



peppermoney

Specialist
Lending Study
2025/26



Foreword

We are pleased to present the 9th edition of our landmark Specialist Lending Study, now a trusted barometer of the nation's financial health and housing ambitions.

To ensure our insights remain robust and representative, we have partnered with an accredited external research agency, which surveyed over 4,000 UK adults this year. The findings provide a detailed picture of how people across the UK are thinking and feeling about their financial futures, while highlighting opportunities for the industry.

This edition explores a wide range of interconnected themes across generations: from aspirations and barriers to homeownership, to the nation's financial knowledge and confidence as well as the levels of financial stress many households are experiencing today.

The research also highlights the rising prevalence of adverse credit, now at its highest level since the study began. Economic pressures continue to drive more people toward credit and missed payments, while prompting many to take on additional work to manage rising costs. Encouragingly, despite these challenges, aspirations for homeownership remain strong.

Crucially, the study underscores the important role that brokers, and specialist lenders play in helping the nation navigate a complex lending environment – particularly in supporting those whose needs fall just outside the criteria of high street lenders. The FCA's Consumer Duty guidelines have reinforced this responsibility across the market, encouraging all lenders to demonstrate transparency, fairness and a deeper understanding of customer needs.

I'm pleased to say Pepper is leading the way here. Our mission is to improve financial inclusion across the mortgage market in a responsible and sustainable way. We do this by supporting our customers and broker partners with a more



Laurence Morey
CEO, Pepper Money

personalised approach, one that recognises the full picture of a customer's financial circumstances, not just their credit profile. This isn't about lowering our standards; it's about applying the right checks and making fair, well-informed lending decisions. We measure success not only by the loans we provide, but by the lasting difference we make in helping people achieve financial stability and home ownership.

We hope our Specialist Lending Study offers valuable insights into the financial realities and aspirations of current and future mortgage customers across the UK. It also reinforces the opportunity for brokers to make an even greater impact to add to the excellent work they are already doing.

We trust you will find the findings both thought-provoking and practical, empowering you to join our quest to help more people achieve their financial and homeownership goals.

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Key *findings*

ASPIRATIONS AND BARRIERS TO HOMEOWNERSHIP

1.2m

UK adults expect to be in a financial position to buy their first home in the next 12 months.

Nearly one in ten

UK adults are concerned about the mortgage process, as they believe they may be declined based on their credit score.



FINANCIAL STRESS

37%

of UK adults have experienced financial stress in the last three years and **6%** have missed work due to this. That's **2.05 million** UK workers taking a total of 8.4 million days at the estimated cost to the UK economy of £860 million in lost output each year.

IMPORTANCE OF THE BROKER

17%

of UK adults see the entire mortgage process as a daunting prospect.

This is where the role of the broker becomes essential. In many cases, specialist lenders may represent these customers' only viable route to securing a mortgage; whether they are buying for the first time, moving home or re-entering the market. By connecting borrowers with lenders like us who sit just-off-high-street, we can take a more holistic view of an applicant's circumstances. This approach allows brokers to champion financial inclusion, ensuring that access to homeownership is not limited to those with perfect credit histories.

24% of UK adults say they lack confidence when comparing financial products. A sizeable gender gap remains with only 58% of women feeling confident compared to 72% of men.

Improving financial awareness can play a vital role in building consumer confidence, empowering more households to understand their options and take steps toward their homeownership goals, even when they may have assumed they would not qualify for a mortgage.



Key findings

Over a quarter of those with adverse credit – who believe they will be in a financial position to own their home in the next 3 years – are worried about the mortgage application process.

This suggests that many may not be fully aware of the range of options available to them through specialist lenders. For example, some borrowers may be eligible for a mortgage as soon as six months after receiving a default or CCJ, provided they meet other criteria.

30%

of adults in the UK (**16.6 million**) have experienced adverse credit at some point in their lives, an increase from 15.3 million the previous year – the highest figure to date. This highlights the continued impact of the cost of living crisis and tighter household budgets.

