



DENTAL & MEDICAL

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Getting a Decision in Principle (DIP)

Assessing your income, spending habits, credit score and other factors

If you are planning on buying your first home or selling an existing property to move on to your next home, a Decision in Principle (DIP), also known as an Agreement in Principle, Mortgage in Principle or a Mortgage Promise, is a document that indicates a sum of money that a lender is likely willing to offer you.

This amount is based on the preliminary information you've provided to them. Although having a DIP is not legally mandated, more and more estate agents increasingly require potential buyers to have one as it demonstrates their serious intent and financial capability. The amount you're eventually offered could change following a more thorough assessment of your income, spending habits, credit score and other factors.

Soft credit check

The application for a DIP may involve a soft credit check, which doesn't impact your credit score. Several factors are considered during this process, including any debts or missed payments, inconsistencies in your file, and whether you meet the lender's specific criteria.

Having a DIP can make house hunting more accessible, giving you a clear idea of your budget. You can also show it to estate agents to demonstrate that you're a serious buyer. Typically, a DIP lasts between 60 to 90 days, depending on the lender's policy.

Official mortgage offer

Once you've found a property you're interested in and made an offer within the range of your DIP, you'll need to return to your mortgage lender and submit a full mortgage application. If approved, you'll receive an official mortgage offer. This document outlines the amount the lender is willing to loan you for your chosen property and will be shared with your solicitor or a licensed conveyancer.

Your official mortgage offer might differ from your DIP due to the results of the affordability assessment or mortgage valuation. For instance, the offer might be adjusted if the property's value is lower than the amount in your DIP.

Proof of income

Applying for a DIP is typically straightforward and can be done online the same day you

apply. However, the application process can vary by lender, with some preferring phone or in-branch applications.

You'll likely need to provide proof of income, such as payslips or bank statements, proof of your current address, and proof of identity, like a passport or driver's licence. You may also need to provide two years' worth of accounts if you're self-employed. ■

Ready to secure the right mortgage for your next home?

We understand the significance of securing the right mortgage, so we are committed to helping you discover the right deal for your unique requirements. Please contact us to discuss your requirements.

THINK CAREFULLY BEFORE SECURING
OTHER DEBTS AGAINST YOUR HOME.

YOUR HOME MAY BE REPOSSESSED IF
YOU DO NOT KEEP UP REPAYMENTS ON
YOUR MORTGAGE.

