
Adverse Credit Policy (Shared Ownership)

September 2025

Property Services

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Document Responsibility		
Name	Document title	Service
Head of Property Services	Adverse Credit Policy (Shared Ownership)	Property Services

Document Version Control			
Date	Version	Issued by	Summary of changes
September 2025	1.0	Property Services	First Version incorporating Homes England Capital Funding Guide Requirements

Policy Review			
Updating frequency	Review date	Person responsible	Service
Review every 3 years or as changes occur within the Homes England Capital Funding Guide	September 2028	Head of Property Services	Property Services

Document Review and Approvals		
Name	Action	Date
Housing Committee	Approved	9 th September 2025

1 INTRODUCTION

1.1 Purpose and scope

- (a) This Adverse Credit Policy is intended to assist Stroud District Council and its officers with the allocation of a shared ownership home to a prospective customer.
- (b) The policy applies to all prospective customers, both using a mortgage and those purchasing with cash savings when a suitable mortgage product is unavailable.
- (c) This policy ensures that shared ownership homes are only sold when the purchase and ongoing home ownership costs are affordable and sustainable for the customer. Where adverse credit is concerned, we need to ensure we are protecting both the customer and Stroud District Council.
- (d) It is acknowledged that there is an element of discretion which may need to be applied to this policy (for example: where customers may have experienced circumstances beyond their control) and Stroud District Council may need to make a judgement call based on their personal situation. Any final decision would need approval from the Head of Property Services.

1.2 Terms and definitions

In this Policy:

Adverse Credit: Is a track record of poor repayment history on one or more loans or credit cards, or where there are other financial considerations that put a customer at a higher risk for lenders.

Applicant: any person who applies to buy a shared ownership property sold/part-owned by Stroud District Council.

Customer: any person who is interested in shared ownership properties sold/part-owned by Stroud District Council.

Financial assessment: an independent review of applicant finances undertaken by a qualified Financial Advisor.

2 POLICY STATEMENT

- (a) A history of adverse credit might mean that the customer may not be able to proceed with their application.
- (b) Where there is a low-level adverse credit and a mortgage can be secured with a mainstream lender, this level of adverse credit is unlikely to affect their application.
- (c) However, where the adverse credit hits higher levels and they are unable to source a mortgage through a mainstream lender, it is unlikely they will be able to proceed with their application.
- (d) All applications will be assessed by an Independent Financial Advisor who will be aware of Stroud District Council's shared ownership policies.

- (e) Stroud District Council reserves the right to refuse mortgages from lenders offering interest rates more than 3% above the base rate.

The table below outlines examples of adverse credit and what impact it could have on the customer's financial assessment. Please note this list is not exhaustive.

Missed mortgage/rent arrears	If this has happened in the last 12 months, it won't usually be accepted. That said, we may consider the situation through an Individual Assessment.
Unsecured arrears	We'll carry out an Individual Assessment.
County Court Judgments (CCJ) or registered defaults	None in the last 36 months. Plus, they must be satisfied prior to the mortgage application. They may be acceptable in the following situations: <ul style="list-style-type: none">• All CCJs/defaults were registered more than three years ago and satisfied prior to mortgage application.• All CCJs/defaults were satisfied more than 12 months prior to application regardless of date of registration.• The CCJs/defaults in aggregate amount to less than £300, regardless of date of registration, and were satisfied prior to mortgage application.
Insolvency	Not acceptable
Individual voluntary arrangement (IVA) and discharged bankrupts	IVA/bankrupts which have been discharged over three years ago, and who have no residual debt may be accepted subject to Individual Assessment.
Repossessions	Not acceptable.
Debt management plans/arrangement with creditors	Each plan will be reviewed individually, considering the repayment period and affordability.

3 ROLES AND RESPONSIBILITIES

- Stroud District Council officers will be responsible for ensuring this policy is followed and applied to all prospective customers of shared ownership, for both new sales and resales.
- This responsibility may also be outsourced to an external organisation who will need to ensure compliance with this policy.

4 RELATED DOCUMENTS

- First Come, First Served Policy (Shared Ownership)
- Eligibility & Allocations Policy (Shared Ownership)
- Surplus Monthly Income Policy (Shared Ownership)

5 ACKNOWLEDGEMENTS

The [Shared Ownership Exchange](#) has been used to draft and formulate this policy to ensure compliance with the Homes England Capital Funding Guide.

6 APPENDICES

Please refer to the [Homes England Capital Funding Guide](#) for any further guidance required. (Note: this policy will need to be updated if any changes occur to the Homes England Capital Funding Guide.