9.26m

adults in the UK (**17%**) have experienced adverse credit within the last three years; of those, **8.21 million** have missed a credit payment.

Executive *summary*



Richard Spinks

Chief Commercial Officer, Pepper Money

The UK mortgage market is undergoing a significant shift, with the just-off-high street segment becoming increasingly vital. This year's research highlights how economic pressures, evolving employment patterns and rising financial complexity are driving more consumers toward specialist lenders and brokers who can provide tailored solutions beyond the reach of traditional high street lenders.

A key driver of this growth is the changing nature of work and income. One in ten UK adults (5.5 million people) have now started a side hustle in response to the financial stress they are experiencing, and one in twenty have taken on additional employment to manage rising costs. While these strategies demonstrate resilience, they also introduce complexity to mortgage applications. Our study revealed that 76% of the self-employed believe their work status makes

it harder to secure a mortgage, and 42% of individuals with thin credit files believe they may never be in a financial position to buy. This is where brokers alongside specialist lenders can step in, to engage, educate and assess applicants holistically. To provide tailored solutions that high street lenders often cannot.

Adverse credit is becoming more prevalent too, presenting another barrier to homeownership. 30% of UK adults (16.6 million people) have experienced adverse credit at some point, and recent credit challenges are impacting confidence: two-thirds (66%) of those with recent adverse credit believe it will hinder their ability to get a mortgage. Brokers and specialist lenders play a critical role, helping these applicants understand their options, restructure finances where possible and access products designed to accommodate past credit issues.

Financial stress is another pressing challenge. With 37% of adults experiencing financial stress in the past year, many are turning to side hustles or second jobs to cope. Stress affects productivity

and wellbeing, with 2.05 million workers missing work due to financial strain – resulting in an estimated £860 million impact on the UK economy. This burden could be significantly reduced if more consumers were aware of, and had access to, the tailored products offered by specialist lenders like Pepper, who can help ease financial pressures and support people to reach their homeownership ambitions.

By taking a more personalised and holistic approach, lenders like Pepper who sit just-off-high-street are working in partnership with brokers to unlock opportunities for people who might otherwise be excluded from the market. These solutions help households navigate complex financial realities, maintain resilience and ultimately pursue their financial ambitions.

As brokers continue to connect borrowers with specialist lenders like Pepper, the opportunity today to deliver better outcomes for consumers – and support the broader mortgage market – has never been greater.



Aspirations and barriers to homeownership



The Pepper Money Specialist Lending Study 2025 shows that aspirations to own a home remain deeply embedded in the British psyche, with more than **eight in ten (85%)** of Gen Zs hoping to own at some point in their lives. However, lower rates of aspiration to own amongst older generations suggest that many have given up on the dream, perhaps because they consider it completely out of reach. **71%** of Millennials, **47%** of Gen Xers, and only **17%** of Boomers and members of the Silent Generation (aged 79 and above) who have not bought express a desire to purchase a home of their own.

