Your mortgage must be affordable

If you're getting a new mortgage to buy a home, increasing your current mortgage, or remortgaging, your lender must check that you can afford your repayments now and in the future.

To do this they will need information about your income and outgoings. They will also work out how a rise in interest rates might affect your monthly mortgage payments.

You will have to tell them if you expect your income or outgoings to change in a way that means you'll have less to spend on your mortgage payments.

Who can advise you

You can get advice about mortgages directly from an adviser at a mortgage lender (like a building society or bank), or from a mortgage broker or financial adviser.

What an adviser must tell you

When you first speak to an adviser they have to tell you:

- what their charges are and how they are paid
- if there are any limits to the range of mortgages they can recommend for you

For more information go to:
www.fca.org.uk/getting-a-mortgage

For free and impartial help on choosing the right mortgage go to:
www.moneyadviceservice.org.uk/mortgages

Getting a mortgage

New mortgage rules that will affect you

What you need to know when you get a new mortgage or change your existing mortgage.

FCA
FINANCIAL CONDUCT AUTHORITY

New mortgage rules that will affect you

In the past, some people were allowed to take out mortgages they couldn't afford. This meant they fell behind with their payments or lost their homes.

The Financial Conduct Authority (FCA) sets the rules for mortgage lenders and advisers in the UK.

We have looked at how the process of getting a mortgage can be improved to prevent these problems. As a result we have introduced new rules from April 26 2014 for lenders and advisers.

Proving your income

You will need to give your mortgage lender evidence of your income. For example, you might have to show them your payslips if you're employed, or your accounts or tax returns if you're self-employed.

Confirming what you spend

Your lender will need to know what you spend on:

- essential expenses that you have to pay, like food, gas, electricity and council tax
- basic quality of living costs, like clothes, household goods, leisure and childcare
- repayments and other commitments, like credit card bills or hire purchase payments

The details you are asked for will vary between lenders and may be different to mortgage experiences you've had before.

For an interest-only mortgage, the lender will need to see your plan for repaying the loan when the interest-only period ends.

Getting advice

When you take out a mortgage, you will usually speak to a mortgage adviser. They will discuss your personal circumstances, including your income and what you spend.

Then they will look at what kind of mortgage is suitable for you. They may need to research the mortgage market before they recommend a deal that they think is right for you.

Getting a mortgage without advice

In some circumstances you can apply for a mortgage without taking advice. This is usually done by post or online. However, you would need to know all the details of the mortgage you wanted, and be able to arrange it yourself without speaking to an adviser.

If you choose to do this, your lender or adviser must tell you about the legal protection you will lose by not getting advice. This includes the right to complain about how suitable the mortgage is for you.