

Skilled workers, complex income and the growing advice gap

Christopher Blewitt, Head of Intermediary Distribution, Darlington Building Society

Office For National Statistics (ONS) figures show that while long-term net migration is estimated to be down by almost 50% year ending December 2024, hundreds of thousands of work visas are granted each year. Amongst those, there are tens of thousands of skilled worker visas issued to people taking jobs in health, social care, construction, science, technology and the arts. These people are staff nurses, midwives, carers, dentists, engineers and designers. As borrowers, they have legal status, stable employment and clear earnings, but may still struggle to pass a standard mortgage scorecard.

When income sits outside the box

At Darlington, we define complex income as anything that sits outside a simple, single basic salary. That might be foreign currency pay, bonus-heavy roles, contracting, multiple income sources or newly qualified professionals who need higher income multiples.

A few of our case examples show how much difference lender flexibility can make.

Take a sole application from an A&E nurse, looking for 90% LTV and 5.5 times income to buy near the hospital. On paper, his basic salary looked modest. In practice, he earned a significant proportion of his income from evening work, nights, weekends, on-call payments and regular overtime. Some lenders were unwilling to include all of those elements, even with a clear history on payslips and bank statements. However, because we understand how these roles operate, we were happy to take the full range of income and offer the stretch needed.

Then there was a British national returning from overseas to support his employer's UK operations. His income was in US dollars with a salary plus percentage bonus structure. The broker's main difficulty was finding a lender prepared to use the bonus, because it had not yet been earned in the new role. We reviewed historic evidence of bonus payments and the new contractual terms and were comfortable to include it in the assessment.

In a third case, two foreign national dentists sought 90% LTV. They had been in the UK for two years, starting as NHS dentists and then becoming partners in a practice. Other lenders that could consider their visas would only treat them as self-employed and wanted two years' accounts. We instead worked from their contracts, which set out minimum treatment time per year. That gave us confidence on minimum earnings and allowed us to support the loan.

In all three cases, the applicants were good risks but they needed an underwriter willing to look at the full picture rather than a narrow pay figure on a screen.

Criteria to help brokers

This type of lending depends on criteria built around real life. Underwriters who can offer flexibility over regular bonuses, overtime or working from SA302s or alternative documents when full accounts are not available will be helpful, or those taking a fair view of foreign currency earnings. Some lenders are happy to support newly qualified professionals who need higher loan to income ratios. For skilled workers on visas, progress has been made through higher maximum loan to value, no minimum residency requirements and a move away from rigid scorecards.

Performance from these loans has been in line with, and in some cases better than, other parts of the lending book. Lower headline salaries or a foreign passport do not equate to higher risk.

This is a business opportunity that can only grow for brokers. With the right partnerships and an eye for detail on complex income, advisers can help more of these clients move from rented accommodation into a home of their own.

Discover how Darlington Building Society can support your mortgage needs today. Visit our website at <https://www.darlington.co.uk/darlington-intermediaries>