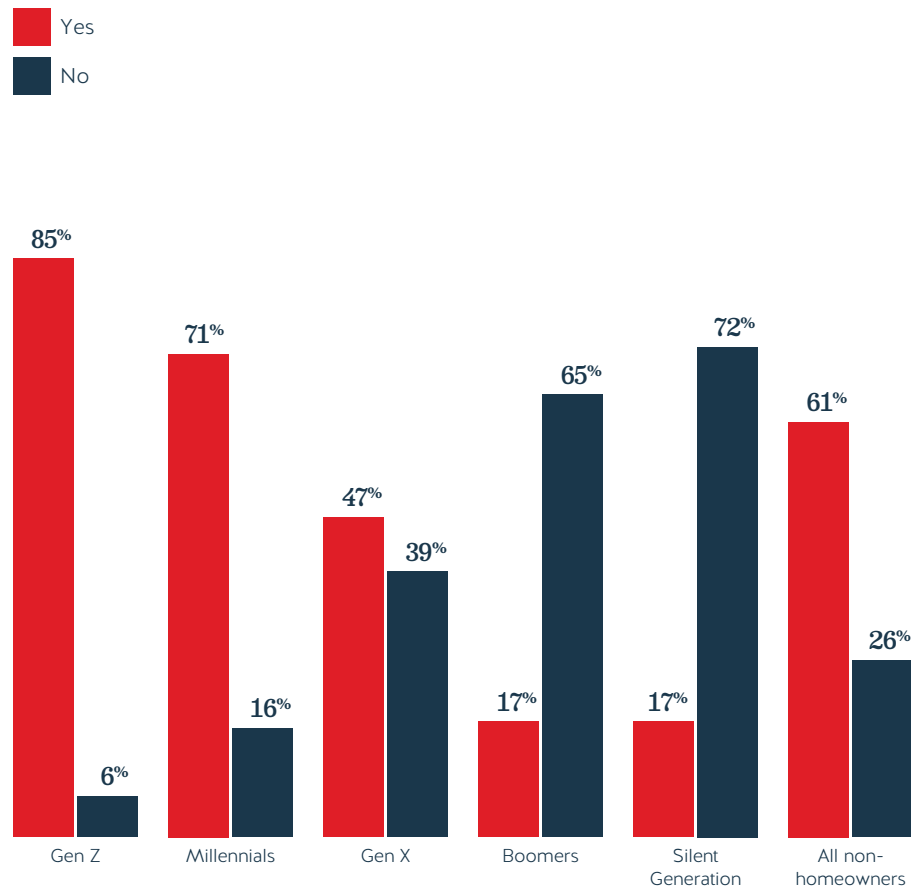
66% of people who've experienced adverse credit in the last six months believe it will negatively affect their ability to get a mortgage. Similarly, **42%** of those with a thin credit file believe they will never be in a financial position to buy, while **76%** of the self-employed think their work status makes it more difficult to get a mortgage. Meanwhile, **nearly one in ten** UK adults are concerned about the mortgage process because they fear being declined based on their credit score. However, with the help of brokers and specialist lenders, many people might be pleasantly surprised to discover that homeownership isn't as out of reach as they thought.

Saving for a deposit remains one of the greatest challenges for aspiring first-time buyers. The average UK adult has **£13,200** in savings. This is little more than a fifth of the average first-time buyer deposit of **£61,900**, according to UK Finance.

Only **15%** of people are saving more than **£500** a month. It's little wonder that **49%** of Gen Zs who have bought a home reported receiving help from the bank of mum and dad. This in turn is having a knock-on effect for the older generation's financial health, with **more than a third (39%)** of the Silent Generation who have adverse credit citing lending money to children or grandchildren to get onto the housing ladder as to why they're in debt.



UK adults' desire to be a homeowner (by generation)



61% of non-homeowners aspire to purchase at some point in the future.

UK adults' desire to be a homeowner (by employment status)



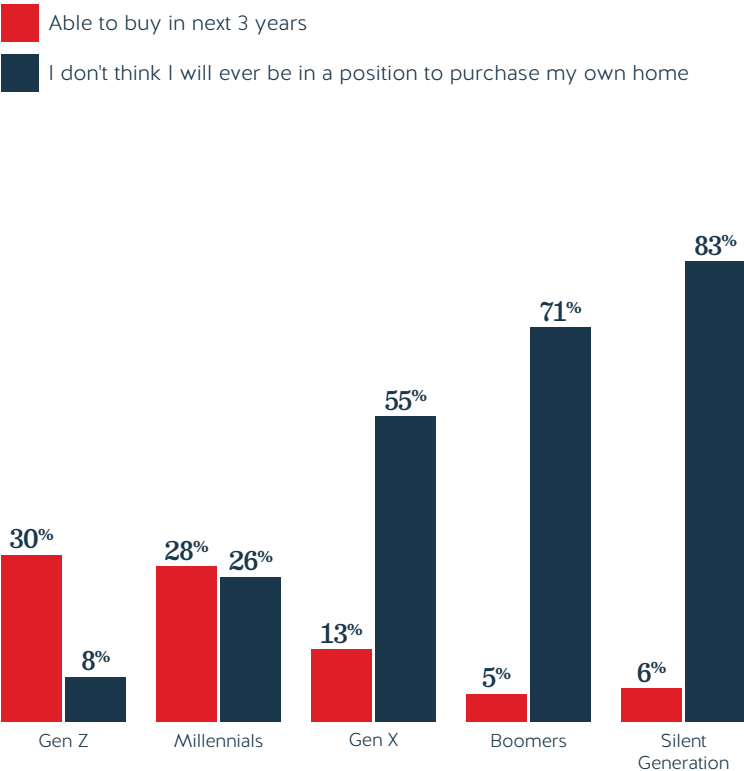
UK adults' desire to be a homeowner (by ethnicity)

