a mortgage but you also need to factor in things like fees, loan conditions and the mortgage term. They look beyond the headline rate and can help you understand how the length and type of loan will affect how much you pay in the long term. They'll also highlight any additional expenses like administration and booking fees, and valuation costs.

3 They do the hard work for you

As well as helping you select the right mortgage, they'll work with you to complete all of the necessary application forms and liaise on your behalf with solicitors, valuers and surveyors. They can also recommend products that provide financial protection should the unexpected happen.

4 They're professionally qualified

They're fully qualified to advise you on a wide range of lenders and products unlike high street banks and lenders. This way you'll gain from genuine choice coupled with quality advice.

YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE

How to improve your chances of passing a mortgage affordability assessment

Getting on the housing ladder can feel like one of the hardest and longest processes in the world and the cost of living crisis is probably not helping. You need to come across as attractive buyers for lenders to consider you, but there are many factors that can reduce how much lenders are willing to let you borrow for your home.

How do lenders decide whether to offer you a mortgage?

If you're applying for a new mortgage, remortgaging or increasing your current mortgage, lenders are required to carry out an affordability assessment. This involves a variety of checks designed to make sure you can afford to repay what you borrow. According to the Independent, some two thirds of first-time buyers are rejected for a mortgage at their initial attempt. So, what can you do to boost your chances of passing an affordability assessment?

Evidence stable employment

Many lenders ask for three years' proof on income, although some will accept less. Even simply switching from one employed position to another can affect your chances of success. Some lenders like to see that you've been with an employer for at least three to six months before they'll consider you.

Reduce your debts

Lenders will look at your total income and then work out how much you need to maintain a basic standard of living. This will give them an idea of how much you can afford to spend on a mortgage. Reducing the amount you owe on things like credit cards and loans will increase the amount you have available and boost your chances of passing an affordability assessment.

Check your credit report

Before offering you a mortgage, lenders check your credit report. A poor credit history could affect the amount they're prepared to offer or cause them to turn you away altogether. However, there are simple ways to improve your credit rating. Before applying for a mortgage, check your credit report for errors, avoid applying for new credit in the six months leading up to the application and make sure you're well within any existing credit limits.

Get professional advice

Finding the right mortgage is important so we can assess your circumstances and get the right deal for you. We can save you the headaches and ensure you're less likely to be turned down for a mortgage.



YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE

New Mortgage Charter encourages lenders to provide you with more support

Banks and Building Societies have been encouraged by Chancellor Jeremy Hunt to offer more flexibility if you are finding it difficult to make mortgage payments. Mortgage lenders, the FCA, the Government as well as organisations such as UK Finance and the Building Societies Association have come together to provide you with a new Charter to give you reassurance and support through these tough times. They are committed to implementing this new Charter as soon as possible.

Lenders have an extensive range of measures they have agreed to, to help you if you're finding it difficult. Lenders don't want to repossess your home; repossession is either a last resort or when it is in your financial interest.

We are here to help you with any mortgage payment concerns you have. If you are currently in arrears, our advisers can work with your lender to get the support you need.

Under the new Charter, lenders' promises include:

- Helping and guiding you if you're worried about your mortgage repayments without it affecting your credit file.
- Supporting you in switching to a new mortgage deal at the end of your existing fixed rate without needing another affordability check, if you're up to date with payments.
- Providing timely information to help you plan if you're approaching the end of your current deal.
- Offering you tailored support if you're struggling, such as extending your term to reduce your payments, with the option to go back to your original term within six months. A range of other options are available depending on your circumstances such as switching to interest-only payments for six months, temporary payment deferral or part interest, part repayment.
- You won't be forced to leave your home without your consent, within a year from your first missed payment, and only in exceptional circumstances.
- From 10 July, if you're approaching the end of a fixed rate deal, you will have the option to secure a new deal up to six months ahead. You can also request a better like-for-like deal that's available with your lender up until your new term starts.



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