mortgage scout

The mortgage innovations helping first-time buyers in 2026

A guide to help you navigate your journey onto the property ladder



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Introduction

The mortgage landscape for first-time buyers has shifted significantly in the past 12 months. In the main, rates are lower than they have been in previous years due to the Bank of England cutting the base rate (which influences mortgage rates) four consecutive times in 2025.

However, as with the Middle East turmoil we've been seeing in 2026; volatility in global markets can affect day to day costs on fuel, energy bills, as well as mortgage rates, and speaking to a mortgage broker early on in your property buying journey is no longer optional, but essential.

In the Spring 2026 Sales Report by our parent company LRG, 45% of first-time buyers say they rely on financial support from family or friends, and many are looking toward modern solutions to bridge the gap.

In this guide we will walk you through the key steps of the buying process, explore why speaking to a mortgage broker gives you a competitive edge, and we break down the latest market innovations designed specifically to help you step onto the property ladder with confidence.



Steps to buying a property for the first time

Purchasing your first home can seem like a complex journey, so we've broken it down into manageable milestones to make the process easier for you to navigate.

Step 1
Start saving for a deposit as early as possible – Generally, you'll need at least 5% to 10% of the property price.

Step 2
Speak to a mortgage broker – This is non-negotiable for most first-timers. A mortgage adviser (also known as a broker) looks across the mortgage market to find deals you won't have access to yourself. They will take into account the deposit you have saved, your credit score, monthly outgoings, and income. They will give you an Agreement in Principle (AIP), which is a document proving you can borrow up to a certain amount of money to spend on a property.

Step 3
Viewings and research – Start looking online to see what sort of properties you can afford and in what areas. Once you see any you like the look of, get in touch with the estate agent listing the property to book in a viewing and see it in person.

Step 4
Make an offer – Once you find "the one," tell the estate agent your offer and be prepared to negotiate. In 2026, the market is competitive, so having your AIP (from Step 2) ready makes you a "more qualified buyer."

Step 5
Instruct a solicitor – Once your offer is accepted, you need a legal pro (a conveyancer) to handle the paperwork, local searches, and the actual transfer of money.

Step 6
Formal mortgage application – You will also need to speak to your mortgage broker again and they will help submit the full application to the mortgage lender.

Step 7
The survey – The lender you have chosen to go with will do a basic valuation, but you should pay for your own RICS Home Survey. This survey identifies structural defects, subsidence, or urgent repairs that could impact the property's value or your safety.

Step 8
Searches and enquiries – Your solicitor will initiate searches with the Local Authority to uncover any legal or environmental risks associated with the land and raise enquiries if they are any discrepancies in the property's title or boundary lines.

Step 9
Exchange of contracts – If you're happy with the outcome of steps 7 and 8, it is time to pay your deposit, sign the contracts, and the property purchase becomes legally binding.

Step 10
Completion – The big day! The money moves from your lender to the seller. You pick up the keys from the estate agent and it's time to start moving in and beginning your next chapter as a homeowner!



Why speaking to a mortgage broker early on is the ultimate power move

Many first-time buyers wait until they start viewing properties to speak a mortgage broker. However, we advise as soon as you are considering buying, ideally while still saving or planning your deposit, to get in touch. This could be your competitive edge, and here's several reasons why...

Expert guidance on affordability
Brokers can help you understand what you can realistically borrow based on income, outgoings, and deposit, including how new assessments like Open Banking may affect eligibility.

Tailoring mortgage options
Speaking to a broker upfront ensures you're aware of products that suit your circumstances, including government schemes, rent-recognition mortgages, or first-time buyer incentives.

Improving your financial position
A broker can advise on steps to strengthen your application, such as paying down debts and reviewing credit reports. Some time is normally needed to do this, which is why speaking to a broker early on in the process is most beneficial. Affordability calculations and outcomes change from one lender to the next.

Help with complex situations
If you have an unusual income (e.g. self-employed with varying monthly income), limited credit history, or rely on family support, a broker can identify suitable lenders and navigate stricter lending criteria.

Planning for deposit and affordability
Early discussions allow you to understand what size deposit is needed, how affordability is calculated, and what type of mortgage products you could qualify for.

Pre-approval or "agreement in principle"
When you're in a good position with your deposit and want to start viewing properties, early engagement with a broker allows you to obtain an agreement in principle (AIP), which is a conditional agreement showing how much a lender might lend. Many sellers and estate agents take this more seriously, giving you a competitive edge when making offers.

Access to a wide range of products
Brokers can search hundreds of mortgage deals across multiple lenders, including those not available directly to the public. Experienced brokers can sometimes secure better rates or more favourable terms than applying directly too.

Time-saving and simplified process
Once you have had an offer accepted on a property, the broker will handle paperwork, liaise with lenders, and guide you through each stage, reducing stress and administrative burden.

Support throughout the buying journey
From initial mortgage application to completion, brokers provide ongoing advice and updates, helping first-time buyers feel confident and informed.

Innovations in the mortgage market to help you as a first-time buyer

While the procedural and legal steps of buying a property don't tend to change, the mortgage market has seen plenty of innovations recently. Here's some of the recent changes designed to help first-time buyers.

Low-deposit mortgages making a comeback

Today, a growing number of banks and building societies are once again offering 95% mortgages, meaning you can purchase a home with just a 5% deposit. For many first-time buyers, especially those facing high rents and living costs, saving a large deposit remains one of the biggest barriers to homeownership. The revival of low-deposit products helps bridge that gap and makes buying sooner a more realistic option.

