LLOYDS

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Are first-time buyers ruling themselves out before they even apply?

- **New report reveals widespread mortgage myths, with more than half wrongly thinking existing debt rules out being approved**
- **More than a third of potential first-time buyers (37%) worry about being rejected for a mortgage**
- **Over half (53%) have delayed major life milestones while trying to buy their first home, including getting married and having children**
- **Lloyds has partnered with Gladiators star Livi Sheldon to highlight some of the most common myths held by first-time buyers**

Many aspiring homeowners could be delaying their plans to get on the property ladder because they mistakenly believe they wouldn't qualify for a mortgage, new research from Lloyds suggests.

The study of more than 1,000 prospective first-time buyers found widespread confusion about what could prevent someone from getting a mortgage. More than half (58%) incorrectly believe **having existing debt would automatically stop someone being approved**, while over a third (37%) **think a 20% deposit is essential.**

Many also believe factors such as **using an overdraft** (40%), **receiving benefits** (38%), **changing jobs recently** (31%), **not having a perfect credit score** (30%) or **being self-employed** (24%) would definitely put homeownership out of reach.

The findings suggest that while affordability is one of the biggest challenges facing first-time buyers, misconceptions about mortgage eligibility may be creating an additional barrier, with some ruling themselves out before they've even explored their options.

Lloyds has partnered with Gladiator, television personality and first-time homeowner Livi Sheldon to highlight some of the common misconceptions that may be discouraging would-be buyers from exploring their homeownership options.

What factors do would-be first-time buyers think would stop someone getting a mortgage?

Factor	Proportion
Existing debt	58%
Being on a zero-hours contract	54%
Being in an overdraft	40%
Receiving benefits	38%
Not having a 20% deposit	37%
Having changed jobs recently	31%
Not having a perfect credit score	30%
Earning less than £50,000 a year	27%
Being self-employed	24%
Using Buy Now Pay Later	21%
Being on maternity or paternity leave	20%
Having student loan debt	13%

In reality, none of these factors would automatically prevent most lenders from being able to offer a mortgage, subject to individual circumstances and standard affordability and eligibility assessments.

Mortgage providers typically consider a range of factors, including income, outgoings and overall affordability, rather than relying on one aspect of a person's finances.

Myths versus reality

Some of the most common first-time buying misconceptions identified by the research include:

Myth: You need to be debt free to get a mortgage

Reality: Existing borrowing, such as student loans, credit cards, car finance or overdrafts, does not automatically prevent someone from getting a mortgage. Lenders look at whether repayments are affordable alongside other financial commitments.

Myth: You need a 20% deposit

Reality: Some mortgage products are available with significantly smaller deposits than many people realise – such as Lloyds' new £5k deposit offer – meaning buyers may be able to purchase a home sooner than they think.

Myth: You need a perfect credit score

Reality: There is no single credit score required to get a mortgage. Lenders take a range of factors into account when assessing applications.

Myth: Self-employed people can't get a mortgage

Reality: Many lenders offer mortgages to self-employed applicants, though they may need to provide additional evidence of their income.

Are first-time buyers putting their ambitions on hold?

The research suggests many prospective first-time buyers may be putting their ambitions on hold unnecessarily.

More than a third (37%) said being **rejected for a mortgage** was a particular concern, despite widespread misconceptions about what could prevent someone from getting approved.

These findings come at a time when many aspiring homeowners are already making significant financial and personal sacrifices to save for their first property.

More than half (53%) said they had **delayed or given up important life milestones** while trying to get on the property ladder, including **travelling** (28%), buying a car (15%), **getting married** (14%) and **having children** (14%).

Almost two-thirds (64%) said they had **cut back on day-to-day spending** while saving for a home, with **holidays** (46%), **eating out** (41%) and **buying new clothes** (39%) among the most common sacrifices.

Amanda Bryden, Head of Mortgages at Lloyds, said:

"Buying your first home can feel overwhelming, especially when you're trying to save for a deposit while balancing everyday costs and other life goals.

"Our research shows many aspiring first-time buyers believe they need to be debt free, have a perfect credit record or save a 20% deposit before they can even think about getting a mortgage.

