

REAL LIFE EARNERS.

Opening doors for workers with unconventional incomes

THE
**MORTGAGE
LENDER**
real life lending

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Introduction

Some 4.4m individuals are now self-employed in the UK, encompassing a wide range of employments from highly paid consultants to freelancers, small businesses, gig economy workers and more.

Yet, despite their success (and often high-income levels), many have had their mortgage applications rejected by traditional high street lenders. This is often because their income is viewed as being too volatile or seasonal.

These earners are often more than, or just as, financially astute and reliable as those paid through PAYE (Pay as You Earn). They may also benefit from the ability to flex their incomes and increase them as needed, unlike more 'conventional workers'.

We specialise in providing our broker partners with Residential and Buy-to-Let mortgages for "real life" earners who don't fit the high street's cookie-cutter model. Instead, we provide solutions for a wide variety of employment and income types.

As an industry leader, we work hard to keep on top of our audiences' fast-changing needs and carry out extensive research with brokers and end-customers. This white paper details just some of the insights from our research on the obstacles the self-employed are facing and the successes they can have when accessing specialist mortgages tailored to their specific needs.

ONS Labour Market Statistics, March 2025

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/summaryoflabourmarketstatistics>

Real Life Earners

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NON-TRADITIONAL WORKERS OPTIMISTIC ABOUT HOME OWNERSHIP



Non-traditional workers optimistic about home ownership

While it's harder for those who aren't paid through PAYE to secure a mortgage, this clearly isn't holding back their aspiration for home ownership. Our research shows that four-fifths (79%) of non-PAYE workers have home ownership plans.

Within this group, over a fifth (22%) already have plans to buy their first home, whilst 14% are aiming to become a landlord or plan to buy a second home (11%).

Of those with clear plans, a majority (73%) of non-PAYE workers are optimistic about achieving their homeownership plans in the next five years, with almost a third (29%) saying they are very optimistic. This positivity is especially pronounced in the younger generation, with 84% of 18-24 year olds saying they are optimistic about their property plans compared with 78% of 25-34 year olds, and 70% of 35-44 year olds.

73%

of Non-PAYE workers are optimistic about future home ownership

Given such a broad audience, this level of confidence, however, wasn't the case for all non-traditional workers.

One in four (24%) said they were not optimistic about becoming a homeowner within five years, over half of this group (53%) saying the cost of living has meant they've needed to use their savings and income in other ways. For 36% the challenge was that the property type they were after, in the area they wanted, was simply too expensive; and for 33% they hadn't yet built up a deposit.

The reasons backing up this confidence were varied:

35%

Over a third (35%) said it was because their earnings were due to increase

35%

Were optimistic about home ownership because they were already on their way to achieving their plans

33%

One in three (33%) said they would have saved enough for a deposit in the next 5 years

24%

Nearly a quarter (24%) believed interest rates will come down

17%

thought inflation would continue to come down or stay low

**WITH MORTGAGE REJECTION COMMON,
NON-TRADITIONAL WORKERS
OPTIMISM IS OFTEN DASHED**



With mortgage rejection common, non-traditional workers' optimism is often dashed

While our research shows how the appetite for homeownership is strong amongst this audience, this is often not translating into mortgage success. In fact, 45% of all self-employed who have previously applied had had at least one of their applications declined.

And while our research questioned individuals who'd applied both directly and through brokers, those who applied directly are more likely to have been exposed to the High Street Banks' characteristically more rigid income and underwriting criteria, over those that worked with brokers with relationships with specialist lenders.

Who has had the most applications rejected?

- 64% of gig economy and zero hours contract workers have had some or all applications declined
- 63% of contractors have experienced the same fate

What are the most common reasons given for rejection?

- 30% said that it was because their profession had been considered too unsteady or irregular
- 28% said they were told it was due to the volatile nature of their income

This was most likely to be the case for Limited Company Directors (35%) and contractors (33%). Lawyers and accountants were also likely to have been rejected for these reasons (32%).

Other common reasons for being declined included:

- low credit scores (27%)
- missed or late payments (24%)
- not having the necessary documentation (24%)
- the lender not seeing the monthly payments as affordable (22%).

The professions most likely to be rejected

Those in technical or craft occupations such as mechanics, plumbers, electricians and gardeners, with 15% having never had an application approved.

