



Evidencing Your Deposit: A Guide

For any purchase mortgage application (i.e. not a remortgage), all mortgage lenders and intermediaries like The Mulberry Mortgage Company are required to evidence the source of all of borrowers' deposit funds. This is to satisfy UK anti-money laundering legislation, which is, shall we say, rather rigorous! You may also find that your conveyancer and/or estate agent ask for evidence of your deposit too.

Many of our clients tell us that evidencing their deposit funds is the most complicated part of applying for a mortgage, so we've produced this guide to help our clients understand the documentation we will need for the most common deposit sources. We hope that the guide is helpful, but if in any doubt about what you'll need to provide to evidence your deposit, just give us a call. It is very important for us to clearly understand where our clients' deposits are coming from, so please be as accurate as you can when informing us of the source of the deposit funds.

You'll find a list of deposit sources below, with the relevant page number against it.

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YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE

The Mulberry Mortgage Company is an appointed representative of TenetLime Limited, which is authorised and regulated by the Financial Conduct Authority. TenetLime Limited is entered on the Financial Services Register (<http://www.fca.org.uk/register/>) under reference 311266.

1. Savings

Please provide at least six months' statements for your savings account(s), showing the buildup of savings funds during that period. Where payments have been coming into the savings account from another account (for instance, from your current account), please provide at least three months' transactions for that account too, so that we can cross reference the payments. We will ask you for three months' current account statements to prove your income anyway, so if you've been moving money across from a current account, this three-month requirement won't mean we're asking you for extra documentation.

Where deposits are coming from savings, we are expected to “plausibility check” how the deposit has been grown, rather than account for every pound. If you've been saving up for your deposit at £300 a month for five years, we're not expected to collect five years' statements!

2. Sale of Shares/Investments

Please provide a transaction statement from the organisation through which you have sold the assets. These statements must show your name, the date, the selling organisation's name, and the value of assets sold.

Please then provide a bank statement showing the corresponding amount of funds coming into your account. If you've sold the assets in the last three months, this requirement will be covered elsewhere, because we will already have asked you for three months' bank statements to evidence your income. If you sold the assets more than three months ago, please provide a statement from the time the assets were sold.

3. Premium Bonds

Where bonds are yet to be sold, please provide certificate(s) for all premium bonds, showing the value of bonds and your name against the account.

Where bonds have already been cashed in, please provide certificate(s) for all bonds as well as corresponding bank statements showing the funds coming into your account.

4. Sale of property (where sale has not yet taken place)

Please provide your most recent mortgage statement, alongside a memorandum of sale from your selling estate agent. A memorandum of sale is a single-page document that gives your name, your buyer's name, the conveyancers for both parties, and, most importantly, the agreed sale price for the property you are selling.

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5. Sale of property (where sale has already taken place)

Please provide a letter on headed paper from your conveyancer confirming completion of the sale. We will also require confirmation of the amount payable to you at completion (the proceeds of the sale). This may not be detailed in the completion confirmation letter, in which case please provide the redemption statement which your conveyancer will have provided shortly before completion. This document will show the balance payable to you on completion.

Please also provide a bank statement from the time of the sale, showing the sale proceeds coming into your account.

6. Gifted Deposit (where funds are being given to you by a third party)

It is increasingly common for borrowers' deposits to be comprised partly or entirely of gifted deposit funds. For example, parent(s) or other immediate family members may be donating funds towards the house purchase. Whilst this will not generally affect our clients' eligibility for residential mortgages (buy-to-let mortgages can be a little different), the documentary requirements around gifted deposits are more complex than other deposit sources.

Here's what we'll need from you and your deposit donor(s):

- The full name(s), current address(es) and date(s) of birth for all deposit donors.
- Evidence of identity and address for the donor(s). Where the donor(s) reside in the UK, we will attempt an electronic ID check on the donor(s) using the personal information above. If successful, this electronic check will avoid the need to see identification documents. The check will leave a "soft footprint" on credit records, which is similar to being searched by an insurance provider, rather than a credit provider. This search will not affect credit scores, and cannot be seen by any lenders, although a record of the search will be visible if the donor(s) view their own credit reports in the future.

Where donors live outside the UK, or their identities cannot be verified electronically, we will require personal identification (e.g. photo driving license, passport) & address verification (utility bill or financial statement dated in last three months, council tax bill or mortgage statement dated in the last twelve months). Where originals cannot be supplied, we can accept certified copies. Please see these [UK Government Guidelines](#) on how to get documents certified. The documents must be certified by a qualified individual in the UK, even where documents originate from abroad.

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- A financial statement for the donor(s)' account(s) from which the gifted funds have been transferred. The statement must show the date of the transfer, the amount being transferred, and, ideally, the name of the beneficiary. So, for example, where Michael Smith is giving his son John Smith £10,000 on 1st April, the statement should show that amount of money being transferred on that date, with "J Smith" named as the beneficiary on the transaction. The statement must also show the donor(s)' name, the name of the financial institution, the sort code and account number.
- Similarly, we will require a financial statement from the beneficiary showing the funds coming into their account. The date of receipt should match the date of transfer on the donor(s)' statement, and show the donor(s)' name(s) against the incoming payment. So, based on the example above, a bank statement from John Smith showing £10,000 coming into the account on 1st April, with "M Smith" shown as the originating party.
- The lender may require a signed form or letter from the donor(s) declaring the gift to be unconditional and non-repayable. Exactly what is required will vary from lender to lender. So please wait until we have confirmed our recommended lender, and hence the exact document required, before asking donor(s) to sign any forms or letters. You'll find our gifted deposit template letter [here](#).
- We are required to evidence the source of the funds being gifted in the same way that if the deposit was coming from within the borrowers' own means. Please refer to the other sections of this guide for advice on how to evidence the source of your donor(s)' deposit. For instance, if the deposit donor is giving money from from savings, please refer to section 1 of this guide.

7. Redundancy payments

Please provide a bank statement from the time the redundancy payment was received. As long as your former employer's name is clearly shown on the statement, there is no need to provide anything else.

8. Personal Loan

It is now quite unusual for lenders to accept a personal loan as a source of deposit, although a handful still do. The lender will have no objection, however to your deposit donor raising the funds for a gifted deposit by means of a personal loan, as long as you do not intend to take responsibility for the loan payments.

If a personal loan is being used, please provide a copy of the contract for the loan, showing your name, the amount being borrowed, the term of the loan and the monthly repayments. Please also provide a bank statement showing the loan funds being paid to you.

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