

# COMMON SENSE LENDING IT'S IN EVERYTHING WE DO

## Self-employed - Fluctuating Income



For intermediary use only


### Background

- Sole applicant was remortgaging their property at 58% LTV and a loan amount of £500,000
- As a limited company director, their income had fluctuated over the last few years and the business reported a significant loss of over £100k 2 years ago although it had recovered in the latest year
- This created an income shortfall when looking to use net profit and salary

### What did we do?

- As our lending policy is to use an average of the last 2 years' net profit, the initial decision would usually be that we're unable to lend
- Our underwriters took an in-depth look into the case and found that the significant loss was due to a large stock purchase which ate into the next profits
- The latest year's income of over £80k, together with an accountant's reference showing a strong income projection, helped our common-sense decision to use the latest finalised year plus salary. This gave the client what they needed to move from an SVR rate with their current lender, putting them in a better financial



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