83% of adults from ethnic minority backgrounds aspire to buy a home, compared to 56% of white adults.

Over a quarter

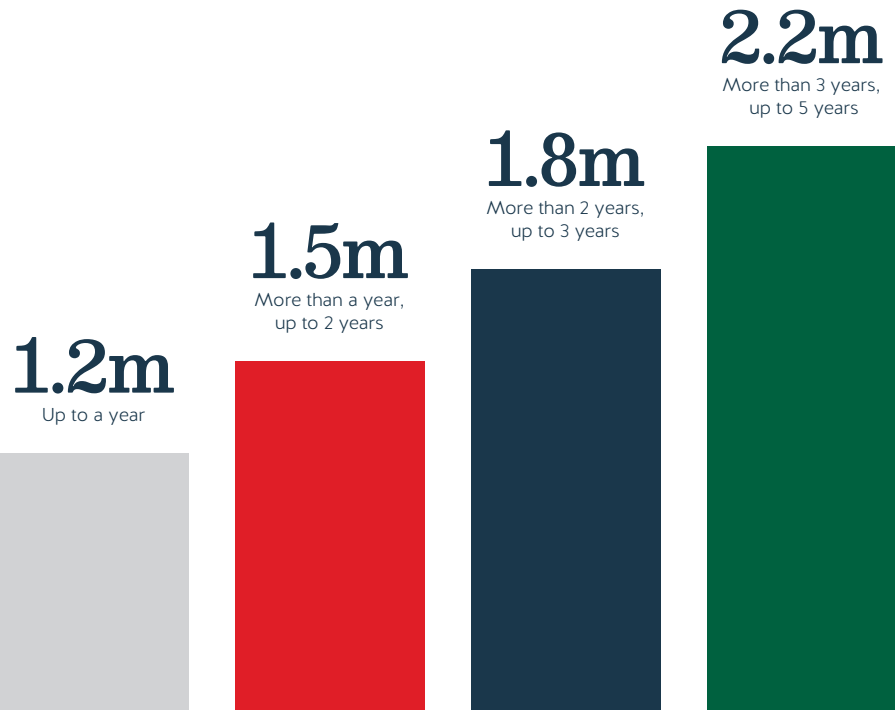
of millennials who are not yet on the housing ladder don't think they'll ever be in a financial position to purchase their own home compared to just **8%** of Gen Zs.

When UK adults expect to be financially able to buy their own home (by generation)



