

ACTION 5: GET OUT OF YOUR OVERDRAFT !

 **Time commitment:** 45 mins

Being in your overdraft is pretty normal for lots of us. It's there, in our bank accounts, acting as a buffer when we need it (often at the end of the month, just before we get paid).

The thing is, when a bank is deciding whether to give you a mortgage, they will look at how often you use your overdraft and whether you go over your limit. It's one of the things they use as an indicator for how financially stable you are.

They want to see that you can easily afford your mortgage repayments. If you're regularly dipping into your overdraft, it can be a red flag that you can't actually afford things and they might not give you a mortgage.

So when you get to the point of applying for a mortgage. You want your bank accounts to look as squeaky clean as possible (no new loans or credit cards, no going into your overdraft - or worse, over your overdraft limit).

How to do it:

No need to stress it. The bank will look back at your last 3 - 6 months' bank statements. So, ideally, your aim is to be out of your overdraft at least 3 - 6 months before you apply for your mortgage. That means you've got time to do this!

Which of these categories do you fall into?

Click the relevant button below to get the personalised guidance that fits your situation.

I just have a standard £100+ overdraft and I **never** go over my limit 😊

I have a standard £100+ overdraft, but I **regularly** go over my limit 😞

I have a bigger overdraft (£500+), but I **don't** really use it 😊

I have a bigger overdraft (£500+) and I **often** use it 😞

I'VE DONE THIS ACTION