Those in clerical or intermediate occupations such as secretaries, personal assistants, office clerks were the next most likely to be rejected (11%).

Professions most likely to be accepted

Self-employed sole traders fared best with 65% having had all their applications approved. This was followed by self-employed partners at 56% and company directors at 54%.

More 'traditional' professional occupations such as lawyers, accountants and medical professionals also were more likely to have their mortgage application approved, with 49% having all applications approved.



Those in technical or craft occupations such as mechanics, plumbers, electricians and gardeners, with

15%
HAVING NEVER HAD AN APPLICATION APPROVED



“Choosing jobs and careers shouldn’t come with a penalty later on in life when you’re looking to get onto the housing ladder, or remortgage. It’s vital that self-employed individuals have the same opportunity to access a mortgage as those who are employed. We believe in lending for real life, and have therefore shaped our criteria to better support self-employed and other non-traditional workers to access the mortgages they need.”



Sara Palmer

Distribution Director at The Mortgage Lender



**'EMPLOYMENT STATUS' IS HOLDING BACK
THE SELF-EMPLOYED
AND FREELANCERS FROM
MORTGAGE SUCCESS**

'Employment status' is holding back the self-employed and freelancers from mortgage success

Our research shows that on average 50% of non-traditional workers have found lenders were unable to offer them a mortgage primarily based on their employment status.

Gig economy workers are the largest group who believe their employment status has negatively impacted their ambitions to buy a property (70%), closely followed by contractors (68%), zero-hour contract workers (60%) and freelancers (57%). In fact, the self-employed were the only group where this was felt by under half the group (43%) showing how widespread this was held as a reality.

These judgements are both disheartening, and in a market catering for all risk types, unnecessary. Case-by-case underwriting approaches where applicants are considered holistically across all criteria is widely available to brokers and their customers.

As increasing numbers of buyers fall into the 'specialist pot' there is a growing need for brokers, whether they are specialists or not to understand the options available. Developing relationships with specialist lenders will help to facilitate this and ensure that more customers can be provided with options no matter their circumstances.

Research shows that the implications of lenders' judgement are not without implications for individuals.

For almost one in six (15%) of non-traditional workers it meant renting for longer than they wanted or planned for.

13% said that they looked into moving abroad to get on the property ladder where home ownership would be more feasible .


For 17% it meant abandoning their home ownership ambitions altogether.

A large, bold, pink percentage '68%' is displayed above a solid pink horizontal bar.

of contractors believe their employment status impacted their property ambitions

A large, bold, pink percentage '17%' is displayed above a solid pink horizontal bar.

For 17% of borrowers, lenders' judgments meant abandoning their homeownership ambitions altogether

A photograph featuring three men. In the foreground on the left, a young man with extensive tattoos on his neck and face, wearing a black hat and a light-colored shirt with suspenders, looks towards the camera. To his right, an older man with a full white beard and mustache, wearing a dark vest and a bow tie, looks slightly away. Behind the older man, another young man with a nose ring and tattoos on his arms, wearing a light-colored shirt and dark overalls, has his hands on the older man's shoulders. The background is a dimly lit interior with warm lighting and a window showing a cityscape at night.

**ASSUMPTIONS OF REJECTION ARE HOLDING BACK
NON-PAYE EARNERS FROM
EVEN CONSIDERING APPLYING
FOR A MORTGAGE**

Assumptions of rejection are holding back non-PAYE earners from even considering applying for a mortgage

Our research reveals that as many as one in five (22%) of non-traditional workers have never even tried to apply for a mortgage. But why?

Perceptions

Of those who hadn't tried, 25% hadn't done so as they felt their 'irregular' employment and income situation would automatically lead to rejection. A further 18% failed to apply because they'd heard it was more challenging for those who were self-employed and so didn't try.

Lack of awareness of the process

One in ten non-traditional workers hadn't attempted to apply as they found the process too daunting. Similarly, 10% said they didn't know how to apply for a mortgage in the first place. And 8% said they didn't know who to speak to about getting one.

Negative experiences

7% said they had been dissuaded from applying due to friends or colleagues having a bad experience.

Technical reasons

For some, there were 'technical' reasons for not having applied. Over a third (36%) had not built up their deposit yet, 14% were waiting for interest rates to go down are there are also more traditional reasons why people may have not applied for a mortgage, including not having built up their deposit yet. 4% needed some form of wider support, such as Shared Ownership and 8% said their business was under two years old and therefore wouldn't have the right documentation to be approved.