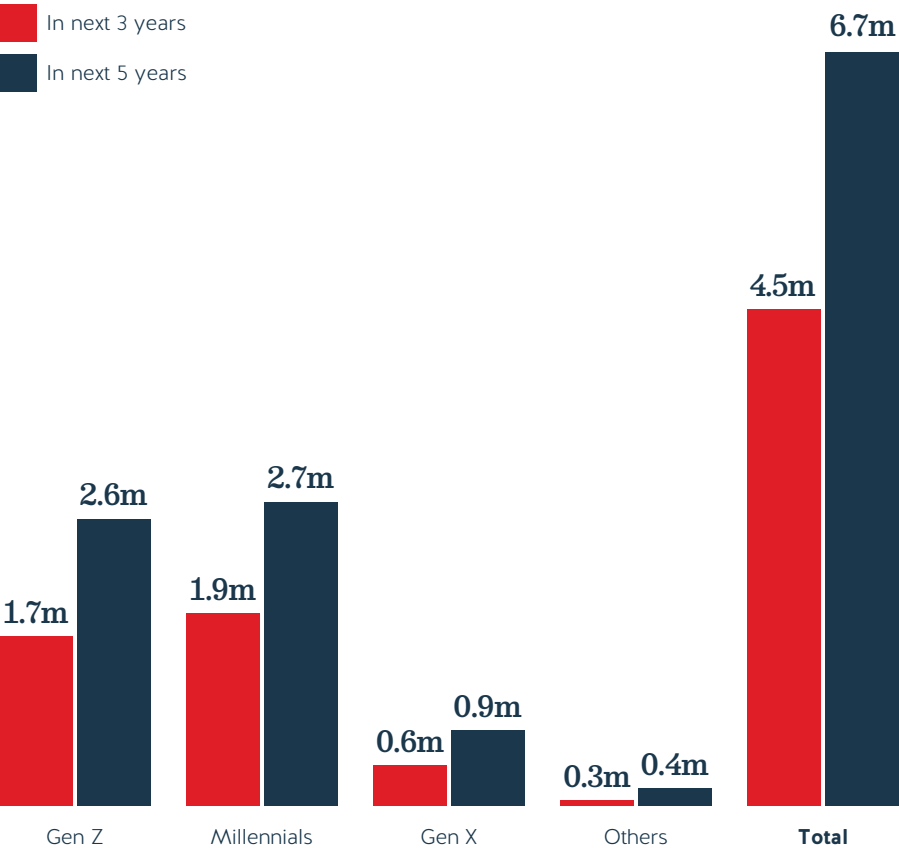
Despite the pressures on peoples' finances and the struggle to save a sufficient deposit, our study points to a healthy flow of first-time buyers over the coming years. Our data suggests that 1.2 million UK adults expect to be in a financial position to buy their first home in the next 12 months, with a separate 1.5 million in 1-2 years, an additional 1.8 million in 2-3 years and a further 2.2 million in 3-5 years.

Volume of UK adults expecting to be in a financial position to buy, per time period



Across the whole 5-year outlook, 2.6 million Gen Zs expect to be in a position to buy, 2.7 million Millennials and 900,000 Gen Xers.

Volume of UK adults expecting to be in a financial position to buy (by generation)



