Can You Get a Mortgage With Only One Year of Accounts?

Posted on 17 October 2025

So, you've taken the plunge into self-employment. The business is ticking along nicely, money's coming in, and you're thinking… could I actually buy a house? Then reality bites: most lenders want *two or three years of accounts.*

That's where panic sets in.

But hold on – one year doesn't necessarily mean game over. It's possible. Harder, yes. But not impossible. You just need to understand what lenders are looking for, how to present your finances properly, and which boxes to tick before applying.

Let's unpack it all.

Why lenders usually want two years of accounts

It's about risk and consistency.

When you're employed, lenders can glance at your payslips and P60s and see a stable income. When you're self-employed, it's different. You might earn £60k one year and £30k the next – or even take a few months off between contracts. Lenders need to see that your income isn't just a lucky run.

Two (or more) years of accounts help them gauge trends: is your business growing, stable, or volatile? With only one year to go on, they can't yet tell whether it's sustainable.

That said, there are exceptions – and plenty of them.

When you *can* get a mortgage with only one year of accounts

Some lenders are surprisingly flexible, especially as more people in the UK work for themselves now.

If you've completed a full financial year and submitted your first tax return, you might already be eligible. The key is how strong the rest of your case looks.

Typical scenarios where lenders will consider you:

Situation	Why it helps your case
You've been self-employed for **12+ months** with one year of filed accounts	Shows your business has completed a full trading cycle
You were previously **employed in the same field**	Demonstrates continuity and experience
You have a **fixed-term or rolling contract**	Provides predictable income
You can show **strong projected earnings** with ongoing work	Indicates financial stability
You have a **larger deposit** or strong credit history	Reduces risk to the lender

The more boxes you tick, the better your chances.

How to prove your income

With just one year under your belt, documentation becomes everything. Lenders won't just take your word for it.

Most will ask for:

- **SA302** and **Tax Year Overview** from HMRC (your self-assessment summary)
- **Full set of accounts** prepared and signed by a qualified accountant
- **Business bank statements** – usually 3 to 6 months
- **Personal bank statements** to show consistent income

- **Evidence of upcoming work or contracts** (for contractors/freelancers)

You can download your SA302 and Tax Year Overview from your HMRC online account once your first tax return has been filed.

If you've only just submitted it, make sure both documents line up exactly – mismatches between declared income and tax paid are red flags for lenders.

The "previous employment" factor

Here's something many self-employed people don't realise: your **previous job** can help you get a mortgage.

If you worked in the same trade or profession before going self-employed – say, you were a plumber for a company and then went solo – lenders see that as continuity. They'll view your new business as a natural extension of your career, not a total gamble.

Some lenders even take your *employment history* into account when assessing affordability, especially if your income level hasn't changed dramatically.

It's a huge tick in your favour.

Contractors and day-rate professionals

Contractors sit in their own little world when it comes to mortgages.

Instead of poring over your accounts, many lenders calculate income based on your **day rate**. For example:

Day rate	Days per week	Weeks per year	Annualised income
£300	5	46	£69,000
£400	5	46	£92,000

That’s the figure lenders use to determine how much you can borrow – often far higher than what your first tax return might show after expenses.

To qualify for this route, you’ll usually need:

- At least **6–12 months of contracting history**
- A **current signed contract** (and ideally one renewal or extension)
- Evidence of consistent work between contracts

If that’s you, your chances just got a lot better.

Strengthening your case – even with limited history

If you only have one year of accounts, you’ll need to make everything else watertight.

Here’s how to improve your odds:

1. **Hire a proper accountant.**
   Not a friend with a spreadsheet – a qualified professional who can prepare and sign off your accounts. Lenders trust figures verified by an accountant far more than DIY numbers.
2. **File your tax return early.**
   Don’t wait for the January deadline. Until it’s filed, you technically have no official proof of income.
3. **Keep your business finances tidy.**
   Separate business and personal accounts. Make sure your statements clearly show where income comes in.
4. **Reduce personal debts.**
   Credit cards, car finance, personal loans – pay down what you can. It strengthens affordability.
5. **Save a bigger deposit.**
   A 15–20% deposit can offset limited trading history. It shows commitment and reduces the lender’s risk.
6. **Build a spotless credit history.**

No missed payments. No overdraft surprises. Lenders check everything.

7. **Show ongoing work.**
   Invoices, contracts, letters of intent – anything that demonstrates future income streams helps enormously.

What type of self-employed are you?

How your income is assessed depends on your business structure.

Self-employment type	What lenders look at	Key documents
Sole trader	Your personal income and tax paid	SA302s, Tax Year Overview, bank statements
Partnership	Your share of the profits	Partnership accounts, SA302s
Limited company director	Salary + dividends (sometimes retained profit)	Company accounts, SA302s, accountant’s letter
Contractor	Annualised day rate	Contract(s), bank statements

If you’re a company director who only pays yourself a small salary, look for lenders who’ll consider **retained profit** too – it can make a big difference to borrowing power.

