

ADVERSE CREDIT POLICY

1.0 Introduction and Aim

- 1.1 This policy is designed to provide a set of principles and a framework to manage the assessment of shared ownership and rent to buy applicants with adverse credit, who meet all other qualification criteria.
- 1.2 The primary aim of this policy is to ensure that shared ownership and rent to buy applications are managed effectively in a fair and equitable manner whilst maintaining transparency and accountability in our processes. The rental and sales income from these homes is a key element of the Trust's business plan assumptions and this policy will help to ensure that purchases and rentals are sustainable for customers, in turn supporting the financial stability of the Trust.
- 1.3 The management of the Trust's approach to applicants with adverse credit is to be achieved by the implementation of supporting procedures.
- 1.4 This is not a blanket policy and each application will be assessed on its individual merit, taking into account the level and age of debt together with any payment plan details. While adverse credit may impact the terms of a mortgage with lenders, we are committed to providing opportunities for homeownership to individuals who demonstrate the ability and willingness to manage their finances responsibly.

2.0 Scope

- 2.1 This policy applies to every allocation of a shared ownership or rent to buy home to a prospective customer regardless of whether the applicant will purchase with a mortgage or is a cash buyer.
- 2.2 For the purposes of this policy, adverse credit refers to a history of missed payments, defaults, county court Judgements (CCJs), Individual Voluntary Arrangements (IVAs), bankruptcy, or any other significant negative financial events that may impact an individual's creditworthiness.
- 2.3 This policy complies with all relevant statutory provisions and will be updated to take into account any future relevant legislation.
- 2.4 This policy takes into consideration the following related policies and key documents. Copies can be found on the Trust's website.
 - Shared Ownership Policy
 - Rent to Buy Policy
 - Customer Complaint Policy
 - Shared Ownership - Surplus Income Policy
 - Shared Ownership – First Come First Served
 - Corporate Debt Policy
 - Equity, Diversity and Inclusion Policy
 - Data Protection Policy
 - Homes England Capital Funding Guide

2.5 This Policy will consider any Modern Slavery impact and in line with the Trust's Modern Slavery Statement will promote positive behaviour amongst colleagues and within its supply chain to support the Trust's approach in identifying and tackling Modern Slavery activity.

3.0 Principles

3.1 The Trust is committed to supporting applicants to purchase an affordable home. A key feature of the affordability assessment is to ensure that homeownership is sustainable.

3.2 A full affordability assessment will be completed by our mortgage advice partner Metro Finance for all shared ownership and rent to buy applications. Any adverse credit highlighted during the application will be assessed in line with the general principles set out in 3.3 and decisions about whether the application may proceed will be made in conjunction with Metro Finance.

3.3 The following principles are intended as a guide to assessing adverse credit. If there are exceptional circumstances that explain the adverse credit and evidence can be provided to corroborate this, the Trust will use its discretion to decide whether an application can proceed.

- CCJ's or Defaults that remain unsatisfied.
- No CCJ's within the last 2 years over £300 in total.
- No IVA's or Bankruptcy discharged within the last three years (those over three years old must have no residual debt).
- Debt management plans paid off over 12 months ago are acceptable.
- No mortgage/rent arrears in the previous 12 months.
- No repossessions within the last 5 years (if over 5 years confirmation that there is no outstanding debt is required).
- Consideration will be given on a case-by-case basis to any other negative financial occurrences which may include but is not limited to, regular gambling, excessive credit card use, payday loans, large cash deposits and large transactions to unknown accounts.

3.4 The Trust requires a minimum 5% deposit to apply for our shared ownership homes and does not support the use of 100% loan to value mortgages with zero deposit. A 100% loan to value mortgage means that customers have no equity in their home. Property values can go up and down and in the event of values going down, with no deposit, customers would go into negative equity. As a responsible provider, we want to mitigate this risk and therefore require customers to have a minimum 5% deposit.

3.5 Applicants wishing to appeal against a decision would need to do so via the Trust's Customer Complaints Policy.

4.0 Responsibility

4.1 The Executive Director of Customers, Places and Services is responsible to the Chief Executive and the Board for ensuring the effective implementation of this policy through the Executive Leadership Team.

5.0 Customer Voice and Influence

- 5.1 The Housing Regulator states that the Trust must ensure that residents are given a wide range of opportunities to influence and be involved in the formulation and review of their landlord's housing-related policies and must evidence this has been taken into consideration, even when the data and feedback indicates that no changes are required to be made to a policy.

