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Getting a mortgage as a first-time buyer

A significant milestone, accompanied by many questions

Purchasing your first home is a significant milestone that comes with many questions. From the amount of deposit you need to what lenders consider affordable, the process can initially seem overwhelming. However, with the right knowledge and support, securing a mortgage is entirely achievable. In this article, we outline the key facts every first-time buyer needs to know in 2025, including ways to boost your deposit, how borrowing is assessed, and which schemes can help you buy sooner.

What deposit is required to get started?

Saving a deposit is often the biggest barrier for first-time buyers, and knowing where the goalposts are can help you plan more confidently. Most lenders require a minimum 5% deposit of the property's purchase price. That means if you aim to buy a £200,000 home, you'll need at least £10,000 saved.

However, a 5% deposit usually involves some trade-offs. You'll be borrowing 95% of the property's value, which lenders perceive as higher risk. As a result, interest rates tend to be less competitive, and affordability checks are more stringent.

Conversely, if you can increase your deposit to 10%, 15% or even 20%, you'll access a broader range of lenders and enjoy notably lower interest rates. Many lenders provide price reductions at key loan-to-value (LTV) thresholds, such as 90%, 85%, 80%, and 75%. These reductions can save you thousands over the duration of your mortgage.

To grow your deposit faster, consider:

- Opening a Lifetime ISA (LISA): If you're aged 18 to 39, you can save up to £4,000 annually and receive a 25% government bonus – up to £1,000 per year – towards your first home.
- Receiving a gifted deposit: Family support is increasingly common. If parents or grandparents are willing to help, lenders generally accept gifts (not loans), provided the funds are documented.
- Exploring shared ownership or special schemes: These options may reduce the upfront deposit needed. For example, if you buy a 50% share of a home, you only need a deposit on that portion.

Even small increases in your deposit can have a significant impact. Don't be discouraged if 5% is all you can manage; mortgage products are available for that level, but aim for more if possible.

How much can you borrow?

How much you can borrow isn't just about income but overall affordability. Most lenders will start by looking at your gross annual income, typically offering between 4 and 4.5 times your salary. For example, a person earning £35,000 might be eligible to borrow around £157,500.

However, modern lending is more sophisticated than just a multiplier. Lenders will conduct a stress test to assess how your finances would hold up if interest rates were to rise by 1% to 3%.

Lenders also factor in:

- Credit card and loan repayments.
- Regular household bills.
- Childcare or dependents.
- Lifestyle spending habits.

The more committed outgoings you have, the more they reduce your borrowing capacity. For instance, if you're paying off a car loan or have high credit card balances, this will decrease your affordability.

To maximise your borrowing potential:

- Clear down debts where possible.
- Avoid new credit in the six months before applying.
- Track your monthly budget and reduce unnecessary outgoings.
- Use affordability calculators from trusted lenders or brokers to test your borrowing range.

Also, remember that borrowing capacity increases with deposit size. A 10% deposit might qualify you for a larger loan than a 5% deposit, because the lender considers lower risk.

Support schemes for first-time buyers

There's good news for first-time buyers: you're not on your own. A range of schemes exists to make buying more achievable:

Stamp Duty relief (England & NI)

As of 1st April 2025, eligible first-time buyers pay no stamp duty on the property's purchase price up to £300,000. Then, 5% is paid on the property's price between £300,001 and £500,000

Lifetime ISA (LISA)

As mentioned earlier, this provides a 25% top-up on savings, ideal for building your deposit tax-free.

Mortgage Guarantee Scheme

Available until the end of 2025, this government-backed scheme encourages lenders to provide 95% mortgages — an option to consider for those with a 5% deposit.

First Homes Scheme

If available in your local area, this allows you to purchase a new-build property at a discount of at least 30%. The discount remains with the property for future buyers, ensuring long-term affordability.

Shared Ownership

Purchase a share of a property, between 25% and 75%, and pay rent on the remaining

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portion. This reduces the mortgage amount required, and deposits are smaller. You can acquire additional shares of the property over time through "staircasing".

Family support products

Some lenders allow parents to act as guarantors or provide savings as security. These help boost your borrowing power without needing a cash gift.

Not all schemes suit everyone. Our experienced team can help you decide which, if any, apply to your situation, and whether the long-term costs are worthwhile.

What's the mortgage process like?

The mortgage application process may feel daunting, but it follows a clear and logical sequence.

Here's what to expect:

- Get a Mortgage in Principle (MIP): Also known as a Decision in Principle, this is a soft check confirming how much you could potentially borrow. It's often required before viewing homes seriously or making an offer.
- Find a property: Once your offer is accepted, you can proceed to the full application.
- Submit a full mortgage application: This includes uploading proof of income, bank statements, ID, and evidence of deposit. Lenders will review your documents in detail.
- Valuation and underwriting: The lender will arrange a valuation of the property to check it's worth what you're paying. Meanwhile, your financials are fully assessed.
- Mortgage offer issued: If everything checks out, you'll receive a formal offer; this is the commitment to lend.
- Exchange and completion: Your solicitor finalises contracts, and funds are transferred on completion day. You receive the keys.

Throughout, we'll guide you every step of the way, and don't be afraid to ask questions. From the day you start your application to moving in, the whole process can take 6 to 12 weeks depending on the property and chain.

Preparation is everything

Lenders consider the overall strength of your financial profile, not just your income. The more prepared and organised you are, the higher your chances of approval and securing a competitive interest rate.

Here's how to get mortgage-ready:

Save as much of a deposit as possible

Not only does this lower how much you need to borrow, but it can also secure you lower interest rates and more mortgage options. Aim to reach the next loan-to-value (LTV) tier if possible, even 1% more could make a difference.

Pay off or reduce debts

Outstanding credit card balances, personal loans, or buy-now-pay-later agreements reduce your affordability. Paying these off or reducing them can increase the amount a lender is willing to offer.

Avoid new credit applications

Each time you apply for credit, such as store cards, mobile phone contracts, or car finance, it leaves a mark on your credit report. Making too many applications in a short period can make lenders wary.

Register to vote at your current address

It's a quick but important task. Lenders refer to the electoral roll to confirm your identity and address. If you're not registered, your application could be delayed or flagged for additional checks.

Check and improve your credit report

Use a free service like ClearScore, Experian, or Credit Karma to review your file. Correct any inaccuracies, ensure your address history is current, and watch for warning signs such as missed payments or high utilisation on credit cards.

Gather key documents early

These generally include a photo ID (passport or driving licence), three months' payslips, three months' bank statements, your most recent P60, and proof of deposit. If you're self-employed, you'll usually need two years of accounts or tax summaries. Having all documents prepared helps prevent delays later.

Even small actions can have a significant impact. Paying all your bills on time, avoiding your overdraft, and managing your spending wisely in the 3 to 6 months before applying can all show that you're a responsible, low-risk borrower.

Think of this stage as building your case for the lender's underwriters. The more confidently you can present your finances, the more likely they are to say yes, and at a rate you'll be happy with.

You only buy your first home once

Getting on the property ladder may involve compromises such as location, size, or condition, but the long-term benefits are significant. Once you own your first home, you build equity, gain access to better remortgaging options later, and invest in your future instead of paying rent to your landlord.

Every buyer's journey varies, but thousands take the leap each month, many with only 5% deposits and modest incomes. With the right support from our team, you can too. ■

Looking to take your first step onto the property ladder? We're here to guide you?
From understanding your options to securing the right mortgage, we'll guide you through every stage with clarity and support.

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