Lenders who may accept one year of accounts

You won’t find them advertising it in big letters, but a handful of mainstream and specialist lenders *do* accept applicants with just one year’s accounts.

They’ll want to see strong supporting evidence – and a good reason to believe your business is sustainable – but it’s entirely possible.

Some examples (not recommendations, just typical market behaviour):

Lender type	Typical requirement	Notes
High-street banks	Usually 2+ years	Some exceptions for contractors or long-term professionals
Building societies	Often more flexible	Tend to look at cases individually
Specialist lenders	Accept 1 year	Higher rates but tailored criteria
Online challenger banks	Varies	Tech-driven, sometimes open to modern income models

And yes, rates might be a little higher at first. But once you've got another year of accounts under your belt, you can remortgage onto a standard product.

How affordability is calculated

Even with one year of accounts, lenders still need to ensure you can afford the repayments.

They'll usually:

1. Take your **annual income** from your SA302 or accounts
2. Average it (if multiple years are available)
3. Apply a multiple – often **4 to 5 times your income**
4. Adjust for existing debts and household expenses

So if your one year's income is £45,000, you could theoretically borrow £180,000–£225,000, depending on circumstances.

But lenders might shade it down slightly if they see you as higher risk. A solid deposit and good credit can counter that.

Common mistakes to avoid

A few pitfalls trip up new business owners time and again:

- **Declaring too little income.**

Many self-employed people minimise profits for tax reasons. Fair enough, but lenders only see what's on paper. Lower income = lower borrowing power.

- **Applying too soon.**
  Until your first tax return is filed, you have nothing official to show. Don't rush it.
- **Changing business structure.**
  Moving from sole trader to limited company resets the clock in many lenders' eyes. Try to hold off major changes until after your mortgage is sorted.
- **Ignoring your credit score.**
  Even with good income, a poor credit record can scupper your chances. Check it early and fix any issues.
- **Not getting advice.**
  A broker familiar with self-employed mortgages can match you with lenders who'll consider one year of accounts – saving a lot of wasted applications.

What about newly incorporated limited companies?

This one causes confusion.

If you've only recently set up a limited company but have previous history as a **sole trader**, some lenders will accept that history as part of your track record – *if* you're in the same line of work.

So, if you were "Jane Smith Plumbing (sole trader)" last year and "Jane Smith Plumbing Ltd" this year, you might still qualify. But if you switched from being a teacher to launching a marketing agency, probably not.

It comes down to continuity and evidence. Lenders like predictable patterns.

How to prepare before applying

Think of it like getting your house in order – literally and figuratively.

Three months before you apply:

- File your accounts and tax return
- Pay any outstanding tax bills
- Check your credit file for errors
- Reduce unnecessary outgoings
- Make sure your business bank statements show consistent activity

One month before:

- Avoid taking out new credit
- Don’t switch business structure
- Gather all documentation (SA302, overviews, bank statements, contracts)

When ready to apply:

- Be upfront about your situation – hiding gaps or exaggerating income never ends well
- Choose a lender known for flexibility
- If possible, go through a broker who handles self-employed clients regularly

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A quick word on deposits

With limited history, a **larger deposit** really helps.

Aim for at least **15%**, ideally **20% or more**. It lowers the loan-to-value (LTV) ratio, makes you less risky to lenders, and often secures better rates.

It’s also a simple psychological signal: you’re serious, you’ve saved, and you’re invested.

If that’s not possible, some lenders may still consider 10%, especially if other aspects of your application are strong – but expect tighter scrutiny.

Real-world example

Let’s say you’ve been self-employed for just over a year as a graphic designer. You earned £48,000 in your first year and have ongoing contracts with several repeat clients.

You’ve saved a 20% deposit (£50,000 on a £250,000 property), have a clean credit record, and your accounts were prepared by a chartered accountant.

A high-street bank might still hesitate. But a specialist lender or building society could say yes – especially if your business bank statements show consistent turnover and your pipeline looks solid.

That’s the reality: the stronger your supporting evidence, the more flexible lenders become.

Final thoughts

Getting a mortgage with only one year of accounts isn’t easy, but it’s entirely possible. You just need to work with what you’ve got – and make sure what you’ve got is spotless.

Keep your finances clear, your paperwork organised, and your story coherent. Lenders like clarity. They like patterns. They like applicants who look on top of things.

So if you’re sitting there thinking, “I’ve only been trading a year – no chance,” don’t assume the worst. There’s a route through it.

You just need to approach it the right way – and perhaps lean on some expert guidance to open the right doors.

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