

JOB DONE

MIND THE GAP

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By Vicki Harris, Chief Commercial Officer, Kensington Mortgages

The self-employed. We talk about them day in and day out here at Kensington. And there's a good reason to. They're a fundamental part of our business. Earlier this year, self-employed workers reached a record high of 4.93 million – equivalent to 15% of the UK workforce.¹ They also contributed £275bn to the UK economy last year alone.²

However, it's well-known that high-street lenders favour 'traditional' borrowers over the self-employed. A lack of PAYE, limited trading history, and sporadic or multiple incomes – to name a few considerations – are often considered too 'complex' for a high-street lender.

There's a difference though between assumption and fact, and at Kensington, we wanted to understand the experiences self-employed borrowers have when applying for a mortgage. It's why we recently surveyed over 2,500 self-employed individuals.

The results spoke volumes. High-street lenders had rejected over a third of those self-employed borrowers surveyed, and more than two-thirds (68%) felt disadvantaged by their self-employed status when applying. A lack of confidence in their employment status, largely inflicted by high-street lenders, means many are put off applying for a mortgage again. It's probably why our research also showed over a million self-employed individuals believe they will never be able to own a home. And even over a quarter considered taking on a full-time job to increase their chances of getting a mortgage. When we consider their daily contributions to our economy, this doesn't seem particularly fair.

Mortgage applications are stressful enough. But as an industry, we should be doing everything we can to help self-employed borrowers have the best possible chance of success. Their unique circumstances should aid, not inhibit them.

Mainstream lenders need to reassure self-employed borrowers that there are other solutions available and point them in the right direction. And while high-street lenders may still have a stiff upper lip, that doesn't mean we do. At Kensington, we're proud to be flexible through our head and heart approach. It's the Kensington difference.

If a borrower has a complex income, for example, we'll consider up to 100% overtime and bonuses for agency workers and those on zero-hour contracts. For self-employed workers specifically, we only require one year's worth of trading history so long as your deposit is at least 15% of the value of the property, and if you are a contractor, we accept less than 12 months. And for directors of limited companies, we will include all salaried income plus dividends in our assessment of how big a mortgage you can afford.

We don't have a 'computer says no' mentality – irregular or multiple income streams are encouraged at Kensington. If you're self-employed, we can help you. Check out our [Mortgage Fit guide](#) to see how.

If you're enjoying my blogs so far, I would love to hear from you and any suggestions you have. Just email me on vicki.blog@kensingtonmortgages.co.uk.

Vicki Harris has 20 years of experience working in challenger financial services brands, working across asset management, banking and specialist lending. She is currently Chief Commercial Officer of Kensington Mortgages, the UK's leading non-bank specialist mortgage lender.

¹ IPSE Self-employment in the Modern economy report, 2018

<https://www.ipse.co.uk/uploads/assets/uploaded/b1dd0971-0ea5-4d42-96364e5a0ae98338.pdf>

² ONS Labour market economic commentary: May 2019

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/labourmarketeconomiccommentary/may2019>