

## **10 Things to AVOID If you Want to Apply for A Mortgage!**

**Not Being on The Electoral Roll** - The electoral roll allows lenders to verify your identity quickly. Not being registered will make it difficult for a lender to confirm who you are. This could slow down the mortgage application process, as your lender will probably request additional identification checks, and it could even result in your application being rejected altogether. The good news? Getting on the electoral roll couldn't be simpler; all you have to do is fill out a form using the register to vote service on Gov.uk.

**Having Large Amounts of Outstanding Debt** - Generally speaking, it is possible to get a mortgage with existing debt. However, lenders may be reluctant to grant you a mortgage if you have large amounts of outstanding debt from personal loans and/or credit cards. This is because having to pay off other loans will directly impact how much (and whether) you can afford your mortgage repayments each month. For this reason, it is really important to pay down as much debt as possible before making a mortgage application.

**Having No Credit History at All** - Applying for a loan with limited or no credit history is a bit like applying for a job without a CV. Since your credit score lets lenders know how reliable you are at making repayments and handling your debt, it is beneficial to have some form of history, to be approved for such a large loan. It is important to check your credit score before applying for a loan and, where possible, take steps to build up a good credit score before making a mortgage application.

**Trying to Borrow Too Much Money** - It's important to do the maths and be realistic about how much money you can afford to borrow. Typically, mortgage lenders will only lend a maximum of four-and-a-half times the combined annual income of you and anyone else you are buying with. Asking for a loan above this threshold will likely result in your application being rejected – and you may well find that you are offered less than the maximum.

**Having a Bad Credit Score or Adverse Credit** - If you've got a bad credit history, County Court Judgements (CCJs), or a bankruptcy on your record it can be really difficult to get approved for a mortgage. This is because lenders use your credit history to judge your ability to stay on top of any new potential loan. Missing or making late payments on a previous mortgage, loan, credit card or even your mobile phone bill could potentially scupper your chances of being accepted for a mortgage. All hope isn't lost if you have an adverse credit history though, as it may be possible to get approved from a specialist lender who will consider previous credit blips. However, rates on adverse credit mortgages can be high, so it may be better to spend time improving your credit score and then applying for a regular mortgage.

**Recently Becoming Self-employed** - Mortgage providers can be reluctant to approve a loan to self-employed workers. This is because, without a contract of employment or regular payslips, it can be difficult to prove that you'll be able to keep up with mortgage repayments. If you are self-employed and are hoping to buy a home, it's vital to compile documents proving your past income and future opportunities for payment. Some lenders will consider 12 months trading figures but most will want to see at least two years' worth of accounts.

**Having Too Many Credit Checks Done** - Each time a credit check takes place a "footprint" is left on your file. If you are rejected this will leave a record on your file and damage your credit score. "The more credit you apply for, the more it looks like you can't find it and are getting desperate – not the profile of a customer the lender is looking for

**Evidence You Have Been Using Pay Day Loans** - Already highly controversial for their high rates of interest, a payday loan could also harm your chances of mortgage success. Many lenders believe regular use of payday loans suggests you are stretched or unable to manage your finances: "They give the impression of a person who cannot make it to the end of the normal month on their standard pay or someone who has no backup plan if things happen, that need to be sorted."

**Payments to Gambling Sites or Going Overdrawn** - Regular payments to gambling websites are a big no-no, we have seen lenders reject applicants for having regular items on their bank statements to online betting companies or casino's. Excessive outgoings, or regularly going overdrawn, will also hamper your mortgage ambitions.

**Applying to The Wrong Lender** - Even with your finances in order each lender will have its own affordability criteria and may place more weight on certain factors. For example, while some lenders may be more willing to accept applications from households with growing families or self-employed applicants, others may have more rigid criteria. It is important to find the lender most likely to accept your financial and personal circumstances the way they are – and this is where the expertise of a mortgage broker can really help.

For Advice and Guidance please call Grange Mortgage Services Ltd on 0300 303 0707 or email [enquiries@grangemortgages.com](mailto:enquiries@grangemortgages.com)