

Getting a mortgage with a poor credit history

By Mark Mackin, Mortgage Adviser

A history of adverse credit, whether severe or simply the odd missed payment, can have a major impact on a mortgage application with high street/mainstream lenders. A credit profile that doesn't fit the traditional mould can all too often result in a "computer says no" response, with very little, or no room to appeal. They are driven by the belief that missed payments in the past means that there is an increased risk of missed mortgage payments in the future. That may be fair for some people, but definitely not everyone. It's easy to conclude that the high street just doesn't have the appetite for more specialist lending and is happy to leave that to other lenders.

The good news is that there are other specialist lenders out there who do have the appetite. I read a report recently looking at some of the factors that put people with past credit issues off even seeking out help to find out what is available. A fear of rejection was one that I totally understand, but would urge anyone in that situation to get some advice from a mortgage adviser.

You may well end up being very surprised at the options you do have and find there are mortgages out there that do fit your credit profile. Or, if there are no options for you now, an adviser can help work out when some might become available as your credit profile improves and/or your available deposit grows. You can work out a plan together for if not now, when and how.

Sometimes people are too embarrassed to seek help. Don't



be. The report I read, carried out by Pegasus Insight, found that out of 2,000 UK adults aged 18+, 483 had experienced one or more adverse financial events in the previous 12-month period. That is 29% of adults. So you are not alone or even unusual. I urge you to get advice. The mortgage industry is full of advisers who deal with customers with adverse credit and most advisers have access to more specialist lenders and smaller banks and building societies that do have the appetite to help.

I often hear people talking about credit scores. While a credit score can be important with some lenders, there are others who don't credit score new customers. That's not to say they aren't interested in your credit history; they will look at your

credit file to see what has happened in the past. Many lenders have published criteria that states what adverse events they will accept, how many and how recently they happened. So, an adviser would be able to look at your history and know whether a lender is more likely to accept an application. Others will look more closely at why credit problems happened so they can better understand what the 'risk' factors are going forward. Loss of job, health, family circumstances, unforeseen events or just the general increase in the cost of living can all have a severe impact on finances, and these lenders will look at what happened in the past, whether it is likely to be a factor in future and assess the application based on that.



32 Belton Lane, Great Gonerby, NG31 8NB
01636 858551 / 07984 108067

www.monumentfs.co.uk | mark@monumentfs.co.uk