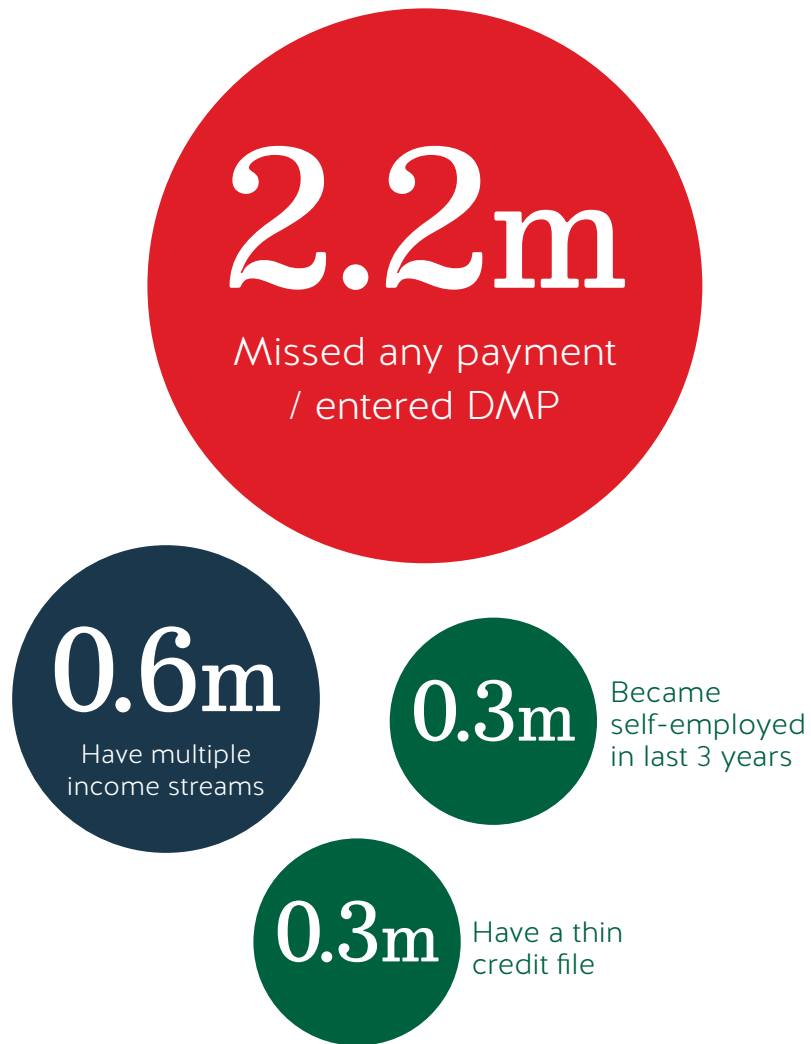
35% of UK adults don't expect to ever be in a position financially to buy, rising to **55% amongst Gen X**.

2.2 million people with adverse credit will be able to buy their first home in the next 3 years. Encouragingly, there are now a record number of mortgage products available with a particularly sharp rise in high loan-to-value loans while lenders are also relaxing their loan-to-income criteria in recognition of the high price of property relative to incomes.

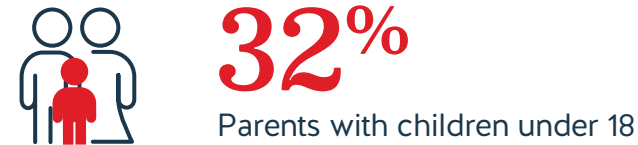
Our study also shows that even within the groups that have traditionally found it difficult to get a mortgage from a high street lender, a large number of households are in a financial position to buy within the next 3 years.

Our data suggests that 2.2 million people with adverse credit will be able to buy their first home in the next 3 years; 600,000 with multiple income streams; 300,000 who became self-employed within the last 3 years and 300,000 with thin credit files. Brokers and specialist lenders are well placed to help these people achieve homeownership.

UK adults expecting to be in a financial position to buy in next 3 years



Those with adverse credit planning to buy in next 12 months (by parental status)

