

# HSBC UK Criteria Bulletin

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## Employed income

September 2021

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Income needs to be current, regular and consistent. Income can only be used where it is considered likely that a similar level of income will be received for the full term of the mortgage.

### Acceptable income

- ◆ Basic income - gross income is defined as basic salary plus any permanent allowances (e.g. car, territorial allowances/shift allowances) and is used to calculate net monthly pay after income tax and national insurance deductions
- ◆ Top-up salaries - these can be used where the applicant can prove that the top-up salary is a guaranteed contractual entitlement
- ◆ Bonuses, overtime and commission - where overtime, bonuses and other allowances are shown to be regular
  - **Acceptable:** variable income that is received on a weekly, fortnightly, four-weekly or monthly basis. It is also acceptable when paid quarterly, half yearly or annually subject to the latest payment(s) being received 1<sup>st</sup> January 2021 or more recently.

### Useful links

[Income and Allowance Matrix](#), for confirmation of acceptable basic income, permanent allowance, shift allowance and variable income.

[Criteria and Evidential Documents Matrix](#) for documents required for variations subject to frequency of pay.

## Contract types/Second jobs

### Fixed-term contracts

- Applicants must have been employed for a minimum of 12 months or more continuous service in the same type of employment via contracts OR;
- If they have not, a minimum of 6 months or more current continuous service via contracts in the same type of employment with at least 12 months remaining on their current contract.

### Zero-hour contracts and agency workers

- The customer must have been employed for a minimum of 12 months or more with the same employer.
- The income to be used is the lower of the amount on the latest P60 or the annualised amount calculated from the average of the last three months' payslips.

### Second jobs

- Income from a second job can only be used where it is considered likely that a similar level of income will be received for the full term of the mortgage.
- We would also take into account the number of hours worked and the sustainability of the applicant having two jobs.

## Changes to employment/income

### New employment - within 6 months/job offers

- A copy of the contract of employment is required to establish whether a permanent contract or temporary term contract is held.
- Customers who have started new employment or starting new employment with a different employer within 3 months of applying for a mortgage and are unable to provide their first payslip, will be considered providing the difference in basic salary between the new employment and previous/current employment is equal to or less than 20%. Where the customer has not received their first payslip, their open-ended Contract of Employment or letter of appointment from the new employer can be used together with the latest payslip from their previous/current employment.
- Where the difference in basic salary between the new employment and previous/current employment is greater than 20% then we need to comply with the current policy whereby the first payslip from the new employment will be required.

### Pay rise/Promotion - not yet reflected on payslip(s)

- Annual Pay Increase (less than or equal to 5% of the customer's evidenced income) OR Promotion Pay Increase (less than or equal to 20% of the customer's evidenced income).
- The latest one months' worth of payslips in line with basic income requirements.
- Letter from employer to confirm new salary.

Any increases over and above these amounts must be referred to Underwriting Services for a full assessment.

Note: In all circumstances the customer **must** provide evidence of their previous salary in accordance with the basic income policy and the increase must be payable within 3 months of the application.

## Income multiples

For applications where the LTV is less than 85%:

**4.49** x income for applications with income of **less than £30k**

**4.75** x income for applications with income of **£30k or more**

**5.00** x income for applications with income of **£100k or more**

For applications where the LTV is 85% to 90%:

**4.49** x income for applications with income **less than £100k**

**4.75** x income for applications with income of **£100k or more**

Over 90% LTV (Mortgage Guarantee Scheme only):

**4.49** x income for all income amounts

Note: income is gross total income (or joint gross total income)