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Can you get a mortgage with poor credit?

How adverse credit mortgages work and tips to boost your approval chances

A less-than-perfect credit history can be a significant obstacle on the journey to homeownership. However, poor credit doesn't automatically exclude you from the mortgage market. Whether you've had missed payments, defaults, or even a bankruptcy, some lenders specialise in helping borrowers like you.

Let's look at how bad credit mortgages operate, what to expect during the application process, and what actions you can take to boost your chances of success.

What are bad credit mortgages?

Bad credit mortgages (also called adverse credit, sub-prime or non-conforming mortgages) are intended for borrowers with a history of credit problems.

These are typically offered by specialist lenders, rather than high street banks, and come with higher interest rates, stricter lending criteria, and often require a larger deposit, usually 15% or more.

Types of issues that may still be considered include:

- Satisfied or unsatisfied defaults.
- CCJs (County Court Judgments).
- Previous bankruptcy or Individual Voluntary Arrangement (IVA).
- Low credit scores.
- Missed payments on credit cards or loans.

Case-by-case approach to underwriting

You'll still undergo affordability and eligibility checks, but specialist lenders may adopt a more flexible, case-by-case approach to underwriting. These products are often utilised as short-term solutions, enabling borrowers to "repair" their credit and remortgage for a better deal in a few years' time.

Some borrowers who take out a bad credit mortgage do so with the aim of improving their credit history by making regular mortgage payments. Over time, this helps rebuild trust with lenders and opens the door to more mainstream deals.

These mortgages are especially helpful for people whose credit problems were caused by a temporary life event, like redundancy, illness or divorce, and who are now financially stable but still find it hard to qualify with traditional lenders.

Can you still get a mortgage with poor credit?

In many cases, yes, but your lender options will be more limited. The severity, frequency, and recency of your credit issues will decide which lenders might consider your application.

Mild or historic issues

Some high-street lenders might still approve you if your credit issues are minor (e.g., late payments from a few years ago) and you have a decent deposit and a steady income. In these cases, using a broker who understands mainstream lender criteria can help you secure a standard mortgage without needing to go down the specialist route.

Serious or recent issues

Defaults, unsatisfied CCJs, or recent bankruptcies generally require a specialist lender. These lenders conduct manual underwriting, taking into account the circumstances behind the issues. Was it a one-off event like redundancy or illness? Have you been financially stable since then? If you can show that your situation has improved, many specialist lenders may be willing to assist.

Speak with our specialist mortgage brokers

Our highly experienced team can match you with lenders most likely to accept your circumstances. It's important not to avoid submitting multiple mortgage applications yourself, as each credit check leaves a record and repeated declines can further damage your score. We can help you avoid unsuitable lenders and focus on those more likely to approve your application, making the process easier and faster.



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Steps to improve your chances

While searching for a mortgage, there are several ways to make yourself a stronger applicant:

1. Review your credit report

Check all credit agencies (for example, Experian and Equifax). Correct any errors and note the dates, many negative entries disappear after six years. If any issues are still unresolved despite being settled, please request that the status be updated. Look for outstanding balances that could be paid off and avoid any further missed payments as you prepare your application.

2. Build a larger deposit

The more you can put down, the better. A 15% to 20% deposit reduces the lender's risk and may qualify you for better rates. Consider family assistance through gifted deposits if possible. A larger deposit can also lessen the impact of credit issues and give lenders greater confidence that you are committed to managing the mortgage responsibly.

3. Show affordability and stability

Make sure current bills and debts are paid promptly. Reduce your credit card balances. Showing consistent income, regular saving habits, and low existing commitments all support your case. Lenders want to see that your financial situation has improved and that you can comfortably afford your monthly mortgage payments.

4. Don't make multiple applications

Avoid submitting multiple applications to various lenders; we can evaluate your suitability and recommend a focused approach. Each application leads to a hard search on your credit report, and too many in a short period can be viewed unfavourably by lenders.

5. Prepare explanations

Have a brief, honest explanation ready for your credit issues. Lenders often appreciate context, especially if your financial situation has since improved. A letter of explanation outlining the reasons behind missed payments or financial difficulties can help humanise your application.

6. Time it right

If your credit issues are very recent, consider waiting a few months before applying. As time passes, more lenders may be willing to consider you. Even six months of on-time payments can begin to rebuild trust. In some cases, waiting until adverse entries are removed from your credit report could significantly improve your chances.

What to expect from a bad credit mortgage offer

If you do qualify for a bad credit mortgage, be prepared for the following:

- Higher interest rates: You might pay between 2% and 4% more than standard mortgage deals. The exact rate will depend on the nature and age of your credit issues, as well as the size of your deposit.
- Higher deposit requirements: Expect to pay at least 15% to 30%. The more solid your credit history, the more equity lenders will demand to reduce their risk.
- More paperwork: Lenders might request additional bank statements, evidence of debt payments, or letters of explanation. Be ready to provide detailed proof of your current financial stability.
- Shorter deal terms: Many products offer fixed deals for 2 to 3 years, aiming for remortgaging to a better rate once your credit improves. Consider this a stepping stone towards more favourable lending conditions.
- Possible need for a co-applicant or guarantor: If your income or credit is borderline, adding a second applicant with better credit can strengthen your case. Some lenders may also accept guarantors, especially in family-based mortgage arrangements.

View this mortgage as a chance to demonstrate reliability. If you make punctual payments and handle your finances responsibly, you are likely to qualify for a better deal within a few years. ■

Think bad credit means no mortgage? Think again

Our team has helped many clients with imperfect credit histories find genuine mortgage solutions. We will assess your circumstances carefully, explain your options clearly, and connect you with lenders who look beyond the numbers. To take your next step with confidence, please contact us.

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