



# JONES & YOUNG

Mortgages for Business Owners

## Credit scores are everything for mortgages.

Credit reports are one of those things in life we hate but understand it's crucial in many aspects of our business and personal life. One of these areas it's especially important is when you need a mortgage. Generally it's a level playing field for self employed and employees. There are 3 main credit agencies that the lenders use. Some lenders use 2, some just one to check your reports. Surprisingly the data can vary between the the 3 agencies. The 3 credit agencies are Equifax, Experian and trans union . Once you know what all 3 credit agencies are showing on your report you can spot any differences and then use lenders that use the best agency for you. Most lenders do use secondary checks so this is not as easy with big lenders as it is the smaller lenders. To check all 3 credit agencies use check my file to get a credit report. Also the score is more of a marketing gimmick and quick guide. The lenders are interested in the detail.

Depending how you set up your company will depend if any business loans, hire purchases or finance agreements are listed on your personal report. The best example is your car finance. If you are a limited company and the car finance is in a limited company name it won't be listed on your credit report. If you are a sole trader it will listed on your credit report and the same applies to any other finance. If you are a sole trader you need to be extra careful. Lenders will also use these monthly commitments as against you for affordability if your a sole trader. A couple of lenders have flexibility if the commitments come out of a business account but most would take as a commitment and limit the amount you can borrow.

Jones & Young are a professional mortgage broker, delivering industry-leading mortgages to first-time buyers, self-employed and CIS customers for over 10 years.

### Contact us

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You have to think of your credit report more like a CV. The lenders are looking to see what experience you have borrowing money and how successfully you have borrowed and repaid money. They can see your borrowing history and how you conducted it, to then make a decision on what the likelihood is you will repay the mortgage on time. They also use the info to ID you and check address history. The credit report forms a large part of the lending decision and will impact the mortgage rate massively.

Some lenders do credit scoring and some do a manual review. Most lenders credit score and they are taking the data of your report and then using an internal score card to decide if you pass their score requirements. Some smaller building societies do a manual check and this can be useful if you had a credit blip or one off missed payments. Different lenders have differing risk appetite and your credit report dictate what type of lender you can use. The better your credit report the cheaper you can borrow money and the more flexibility you will have as more lenders will be open to lending to you. Deposits can also vary depending on credit reports. An extremely good report with no issues you can get a mortgage with a 5% deposit. Once you start getting any adverse blips you will have to start increasing your deposit to 15% or maybe even 25%.