

HSBC UK Criteria Bulletin

Self-employed mortgage customers

May 2022



With so many changes to criteria over the past 12 months, we wanted to share the basics of our criteria and packaging your cases.

In order to assess self-employed applications responsibly, we need to ensure we take into any consideration any government grants and/or future loan repayments.

When submitting an application, we will deduct any Bounce Back Loans (BBL) or Coronavirus Business Interruption Loan Scheme (CBILS) repayments from the net profits. Please be aware, that if this is not already accounted for in the accounts or you've not deducted the amount from the net profit in the application, this may result in a counter offer being made by the underwriter.

Please use the [Evidential Documents Matrix](#) for further details.

Standard lending criteria applies subject to:

Sole traders / Partnerships / Limited Liability Partnerships (LLPs) with less than 200 partners

- We will consider the average net profit (or applicant's share of the net profit for partnerships) over the last 2 years. However, if the latest year is lower than the average, that figure will be used.

Limited Liability Partnerships (LLPs) with 200 or more partners

- We will consider the average of the applicant's share of the net profit over the last 2 years. However, if the latest year is lower than the average, that figure will be used.

Limited Companies

- We will consider the applicant's share of net profit after Corporation Tax averaged over the last 2 years, along with their salary (often referred to as director's remuneration or emoluments) averaged over the last 2 years. If the latest year is lower than the average, that figure will be used.

Limited Companies - Company Director with less than 25% shareholding

- Will be classed as employed, applying employed policy for assessing and evidencing income (i.e. basic income requirements). Applications that meet affordability on employed income should not have net profit details included in the assessment. Please note, where the application fails affordability based on employed income alone, the application can be progressed using both employed income and net profit. Where net profit is required for affordability, the application must be evidenced in line with the self-employed income policy requirements.

Limited Companies - Company Director with 25% or more shareholding

- Will be classed as self-employed applying the self-employed policy for assessing and evidencing income.

Documentation required

Sole Trader

- Last two years Tax Calculations (SA302) and corresponding Tax Year Overviews

Partnerships

- Last two years Tax Calculations (SA302) and corresponding Tax Year Overviews.

LLP with less than 200 partners

- Last two years' tax calculations (SA302) and corresponding tax year overviews.

LLP with 200 or more partners

- Letter issued by either the company Finance Director or Accountant dated in the last three months, detailing the customer's earnings over the last two years.

Limited Companies

- Last two years' finalised financial accounts, the latest of which must be dated within the last 18 months.
- Where the latest year's finalised accounts are dated before 01/04/2021, the last 3 months business bank statements will be required

Note, for HSBC business account customers, we can rely on internal transaction data as an alternative to obtaining actual bank statements.

In all cases, additional information (i.e. business bank statements, further HMRC documentation) may be required by the underwriter to support the application.

Fixed Term Contractors - Responsible for their own tax

- We will treat the applicant as self-employed and require the relevant documentation listed previously, dependant if a Sole Trader/Partnership/LLP or Limited Company.

Fixed Term Contractors - Tax deducted at source from payslip

- Applicants must have been employed for a minimum of 12 months or more continuous service in the same type of employment via contract OR if they haven't, then 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.

Please note, applicants are treated as employed contractors unless they pay their own tax.

- The latest P60 and last current Contract of Employment.
- The latest one months' worth of payslips in line with basic income requirements.
- Any bonus, overtime, commission must be evidenced in line with the Bonus/Overtime/Commission policy.

Foster Carers

Foster Carers Income will be treated as self-employed income as per HMRC guidance. We will consider the average income over the last two years, however if the latest year is lower than the average then the latest year's figure will be used.

- A letter from the foster agency confirming the total foster income received for each of the last two years as at the point of application, the number of foster children currently in the applicant's care and if there are any known or foreseeable changes in the level of foster care income.

Further information

Contact us:

[Chat with us](#) / [Find your BDM](#) / **0345 600 5847** (Monday to Friday, 9am to 5pm)

[Lending Criteria](#)

[Packaging Requirements](#)

Please note, we may also complete a commercial search as part of our assessment.