Confirmation of the data and customer feedback from the following sources, including any customer profiling and the way in which they access the Trust's services, was utilised in implementation / review of this policy (as indicated by ✓)			
Star Tracker Survey		Customer Satisfaction Surveys	
Complaints/Compliments		Tenant Satisfaction Measures	
Customer Feedback Framework Data		KPI's (service performance)	
SAMs		Customer Focus Group	
Customer Insight Data		Customer Journey Mapping	
Customer Facebook Group		E-Voice	
Targeted Customer Consultation		Customer profiling data or other data from housing management systems	
N/A			

- 5.2 No customer consultation, feedback or data has been used to influence this policy design or policy review – see below:

<p>This is a new policy to support the wider shared ownership and rent to buy policies.</p> <p>Customer consultation has not directly shaped the content of this policy, however once approved it is intended to update the Tenancy CAT group about it's adoption and the reasons why it is required.</p> <p>The policy sets out a fair and transparent process for assessing applications for shared ownership and rent to buy homes.</p>
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- 5.3 Brief summary of how the customer voice has influenced this policy

N/A

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6.0 Involved Customer Assurance

6.1 Confirmation that the customer influence/consultation activities have been provided to the Customer Assurance Team for assurance that the customer voice has influenced this policy (which can be undertaken post SMT/Board approval).

Customer Engagement Officer	Confirmation of customer consultation completed/ feedback reviewed (if applicable).	Customer Assurance Team subgroup:	Date to be reviewed by CAT subgroup
Customer Engagement Officer Comments (if relevant):			

This policy will be implemented via the shared ownership procedures and guidance notes. The procedure and guidance notes should always be used in conjunction with the policy, to provide a consistent approach in the practical implementation of this area of operation.

Author of Policy	Date of Approval	Approved By: ELT/Board/Committee	Implementation Date	Next Review Date
Josie Bell- Senior Sales Officer	28 th October 2025	ELT	November 2025	2026

Equality Impact Assessment (EIA)

Step 1

Please use this form to document your assessment.

Area of work (Document/Policy/Procedure/Strategy/Project/Service)	Shared Ownership – Adverse Credit Policy
Date of Assessment	18/09/25
Please state audience or recipient of the area of work or document. Is it for colleagues, customers, or other stakeholders	Customers, colleagues and partners
Name and role of person assessing	Josie Bell – Senior Sales Officer

Step 2

Provide a summary of the key aims and objectives of the area of work	The primary aim of this policy is to ensure that shared ownership and rent to buy applications are managed effectively in a fair and equitable manner whilst maintaining transparency and accountability in our processes. The policy will also ensure minimal financial risk to the Trust with shared ownership and rent to buy homes and that applicants accepted have the best possible chance of sustaining their home.
What consultation has been carried out with relevant groups and stakeholders in the completion of this assessment?	Customer consultation has not directly shaped the content of this policy but it is intended that the customer CAT group will be updated about it's adoption and the reason why it is required. The policy was developed inline with other housing provider policies of the same nature with specific reference to the Adverse Credit Policy of Metro Finance, our affordability assessment partner.
What sources of information were used to identify the impact on different groups of people? Are there any gaps in the data that could be needed in order to help you make an informed decision? <i>(E.g., statistics, survey results, complaints, consultation documents, customer feedback, existing business</i>	A regular review of any applications declined due to adverse credit will enable future statistical analysis of the impact on different groups of people. Any complaints received in relation to this policy will also inform future reviews.

<i>reports, comparative policies etc.)</i>	
Describe how you intend to monitor and review the actual impact and to follow up on any actions needed.	Liaise with our finance partner to gather data about applications declined due to adverse credit to enable a regular review of impact on different groups.

Step 3 - Protected Characteristics

Please state for each group in the table below if there is a 'positive', 'negative' or 'neutral' impact and suggest actions to mitigate impact and advance equity, diversity, and inclusion.

Groups to Consider	Identify if Positive, Negative or Neutral Impact	Suggest actions to mitigate impact and advance equity, diversity, and inclusion
Age	Neutral	
Disability	Neutral	
Gender Reassignment	Neutral	
Marriage and Civil Partnership	Neutral	
Pregnancy and Maternity	Neutral	
Race	Neutral	
Religion or Belief	Neutral	
Sex	Neutral	
Sexual Orientation	Neutral	
Other identified group or particular intersectionality impact	N/A	

Step 4

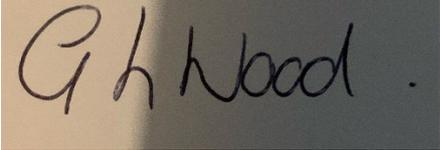
Is it possible the area of work could discriminate or unfairly disadvantage people?	The policy sets out a fair and transparent process for assessing applications.
How will you demonstrate that this area of work is impacting fairly on everyone it affects?	We will complete a 12 monthly review of applications declined due to adverse credit and any necessary actions can be determined and introduced following these reviews.
If there is no evidence that the area of work promotes equity, diversity and inclusion, what changes could be made to achieve this?	N/A
Is there any modern slavery impact or consideration, based on the area of work?	Consideration needs to be given to the reasons for an applicants adverse credit, there is flexibility built into the policy for the Trust to use it's discretion in exceptional circumstances.

Step 5 – Action Planning

Detail actions from Step 3 and Step 4, propose timescales and state who is responsible.

Issue Identified	Planned Action	Agreed Timeframe	Who is responsible

Step 6 – Sign-off

Assessor Name: Josie Bell	Date: 06/11/25	Assessor Signature: 
SMT Name: Gemma Wood	Date: 27/01/26	SMT Signature: 
Has there been a follow-up with the EDIT to discuss impacts?	Comments	

