

Employed income

what is required?

Acceptable income types and how we assess

Income type from employment	% used	How the income is evidenced
Gross basic salary	100%	Last two monthly payslips or eight payslips if paid weekly*
Housing allowance	100%	
Mortgage subsidy	100%	
Large city weighting	100%	Last two monthly payslips or eight payslips if paid weekly supported by YTD figure. Amounts must be consistent with payslips provided*
Permanent shift allowance	100%	
Car allowance	100%	
Other contractual allowance	100%	
Agency/Fixed term contract employment	100%	Last two monthly payslips or eight payslips if paid weekly supported by YTD figure and evidence of a two-year track record by way of P60/P45*
Parental leave	100%	See Parental leave section*

*If on probation or less than 12 months in the job a P60 is required.

Variable income from employment	% used	How the income is evidenced
Monthly bonus	60%	Last two monthly payslips or last eight weekly payslips plus the latest P60
Monthly overtime	60%	For variable pay received monthly, we will use 60% of the variable pay from the lowest of the most recent two payslips. If the year to date figure is lower, we'll use 60% of the variable pay showing in the YTD.
Monthly commission	60%	
Non permanent shift allowance	60%	
Performance related pay	60%	If the loan is greater than £1 million we need the last two years' P60s as evidence of variable income
Quarterly, annual or half-yearly bonus	60%	Last two monthly payslips or last eight weekly payslips plus the latest two years' P60s At least one payslip showing variable income since 2 December 2020 For variable pay received annually, six monthly or quarterly, we will use 60% of the two year average. If the most recent year is lower, we'll use 60% of that.
2nd job (including Territorial Army reservist allowance)	50%	Last two monthly payslips or eight payslips if paid weekly supported by YTD figure

Income from other sources	% used	How the income is evidenced
Disability Living Allowance	100%	Letter from DWP confirming benefit which must be based on current tax year
Disabled Persons Tax Credit	100%	
War Disablement Pension	100%	
Employment and Support Allowance	100%	
Pensions	100%	Latest payslip, or; Latest bank statement showing pension credits, or; Latest statement dated within last 12 months, or; P60
Pension Tax Credits	100%	
Annuities	100%	
Maintenance	100%	A copy of the maintenance agreement received under court order or CSA assessment subject to confirmation this will be in place for the term of the loan and must have been in place for two years

For all residential loan applications the income being used to assess affordability must be paid in GBP/£Sterling and we will require evidence of this income.

No P60?

Where a P60 is unavailable we will accept one of the following substitutes:

- > Last payslip in previous tax year
- > Duplicate P60 from employer
- > P45 from previous employer
- > Letter from HMRC to evidence last year's earnings
- > Statement of earnings from the employer to confirm all information which would be on a P60 (this must be on company letterhead)

Parental leave

We assess customers who are on parental leave at the time of application, using their return to work salary. This assessment method can only be used if your client is:

- > Due to return to work within three months from the time of application or;
- > Due to return to work within 12 months from the time of application and your client can evidence how they intend to cover any shortfall in income.

Evidence from your client must be provided to confirm the return to work salary along with the date of return.

It is important to ensure that evidence can be provided of income declared. The evidence required will depend on the nature of income.

Policy in practice

We have provided an example to help you put our policy into practice.

Employment status	Income	How should this income be evidenced?
Employed	£50,000 basic income (100% of this will be used for affordability)	The customer needs to provide, as standard, their last two monthly payslips or eight payslips if paid weekly and their last two P60s. The annual bonus should be reflected within their P60 earnings. If this is not clearly evident in the P60, they should provide the payslip which clearly shows the bonus being paid. For variable pay received annually, six monthly or quarterly, we will use 60% of the two year average. If the most recent year is lower, we'll use 60% of that.
	£20,000 annual bonus (60% of this will be used for affordability)	

Want to know more?

Talk to your dedicated
Business Development Manager.