Overall, the research points to the reality that the industry needs to step up to inform and change incorrect perceptions about the mortgage process - and the misconception that applicants with non-traditional circumstances stand little chance of acceptance. Many of these individuals could be great candidates for a lender. As a specialist lender for real-life, we are continuously revising and updating our services to give non-PAYE workers the assurance that their career should not be a barrier to reaching their property goals.





“We as an industry must deconstruct any ideas around the mortgage application process and assumptions that people have that their career choice will disproportionately influence their prospects of getting approved for a mortgage. We need to make it more accessible to non-traditional and self-employed workers. Many of these individuals could be great candidates for a lender, but all too often the complexities around the process for self-employed individuals is putting them off from even trying.”



Sara Palmer

Distribution Director at The Mortgage Lender

Brokers prove essential for non-traditional mortgage applicants

96%

Understanding specialist needs

96% of non-PAYE applicants said mortgage brokers understood their needs when it came to buying a property

93%

Product identification and location

93% said brokers could point them towards mortgage products applicants would qualify for, increasing their chances of acceptance.

93%

Best deals and rates

93% said brokers were helpful in finding the best deals and rates for the applicant.

80%

Advice on credit scores

4 in 5 (80%) said brokers were helpful in checking if their score was good enough, and if not, helping them improve it

92%

Guidance on deposits and process

Customers revealed 92% advised on the deposit amount - and 96% on the precise paperwork required for the application

95%

Sorting the application

95% said brokers had helped the applicants complete the form itself

THE TOP 10 CHALLENGES

real life earners need support
on from mortgage brokers

1

Saving for a deposit. 1 in 4 (24%) said they needed guidance on how much they need and ways to build a deposit (e.g. LISAs etc).

2

Finding specialist information.

1 in 5 (20%) said they found the lack of information about securing a mortgage for the self-employed the most challenging.

3

Understanding the mortgage process.

Just under 1 in 5 (19%) said simply understanding the process was their number 1 challenge.

4

Finding specialist lenders. For 18%, it was finding a lender who would lend to them, as a non-PAYE earner.

5

Improving credit scores. This was the biggest challenge for 18% of respondents: understanding what their score is - and the best way to build it.

6

Understanding the documentation needed.

17% admitted working out what additional documents were required for an application challenging.

7

Securing the best mortgage deals. 17% of non-PAYE earners said finding the best deal for their specific needs difficult.

8

Finding a specialist mortgage adviser.

1 in 6 (16%) found finding a mortgage adviser that understood their circumstances the most challenging.

9

Gathering bank statements. 14% of the self-employed said collating all their bank accounts was a challenge.

10

Preparing certified accounts. 13% said having an accountant prepare two or more years of certified accounts was the most difficult part of the process.



“Brokers are an integral part of the mortgage process. As a specialist lender especially, we rely on brokers to connect us to customers who are likely to need more specialist support than a high street bank can offer, whether this is because they’re self-employed or have complex income. Brokers can help anyone who may be struggling with the mortgage process and can help cross barriers and provide insight into something that can be quite daunting and overwhelming - while helping to obtain the best rates available for the applicant’s circumstances.”



Sara Palmer

Distribution Director at The Mortgage Lender

LET'S WRAP IT UP.

To conclude

Having pored over the spreadsheets behind our research, the missed opportunity for many real life earners is evident. And there is a significant challenge for brokers and lenders alike to better support these specialist cases.

The first is ensuring that buyers understand the options that may be available to them and feel empowered to apply for a mortgage even if their circumstances are complex. This means raising awareness of specialist lending and the role that it can play in supporting homeownership amongst buyers.

Secondly, as increasing numbers of specialist cases come across brokers' desks it's vital that they have the information they need, and importantly the relationships with lenders to know where to place such cases. If you'd like to discuss how we can support your specialist cases, please don't hesitate to contact us.

Methodology:

Research undertaken on behalf of The Mortgage Lender (TML) by Censuswide amongst 2000 'non-PAYE' workers, including 1264 self-employed workers, 324 freelancers, 152 zero hour contract workers, and 102 gig economy workers. Fieldwork completed between 28th June 2024 and the 8th July 2024 and between 15th October 2024 and 23rd October 2024.

UNITED WE LEND.

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