

Confusing Cashflow Counteracted with a Heaping of Communication

Recently one of our franchisees Mark Bampton, based out of Bracknell, was approached by an individual seeking a mortgage after they had faced difficulties in putting one into place on their own. Looking further into the case, it soon became apparent why there had seen so much difficulty.

The Setting

The nature of the case was highly complex, as the individual had a history of troublesome credit as well as a combination of employed and self-employed income, the latter of which was very difficult to verify as they had a business bank account but had for a long while been processing the business transactions through their personal account, making the separation of personal and professional payments incredibly difficult.

Adding an additional layer of difficulty, the client was having to apply as a single applicant, despite being married, because their partner was a foreign national without any UK residency rights, so could not be legally counted on as a payee of the mortgage. Despite having a good deposit and good income, the combination of all of these factors restricted the available lenders considerably, forcing Mark to get creative.



The Process

The first step for any good mortgage broker is to have their client complete a fact find, an information gathering document that collects some details at the outset that can help to start narrowing down the number of potential lenders. The first issue in processing this application came from this document, as the client did not disclose their bad credit, causing a slowdown in processing as the Mark sought to rectify the documentation he had sent off. After this had been resolved, it had left Mark with only 2 lending options. For context, the White Rose Finance Group, of which Your Mortgage Plus is a member, has a panel over 300 lenders, so only having 2 available for a case is very significant.

Out of these two, one was Bluestone Mortgages, a specialist mortgage lender who have a focus on being adaptable to difficult situations, and the other was Nationwide Building Society. Mark applied to both funders, but in the knowledge that there was only a 5% chance of getting approved with Nationwide, which as a high street bank offers much lower interest rates, but as such their criteria is much stricter. Unfortunately, this led to them declining the application, as they could not stomach the underwriting of the case because of the confusing income situation.

Fortunately, Mark, knowing Nationwide would likely decline, applied to both companies simultaneously, in hopes of getting the better deal for their clients with Nationwide, but at the same time being confident the application with Bluestone would be processed and accepted. All of this was done with the full knowledge of the applicant, with Mark ensuring they were kept in the loop at all times as to what they were doing and why they were doing it, in a bid to keep them calm and confident about their prospects.

The Outcome

Ultimately, as suspected, Bluestone accepted the application on the 9th of March, with a verification coming through the next day. This was a fantastic win for both Mark and the client, with the client and their partner being able to purchase and then move into their new home, and for Mark it was incredibly rewarding being able to bring everything together and finalise such a complex case.

The key to this case was communication. Communication with the client is essential to ensuring their confidence in you as a broker and advisor and to keep them optimistic about their prospects, but also with lenders business development manager (BDM) and the estate agent.

One of the major benefits of being in a network is that the relationships with lenders are cultivated on your behalf, but on an individual case basis it is important that you communicate with the BDM and give them as much information as possible. In this case, Mark's strong initial relationship with the BDM allowed him to navigate the late disclosure of the client's bad credit, a factor that may have potentially caused a serious roadblock if communications had not been present prior.

Additionally, while this case required it more so than most, it is important to keep the estate agents up to date with your progress, as failure to do so could potentially jeopardize the availability of the property while the mortgage application is being processed. After applying for the two mortgages for the case, Mark let the estate agent know that he was confident the Bluestone application would go through, putting them at ease, but didn't mention the Nationwide application so as not to complicate the relationship with them or make them worry.