

What to do next if you're turned down for a home loan.

Why a home loan 'no' might not be the final answer.



Why do people get turned down for loans?

Bank's home loan lending rules can change

Having your loan turned down by your bank can be a reflection of their current credit policy, which can change based on shifts in market conditions.

This means when you may have had no issues getting a home loan from your bank in better economic times, but you might be turned down today because it's a tougher financial climate.

Boxes not being ticked

They look for regular income – so being self-employed can be an issue. Having an unusual income, irregular earnings or multiple jobs – which lots of people do these days – are still outside the traditional box for lots of lenders.

Credit history issues

Another major reason for an application to be turned down can be a person's credit history. The big banks and other conventional lenders use an automated credit scoring process, which means your application might be declined simply because a computer gives your application a score based on your past credit history.

Paperwork that doesn't meet requirements

One of the biggest issues can be not having the right paperwork, things like not having up-to-date tax returns, because you're self-employed. Or because you've recently arrived in the country and haven't built up an employment history yet.

Past bankruptcy

If you've filed for bankruptcy in the past this will be a flag for traditional lenders, even when you've been discharged.

These are all pretty normal reasons for people getting declined for a home loan.

So what do you do now?

The alternative world of non-bank home loans

The good news is that the world has changed a lot over the past 20 years. There are now some big, well-established non-bank lenders that can offer you a different, much more personal approach to your home loan applications. We don't mean any fly-by-night lenders – but big organisations – like Pepper Money – who have won awards for their work in alternative lending in Australia. They were set up specifically to help people with loans when the banks said 'no'.

With non-bank lenders like Pepper Money your application can be individually evaluated by an expert – called an underwriter – against Pepper's loan suitability and credit assessment measures, with each individual application being evaluated on its merits by a real person and not a computer.

So always check things out with us – because when it comes to home loan applications, if you're short on paperwork, have a bit of an unusual income, if you've got a few credit history issues, or even defaults or judgements against your name, there may well be good alternative lenders that can still consider your application.

They will look at why you might have any gaps and use a really good range of factors to assess your needs, objectives and – importantly – your suitability for a loan in the situation you are in. That means they will be really responsible about the lending and make sure you can manage the repayments.

Getting turned down for a home loan can really knock your confidence. If it's happened to you, don't just accept it and wait years to have the courage to apply again. It's always worth checking with us first.

If you'd like more information talk to us today about how we might be able to put you in touch with a lender that can help if your bank has said 'no' to your loan application. 0422 300 324

Disclaimer: Original content source: [Pepper Money](#). It is designed for publication through Accredited Brokers, to provide you with factual information only, and it is not intended to imply any recommendation about any financial product(s) or to constitute tax advice. If you need financial or tax advice you should consult a licensed financial or tax adviser. The information in the article is believed to be reliable at the time of distribution, but neither Pepper nor its accredited brokers warrant its completeness or accuracy. For information about whether a non-bank loan may be suitable for you, call us on 0422 300 324