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Buying your first home? Here's how mortgages work

A simple guide to the mortgage process

Buying your first home can be exciting, but it can also raise many questions. Before you start viewing properties or making offers, it helps to understand how a mortgage works and what lenders typically consider when deciding how much you may be able to borrow.

A mortgage is a loan secured against a property. You usually pay a deposit from your own savings or other eligible funds, then borrow the rest from a lender. The mortgage is repaid over an agreed term, often through monthly payments that include both the loan and interest.

What lenders look at first

When you apply for a mortgage, the lender wants to feel confident that the loan is affordable now and likely to remain manageable in the future. This means they will look at your income, regular spending, debts, credit history and the size of your deposit.

They will also assess the property itself. The home needs to meet the lender's criteria, and a valuation will usually be carried out before the mortgage offer is confirmed. This is not the same as a full survey, but it helps the lender check that the property gives suitable security for the loan.

How your deposit affects the mortgage

Your deposit plays an important role because it affects your loan-to-value, often called LTV. This is the percentage of the property price that you need to borrow. For example, if you buy a £250,000 home with a £25,000 deposit, you are borrowing 90% of the property value.

In general, a larger deposit may give you access to a wider choice of mortgage deals. However, first-time buyers can still have options with smaller deposits, depending on their circumstances, the property and the lender's criteria.

Choosing the right mortgage type

Many first-time buyers choose a fixed-rate mortgage because the monthly payment stays the same for a set period. This can make budgeting easier, especially when you are adjusting to new costs such as bills, insurance, maintenance and council tax.

Other mortgage types may suit different needs. A tracker mortgage can move in line with the Bank of England base rate, while a variable-rate mortgage can change at the lender's discretion. The right option will depend on how much certainty you want, how long you expect to stay in the property and how comfortable you are with payment changes.

What happens during the application

The process usually starts with checking what you may be able to borrow. Some buyers then get an Agreement in Principle before viewing homes, as this can help show estate agents that they are serious and gives a clearer sense of budget.

Once you have an offer accepted, you can make a full mortgage application. At this point, the lender will review your documents, carry out checks and arrange the valuation. Your solicitor or conveyancer will also handle the legal work, including searches, contracts and transfer of funds.

Why advice can make the process easier

First-time buyers often focus on the interest rate, but the cheapest-looking deal is not always the best fit. Fees, deposit size, product length, early repayment charges, affordability rules and future plans can all affect which mortgage works best.

Getting advice early can help you avoid delays, prepare the right documents and understand your options before making a commitment. It can also help you feel more confident when deciding how much to offer and what monthly payment feels realistic. ■

Buying your first home starts with understanding what is realistic

Speaking with us can help you review your budget, compare suitable options, and move forward with more confidence before you make an offer. To discuss your mortgage options and find what is right for you, please speak to us.

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