

Late Payments

By Chris Morgan

When was the last time you looked closely at your credit file?

We have recently been helping one client secure a buy to let mortgage, by overcoming some minor credit issues on his credit record. Although he had successfully secured several mortgages in the past he had been rejected by his existing lender already before coming to us.

Tony has two buy to let flats in a building that has been converted into eight separate apartments. On face value you wouldn't think that re-mortgaging them for £300,000 when they are jointly worth £400,000 would be a problem with so much equity remaining.

Tony Said ...

'For some reason my existing lender has refused to increase the existing mortgages on two of my buy to let properties. They turned down my application and then declined to give me any firm reasons for their refusal, which I find annoying'.

Tony Continued ...

'I'm planning to buy a new flat to live in and the money being drawn from the buy to let properties was to help towards the deposit. I'm already committed to buying the new property, because I never dreamt that my existing lender would turn me down'

In the present lending market it is getting more common for lenders to turn away, or refuse existing customers especially if you have any minor issues on your credit file. In Tony's case there were a couple of late payments one on his credit card and one on his existing mortgage.

Here's some advice for people having problems with their current lender or credit file

Some high street banks have been affected by the lending crisis more than others, meaning that some are turning away existing customers and looking for the tiniest reasons not to lend money. Mortgages are now assessed completely differently to the methods used five years ago.

Most lenders are performing a credit search and/or credit score to see if any late payments exist on your credits cards, loans, or existing mortgages. Many of the high street lenders have tightened their criteria and are refusing to lend to customers even if they only have one late payment.

In these circumstances you should get a copy of your credit file from Experian or Equifax and actually take a look at what the lender has been using to make their judgement. You may find that there is something incorrect on your record, or something perfectly explainable.

So Tony?

We arranged two buy to let mortgages with a lender who had a relaxed attitude towards the late payments on his credit record. Tony had missed two direct debits by only a few days and with our help was able to provide his new lender with a reasonable explanation of the circumstances.

You can check your credit record at either www.equifax.co.uk or www.experian.co.uk

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