



How to improve your mortgage affordability

With affordability tests being revised in the wake of the cost-of-living crisis currently happening in the UK, many prospective buyers are looking for ways to improve their chances at securing the best possible mortgage for them. With house prices still at a high, improving your affordability can be a great way of increasing your chances of securing a mortgage – especially for first time buyers looking to raise a deposit for their first home. In this article, we take a look at the most effective ways you can improve your affordability.

The affordability test that comes with a mortgage application is designed to protect consumers against being sold loans that they are unable to pay – obviously something that is an essential part of the process, but also an added obstacle for some that are perhaps right on the cusp of affording the home they want. With the criteria now set to be tightened, it may well be time to look at improving your own affordability wherever you can.

Cutting costs

One of the more obvious solutions is to cut unnecessary costs. The lower your monthly outgoings, the more you'll be able to afford. Although this may appear to be stating the

obvious, the impact that making cutbacks can have may be more significant than you'd think. Reducing your outgoings by just £100 a month by cutting down on eating out and the odd takeaway could add up to £10,000 to your maximum loan. Obviously cutting down on monthly outgoings isn't a possibility for everyone – but if you are in a position to make some sacrifices, it could really help to improve your affordability. For those who may find cutting costs a little harder, perhaps trying to switch providers for various services such as TV packages could result in you being offered special deals that can help you save.

Prepare in advance

Different lenders may require different types of evidence when calculating affordability. Some could ask to see three months' worth of statements whereas others could ask for six or more. It's a good idea to prepare for the longer period before applying to make sure each statement you provide will be beneficial to your affordability.

Reduce your debts

If you are someone with outstanding loans, not repaying them before applying for a mortgage could affect your affordability. It may be advisable to reduce debts where you can before any mortgage application in order to have a better chance at passing an affordability test. Student loans are often treated differently by lenders, and you may not have to worry about reducing them before getting on the ladder.

If you are worried about how changes to affordability criteria could affect your mortgage application, it's important to speak to your adviser so they can help to put your mind at ease.



If you'd like to discuss the options available to you, contact your adviser today.