How Lenders View Bonus, Overtime, and Commission Income

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So, you’re not just paid a basic salary. You earn bonuses, overtime, or commission on top – and sometimes those extras make up a big chunk of your income.

Good for your payslip. Not so straightforward when it comes to getting a mortgage.

The question lenders ask is simple: *how much of that variable income can they rely on?*

The reality is, every lender has their own way of interpreting it. Some will count 100% of your bonuses if they’re regular. Others might average them out or take just half. It can feel like pot luck – but it isn’t.

There’s logic behind it.

Why lenders treat variable income cautiously

Mortgage lenders like predictability. They prefer a clean, consistent salary that lands in your account on the same day every month. Anything that moves around – like overtime, sales commission, or annual bonuses – is seen as higher risk.

They know bonuses can fluctuate with company performance, overtime can be seasonal, and commission can disappear if the market slows.

That said, lenders aren’t blind to reality. The UK has a huge number of people working in jobs where variable income is the norm – nurses relying on overtime, engineers picking up weekend shifts, salespeople whose commission dwarfs their basic.

So instead of ignoring those earnings, they look for patterns. Stability. Regularity. A track record that shows your variable income is likely to continue.

The three main types of variable income

Income Type	Example Roles	Common Lender Approach
Bonus	Annual or quarterly corporate bonuses	Usually averaged over 2 years; some take latest if consistent
Overtime	Healthcare, retail, logistics, public sector	Often averaged over 3–6 months (sometimes 12)
Commission	Sales, recruitment, estate agency	Averaged over 3–12 months depending on volatility

Each type has its quirks. Let's unpack them properly.

Bonuses: annual, quarterly, or ad-hoc?

If you receive an annual bonus, most lenders want to see at least two years of evidence. They'll take an average of those years to smooth out spikes or dips.

So, say you earned:

- £4,000 last year
- £6,000 the year before

The lender might use £5,000 as the "reliable" figure. Some (like **Halifax** or **Nationwide**) might take the most recent amount if the increase looks sustainable.

Quarterly or monthly bonuses get a bit easier to prove, as lenders can see the pattern on payslips. In those cases, they might look at your last 3–6 months' income and use 50–100% of the average.

Ad-hoc or discretionary bonuses – those surprise Christmas cheques – rarely count. They're not guaranteed. And lenders can tell.

Overtime: regular vs. occasional

Overtime's tricky because it's not always under your control.

If you're in the NHS, retail, or logistics, overtime can make up a huge part of your income. Some months you might double your base pay. Others, barely a shift.

That's why lenders like **Santander** or **TSB** will usually average your overtime over a longer period – often 3, 6, or even 12 months. They'll use your payslips to calculate the pattern.

The rule of thumb:

Overtime Pattern	Likely Outcome
Regular (every month)	Up to 100% considered
Occasional (some months, not others)	50–75% considered
One-off or seasonal	Usually ignored

It's not that they don't want to help – they just need to ensure your overtime isn't a one-off run of busy weeks.

If your overtime has been consistent for at least six months (and your employer confirms it's ongoing), you've got a decent shot at getting the majority counted.

Commission: where things get unpredictable

Commission-based income can swing wildly.

If you're in sales, recruitment, or estate agency, it might make up most of your take-home pay. But lenders see risk where there's volatility – which means they'll almost always average your commission over time.

NatWest, **Metro Bank**, and **Clydesdale** tend to look at the most recent 3–6 months' payslips, whereas **HSBC** and **Virgin Money** prefer a full 12-month average.

Some will go further and request a P60 to check total annual earnings, comparing what’s declared there with your payslips.

The irony? The more consistent your commission earnings, the more likely you are to be rewarded for them in a mortgage application.

If your numbers are up one month, down the next, and wildly inconsistent, don’t expect them to take the highest figure. They’ll smooth it out – and probably use the lower end.

How much variable income can lenders count?

It varies, but here’s a rough guide:

Type of Income	% Typically Counted	Conditions
Basic salary	100%	As long as permanent
Regular overtime	75–100%	Consistent pattern over 6+ months
Irregular overtime	50%	Gaps or seasonal
Regular commission	50–100%	Stable history, employer confirmation
Annual/Quarterly bonus	50–100%	1–2 years’ proof required
Discretionary bonus	0%	Not guaranteed

So, if your annual income is £30,000 basic plus an average £10,000 in variable pay, a flexible lender might assess affordability on £38,000–£40,000. A cautious one might only use £33,000–£35,000.

It’s a big difference.

The documents you’ll need

You can’t just say, “I get bonuses” and hope for the best. Lenders want proof – and lots of it.