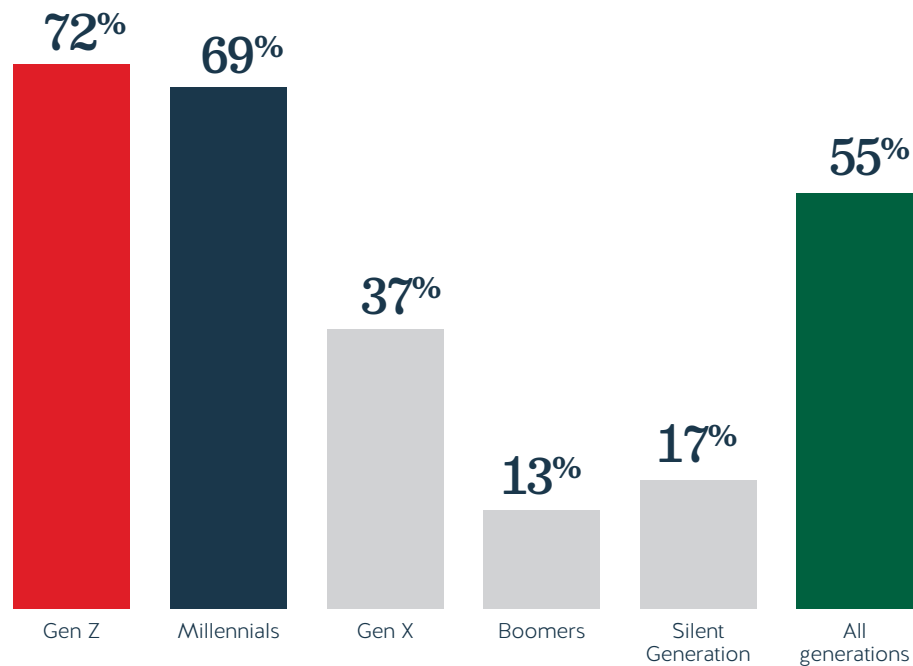


Those with adverse credit planning to buy in next 12 months (by financial circumstance)



UK adults concerned that their current level of debt will affect their chances of securing a mortgage

(Respondents with adverse credit)



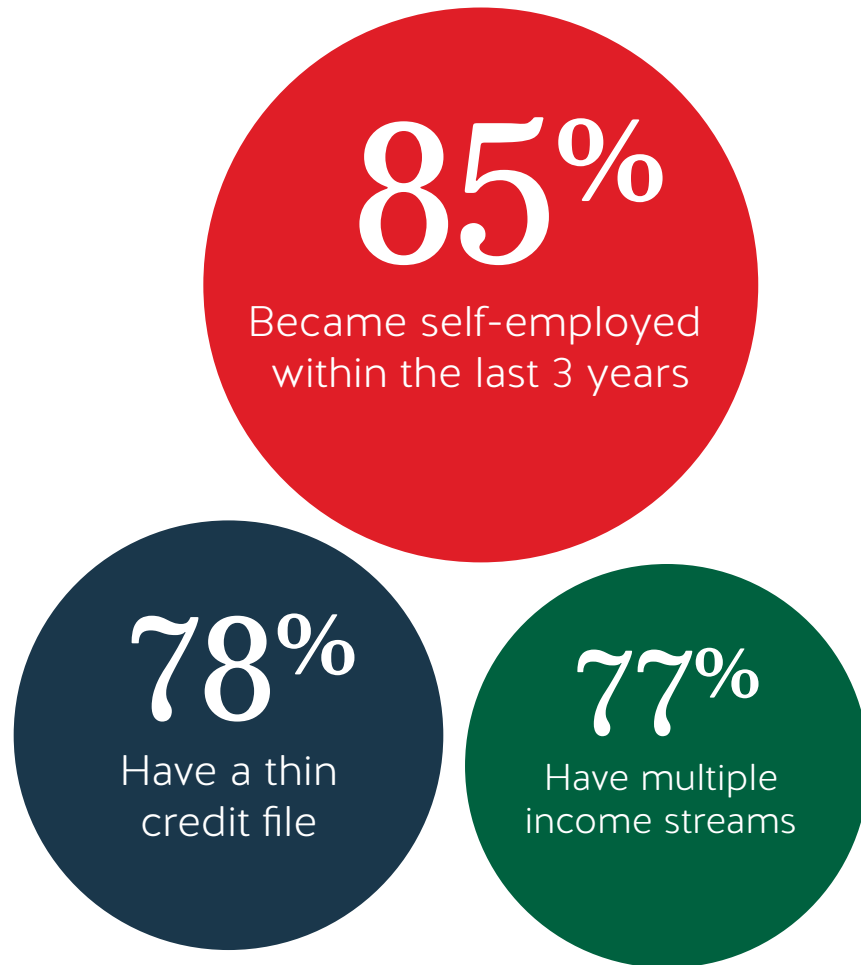
The **55%** of adults with adverse credit who are concerned it will affect their chances of securing a mortgage is sharply up on last year's figure of 42%.