"In reality, mortgage decisions are based on a much broader picture of your finances and circumstances. While affordability is important, don't rule yourself out because of misconceptions about what lenders look for.

"This isn't something people need to navigate on their own. Speaking to a mortgage adviser or broker early on can help you understand what options are available. Many people are surprised to find they're in a stronger position than they expected."

Livi Sheldon, Gladiator, television personality and first-time homeowner, said:

"Buying my first home was an incredible milestone, but I know how easy it is to look at the challenges involved and wonder whether it's achievable.

"A lot of people assume they need everything to be perfect before they can even think about getting a mortgage, but that's not necessarily the case. Talking to experts and understanding your options can make a huge difference.

"Getting on the property ladder isn't easy, especially when you're working hard to save, cutting back on things you enjoy and putting other plans on hold. But it's important not to rule yourself out before you've explored what's possible."

More achievable than buying a home?

The research highlights just how challenging many prospective first-time buyers perceive getting on the property ladder to be.

More than a quarter (27%) said **learning a new language** felt more achievable than buying their first home, while one in five said **running a marathon** (20%) or **writing a book** (20%) seemed easier.

And in a sign of just how tough some feel the challenge has become, almost one in 10 (9%) said **winning Gladiators** would be more achievable than buying a home.

Amanda and Livi's top tips for first-time buyers

Don't rule yourself out
Many people assume they need a perfect credit score, no debt or a large deposit before they can buy. The reality may be different, so don't make assumptions about what is and isn't possible.

Start the conversation sooner
You don't need to wait until you've found a property or hit a savings target. Speaking to a mortgage expert early can help you understand your budget, your options and the steps needed to get mortgage-ready.

Explore every route onto the ladder
Different mortgage products suit different circumstances. Taking time to understand the support and options available – such as low deposit offers – could help you get on the property ladder more quickly.

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Notes to editors

Methodology

Data based on survey of 1,051 adults in Great Britain who are planning to buy their first home in the next five years, conducted by Find Out Now on behalf of Lloyds Banking Group from 27th to 28th July 2026.

Support for first-time buyers

Lloyds is Britain's number 1 direct lender for first-time buyers.* Here are some of the ways it can help.

- **£5k Deposit mortgage**
  If you have £5,000 saved up, you can use this as your mortgage deposit and borrow more than the typical 95% of your home's value (on homes worth up to £300,000). This could help you get on the property ladder sooner.
- **First Time Buyer Boost**
  You could borrow up to 5.5x your yearly household income with a 10% deposit or more. It's designed to help eligible first-time buyers access a larger loan than a standard mortgage.
- **5% deposit mortgage**
  With this mortgage, you could borrow up to 95% of your home's value. This means you'll just need to pay a 5% deposit, reducing the time needed to save.
- **Government schemes**
  Lloyds supports a range of government-backed schemes that could help you to buy a home. These include First Homes, Help to Buy, Right to Buy and more.
- **Lend a Hand mortgage**
  With a Lend a Hand mortgage, instead of a deposit, your family's savings act as security, earning them interest for three years.
- **First Home Deposit Gift**
  Your family member can borrow more on their Lloyds mortgage and gift it towards your deposit. It can cover all or part of your deposit and they could receive £500 cashback.

** Based on monthly completion values from July to December 2025. Source: CACI Ltd's mortgage database.*

Events for first-time buyers

From working out your budget to getting the keys to your first home, we're here to help. We're running free online events for first-time buyers, available to everyone – you don't even need to be an existing Lloyds customer.

Our mortgage experts will help you find out about:

- **Starting Out:** Saving for a deposit and government schemes available
- **House Hunting:** Finding the right property for you
- **Other costs:** Protecting you and your home, other costs to consider
- **Journey to Completion:** Valuations, surveys and the final stages to getting your keys.

Find a free event here: https://branches.lloydsbank.com/events

The information in this release is not intended to constitute financial advice. Mortgage customers or applicants should refer to the Lloyds website for full details, including terms and conditions, eligibility criteria, and how to obtain regulated advice. You could lose your home if you don't keep

up your mortgage repayments.

For full details visit: https://www.lloydsbank.com/mortgages.html

Information correct as at 19th August 2026 and subject to change thereafter.