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Common bank statement mistakes

What you need to consider when applying for a mortgage

When applying for a mortgage, one of the most important checks a lender performs is on the applicant's bank statements. Beyond income and credit history, these documents offer a direct insight into how money is managed day-to-day.

They demonstrate not only whether repayments seem manageable, but also whether spending habits indicate risk. Certain entries may raise concerns that could delay or even prevent an application from being processed.

Why lenders review statements

Bank statements help lenders verify the essentials: that income is steady, bills are being paid, and spending doesn't threaten affordability. They are also used to cross-check the details given in the application form. If the figures do not match or if unexplained items appear, it can reduce confidence in the applicant's ability to manage a mortgage.

The assessment does not focus on perfection. Few applicants have completely spotless accounts. However, repeated signs of irregularity or unmanaged debt are seen as signs that a borrower might have difficulty with repayments in the future.

Common warning signs **Frequent use of overdrafts**

Temporary overdrafts are seldom a problem. However, if statements show a consistent reliance on overdrafts to cover daily expenses, lenders might question whether the applicant is living beyond their means.

Gambling transactions

Even small, regular payments to betting companies are carefully scrutinised. They can raise concerns about financial stability and self-control, which lenders see as risks when evaluating long-term borrowing.

Payday loans

Repayments to payday lenders highlight challenges in accessing mainstream credit. Their existence indicates previous financial hardship and may erode confidence in affordability.

Large or unexplained transfers

When money moves in or out without a clear reason, lenders may become concerned about hidden commitments, informal borrowing, or undeclared debts. Unexplained activity can cause unnecessary uncertainty.

Irregular or inconsistent income

Applicants with fluctuating wages, irregular freelance payments, or large unexplained deposits often encounter more questions. Lenders favour predictable income that can be relied upon for regular monthly mortgage repayments.





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Missed payments

Overlooked direct debits or unpaid bills, even for small items like subscriptions, appear on bank statements. While a single mistake may not be significant, repeated missed payments weaken confidence in financial discipline.

The wider perspective

While individual entries might raise concerns, the overall pattern is what matters most. Lenders seek stability, consistency, and proof that outgoings are manageable compared to income. Occasional anomalies are rarely sufficient to block an application on their own. It is repeated or combined signs, heavy reliance on overdrafts, gambling, and missed payments together that are most harmful.

The main point is that bank statements provide a real-time overview. Unlike credit reports, which reflect past activity, statements show what is happening currently. For this reason, lenders often request the most recent three months to ensure recent behaviour is included.

Preparing for scrutiny

Applicants cannot change the past, but they can take steps to present their accounts clearly and avoid unnecessary questions. Ensuring bills are paid on time, avoiding short-term borrowing, and maintaining consistent income transfers all reduce the risk of red flags.

Even simple habits, such as using reference notes on transfers or avoiding cash withdrawals without a clear reason, can help provide a clearer picture. When irregular items are unavoidable, being prepared with documentation or a straightforward explanation can make the difference between approval and delay.

Why it matters

For many first-time buyers and homebuyers, the mortgage application process can already feel daunting. Bank statement checks add an extra layer of pressure, but they are not designed to catch people out.

They exist to ensure that borrowers can realistically sustain repayments. Understanding what lenders are looking for makes the process less intimidating and helps explain why certain applications progress more smoothly than others. ■

Looking to explore your mortgage options with our professional guidance?

With property prices high and affordability under pressure, lenders must ensure that new borrowing remains sustainable. To discuss your needs and find out how we can assist you through the mortgage process, please contact us.

