BUCKINGHAMSHIRE BUILDING SOCIETY

A Credit Blip Isn't the Whole Story

Scenario based case study | Credit Revive | Residential Remortgage

Helping homeowners remortgage following a period of financial difficulty



The Challenge

When James and Rebecca purchased their family home six years ago, their finances were in good shape. Both were employed, their mortgage payments were manageable and they had maintained a strong credit history.

However, three years ago, James was made redundant when his employer entered administration. With the household suddenly reliant on one income, the couple struggled to meet some of their financial commitments.

Although they prioritised their mortgage payments, they fell behind on two unsecured credit accounts, resulting in missed payments, defaults and a £420 County Court Judgment (CCJ).

James subsequently secured a new permanent position, allowing the couple to stabilise their finances and begin rebuilding their credit history.

With their existing fixed-rate mortgage coming to an end, they approached their broker to explore their remortgage options.

Despite their improved circumstances, historic credit issues remained on their credit files, making it difficult to meet mainstream lending criteria.

Background

The Mortgage

- Property value: £300,000.
- Outstanding mortgage: £240,000.
- Loan-to-value: 80%.
- Repayment basis: Capital and interest.

Applicants

- James, 42, employed full-time, earning £48,000 per year.
- Rebecca, 40, employed full-time, earning £29,000 per year.
- Two dependent children.

The Credit History

- Two historic defaults on unsecured credit accounts.
- A £420 CCJ, now satisfied.
- No missed mortgage payments.
- No further adverse credit events for over two years.

Recognising that the couple's current circumstances were significantly different from those that had led to their credit difficulties, their broker approached Buckinghamshire Building Society.

Through our Credit Revive proposition, our underwriting team could consider the circumstances behind the couple's financial difficulties rather than relying solely on their credit score.

The assessment focused on:

- The cause of the credit issues: An unexpected redundancy leading to a temporary reduction in household income.
- Their current financial position: Both applicants are now in stable, permanent employment, with a combined income of £77,000.
- Their subsequent credit conduct: The couple have addressed their historic debts and maintained their mortgage payments throughout.
- Their ability to afford the mortgage: A full review of income, expenditure and existing financial commitments established that the proposed borrowing was sustainable.

This approach allowed the underwriter to build a fuller picture of the applicants' circumstances and assess whether they met the Society's lending requirements.

The solution

With a requirement to borrow £240,000 against a property valued at £300,000, the couple were within the maximum 85% LTV available on the Credit Revive range.

Rather than allowing historic financial difficulties to dictate the outcome, the application received individual consideration based on the couple's credit history, supporting evidence and current circumstances.

For James and Rebecca, this provided an opportunity to move forward with a new mortgage arrangement, without their previous financial setback automatically closing the door.

Could we help your next remortgage client?

Historic missed payments, defaults or CCJs don't always tell the whole story.

With our Credit Revive and Credit Restore ranges, supported by manual underwriting, we could help you explore remortgage options for clients with less-than-perfect credit histories.



Got a case that deserves a closer look? Contact your Key Account Manager today and let's explore the possibilities.

Find your KAM

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The Bucks Way

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