Document	Purpose
Last 3–6 months’ payslips	Shows pattern of overtime/commission
P60 (latest)	Confirms total annual earnings
Employer letter	Confirms variable pay is regular and expected to continue
Bank statements	Verifies deposits match payslips
Employment contract (optional)	Some lenders check bonus/commission clauses

If you’ve had a recent pay rise or your bonus structure has changed, tell your adviser early – it can make a difference to which lender is chosen.

Averages, algorithms, and the human touch

Here’s where many applicants get confused.

Lenders don’t simply total up your last few payslips and multiply by 12. They feed the numbers into their affordability models – software that blends averages, credit scores, and spending patterns.

But some lenders (especially smaller building societies) still use manual underwriting.

That means a real person looks at your case and uses judgement. They might notice your overtime hasn’t dipped below a certain amount for two years and decide to count all of it.

Lenders like **Mansfield Building Society**, **Bath**, and **The Tipton** are well-known for this kind of flexibility.

So if one big bank turns you down because your income looks “too variable,” a smaller society might see things differently.

What lenders look for beyond the numbers

When your income is variable, underwriters dig a little deeper. They'll check:

- **Employment stability:** How long you've been in your job
- **Industry trends:** Are bonuses or overtime typical for your sector?
- **Sustainability:** Is your variable pay likely to continue?
- **Affordability buffer:** Could you still afford repayments without that extra income?

They're essentially stress-testing your finances. If your bonus stopped tomorrow, could you still manage the mortgage?

That's not cynicism – it's risk management.

How to maximise what counts

There are some practical steps that can help more of your variable income count:

1. **Keep everything on record.**
   Ensure all overtime, bonuses, and commission payments go through payroll – not as cash or expenses.
2. **Maintain consistency.**
   Regular earnings (even if smaller) are more persuasive than big, unpredictable spikes.
3. **Get employer confirmation.**
   A letter stating that overtime or commission is a permanent feature of your role carries weight.
4. **Avoid changing jobs mid-application.**
   Even a small role change resets the clock on proving consistency.
5. **Use an adviser who knows the lenders.**
   Some lenders love variable earners. Others won't touch them. Knowing who's who can mean the difference between approval and rejection.

Real-world example

Let’s say you’re a sales manager earning:

- £30,000 basic
- £15,000 annual commission (averaged)

Here’s how two lenders might assess you:

Lender	Variable Income Counted	Total Assessed Income	Approx. Max Borrowing (4.5× multiplier)
Lender A (cautious)	50% (£7,500)	£37,500	£168,750
Lender B (flexible)	100% (£15,000)	£45,000	£202,500

That’s a potential £33,750 difference in borrowing power – all because of how they treat your variable pay.

And that’s before factoring in overtime or bonuses.

What if your variable income recently increased?

This one catches people out.

Let’s say your basic is £28,000 and you’ve recently started earning £10,000 commission per year – but you’ve only had three months of it so far.

Most lenders will still average it over 12 months, meaning only a quarter of it “counts.” But if you can show a signed contract confirming your new structure is permanent, a few lenders may use the projected figure.

It’s rare, but it happens.

Bonus tip: keep your paperwork neat

Sounds dull, but presentation matters. When underwriters review an application with multiple income types, messy or incomplete documentation can slow things down.

Attach payslips in order. Make sure bank statements match the deposits. Provide everything upfront – it builds confidence.

If you're self-employed and also take bonuses or dividends, the process is slightly different. Find out more on our complex income mortgages page.

In summary

Variable income doesn't have to be a problem. Most UK lenders are perfectly happy to use bonuses, overtime, and commission – provided it's clear, consistent, and well-documented.

Think of it like this: lenders aren't judging *how* you earn, only *how reliably* you earn.

If your payslips tell a stable story, you'll be fine.

If not, that's when having the right guidance – and the right lender – really matters.

FAQs

Do lenders count 100% of overtime?
Sometimes, yes. If you've earned it regularly for at least six months, lenders like Halifax or Nationwide often take it in full.

What if I just started earning commission?
You'll usually need at least three months of evidence, but 6–12 is safer. Some may use 50% of the new income until it's proven.

Can I use a one-off bonus to boost my affordability?
Not usually. One-time or discretionary bonuses rarely count.

How far back do lenders check bonuses and commission?
Typically 3–12 months via payslips, and sometimes 2 years through your P60s.

Do all lenders treat variable pay the same?
No – some average over 6 months, others 12. Smaller building societies often apply more flexibility.

Note: The information in this guide was correct at the time of publication but is subject to change.