For first-time buyers, this renewed availability of low-deposit mortgages offers greater choice and flexibility. However, it is important to understand that borrowing at 95% LTV typically comes with higher interest rates and fewer product options compared to larger deposits. As always, the key is balancing accessibility with long-term affordability - ensuring that getting onto the ladder today does not create financial pressure tomorrow.

The rise of "rent-recognition" mortgages

Another notable innovation in the first-time buyer market is the rise of "rent-recognition" mortgages. Traditionally, mortgage affordability assessments have focused on income multiples, credit scores and declared expenditure. While rental payments may have appeared on bank statements, they were not always given the weight many aspiring homeowners felt they deserved.

Now, some lenders are actively recognising a strong track record of paying rent as evidence of mortgage affordability. If you have consistently paid, for example, £1,200 per month in rent for several years without missing payments, this demonstrates an ability to manage housing costs at a similar level. For first-time buyers who have effectively been proving they can afford monthly payments — just not building equity — this approach feels like a more realistic reflection of their financial behaviour.

Some products also aim to address a long-standing frustration in the market: the gap between what tenants pay in rent and what they could potentially pay on a mortgage. In certain areas of the UK, monthly mortgage repayments can be comparable to — or even lower than — local rents. By formally factoring rental payment history into affordability assessments, lenders are helping to narrow that perceived barrier to entry.

For first-time buyers, this shift represents a more nuanced and potentially empowering approach. If you have a history of paying rent reliably and managing your household budget responsibly, that consistency may now work more directly in your favour when stepping onto the property ladder.

Joint borrower, sole proprietor mortgages

Joint borrower, sole proprietor (JBSP) mortgages are another innovation designed to help first-time buyers overcome affordability challenges. This structure allows multiple people to be named on the mortgage, while only one person is listed as the legal owner of the property.

In practical terms, this often means a parent or close family member supports the application by adding their income to boost affordability, without being registered on the property's title deeds. The buyer remains the sole legal owner, which keeps the ownership structure straightforward and avoids complications around shared equity or future sale decisions. It can also reduce additional stamp duty costs that might apply if a supporting family member already owns property.

Affordability is assessed using the combined incomes of all borrowers, which can significantly increase the maximum loan available. This can make a meaningful difference for buyers who are financially responsible but fall just short of lenders' income thresholds when applying alone. For families who want to help but are not in a position to gift a large deposit, JBSP mortgages offer a practical middle ground.

Importantly, all named borrowers are jointly liable for the mortgage debt. That means if the primary buyer cannot meet repayments, the supporting borrower is legally responsible for covering them. Because of this, lenders carry out full affordability and credit checks on everyone involved. Some products also have age limits for supporting borrowers, as the mortgage term may be linked to the oldest applicant's age.

JBSP mortgages can be particularly useful in higher-value areas of the UK where even modest starter homes require relatively large incomes. They provide a structured and regulated way for families to work together, rather than relying on informal financial arrangements.





Green mortgages and energy-efficiency incentives

A growing trend is the rise of green mortgages, designed to encourage energy-efficient homes and sustainable living. These products reward buyers who either purchase properties with a high Energy Performance Certificate (EPC) rating or commit to making improvements that reduce energy consumption and carbon emissions.

Lenders recognise that energy-efficient homes are generally cheaper to run, which can make repayments more affordable over the long term. As a result, some green mortgage products offer lower interest rates, cashback incentives, or higher loan-to-value options for buyers of EPC-rated A or B properties. This can help first-time buyers stretch their budget while also supporting a more sustainable lifestyle.

In addition, many lenders are now offering financial incentives for retrofitting or improving less efficient properties. Measures such as installing better insulation, double-glazing, modern boilers, or solar panels can not only increase a home's EPC rating but also unlock preferential mortgage terms. Some schemes even combine green mortgages with government-backed energy-efficiency grants, giving buyers multiple ways to reduce costs and boost affordability.

Beyond the financial benefits, green mortgages signal a broader shift in how lenders assess long-term housing risk. Energy-efficient homes tend to retain value better, incur lower running costs, and appeal to future buyers, all of which make them less risky assets for banks. For first-time buyers, this means that buying a new-build home with excellent energy ratings or upgrading an older property, can pay off both environmentally and financially.



Open Banking can help you borrow more accurately

Traditionally, first-time buyers were asked to estimate their monthly spending across categories such as groceries, travel and leisure. While this approach was straightforward, it often relied on rough guesses rather than reality. That could mean some applicants were assessed too cautiously, while others unintentionally overstated or understated their true financial position.

Now, many lenders use Open Banking technology to gain a clearer and more accurate picture of your finances. Open Banking allows you to securely share your bank transaction history (only with your permission) with a lender as part of your mortgage application. Lenders can then review your real spending patterns – such as rent payments, utility bills, subscriptions, childcare costs and discretionary spending – over a set period.

If you have a strong track record of paying rent on time, managing your bills responsibly and living within your means, real transaction data can help demonstrate that you are mortgage-ready. In some cases, it may even support a higher borrowing amount than you might have been offered under a more generic affordability model. Equally, it can help avoid over-borrowing by ensuring the mortgage offered is genuinely sustainable based on your lifestyle.

Matching first-time buyers with mortgages for over 20 years

If you're a first-time buyer wanting to understand how much you can borrow, get in touch with our friendly advisors at Mortgage Scout. With access to over 12,000 mortgages and over 90 lenders, they'll talk you through your options and happily answer any questions you may have.

0800 144 4744

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