UK adults concerned that their current level of debt will affect their chances of securing a mortgage

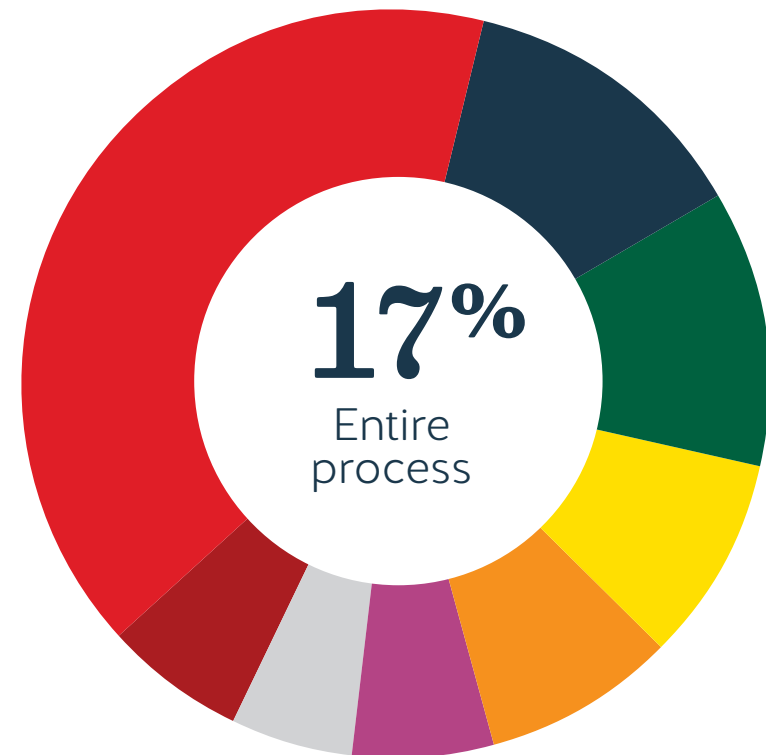
(Respondents with adverse credit)



Percentage of UK adults who believe the current state of the economy will make it harder to get a mortgage

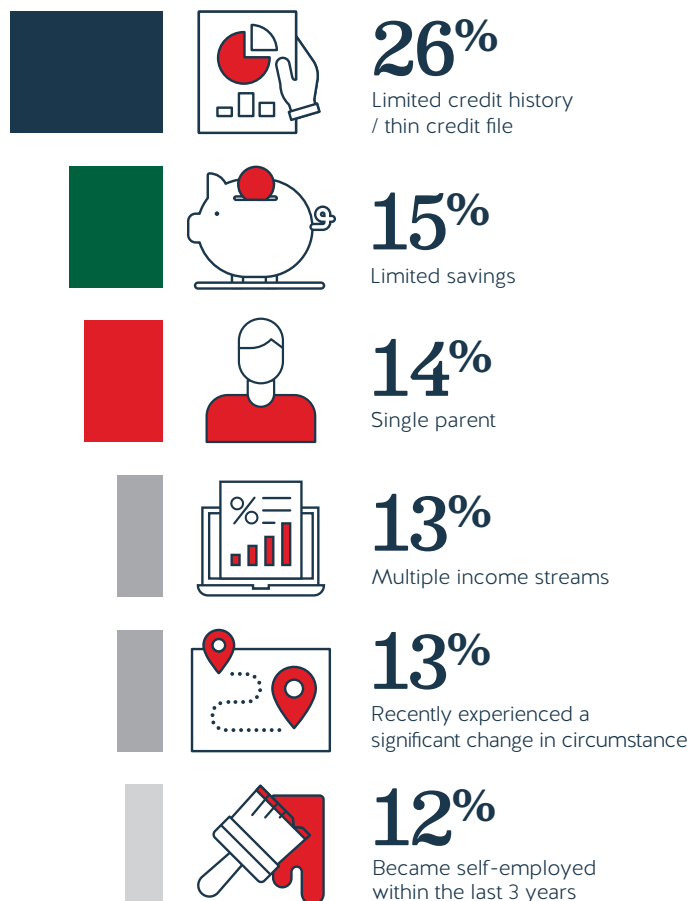


What UK adults worry about most during the mortgage application process



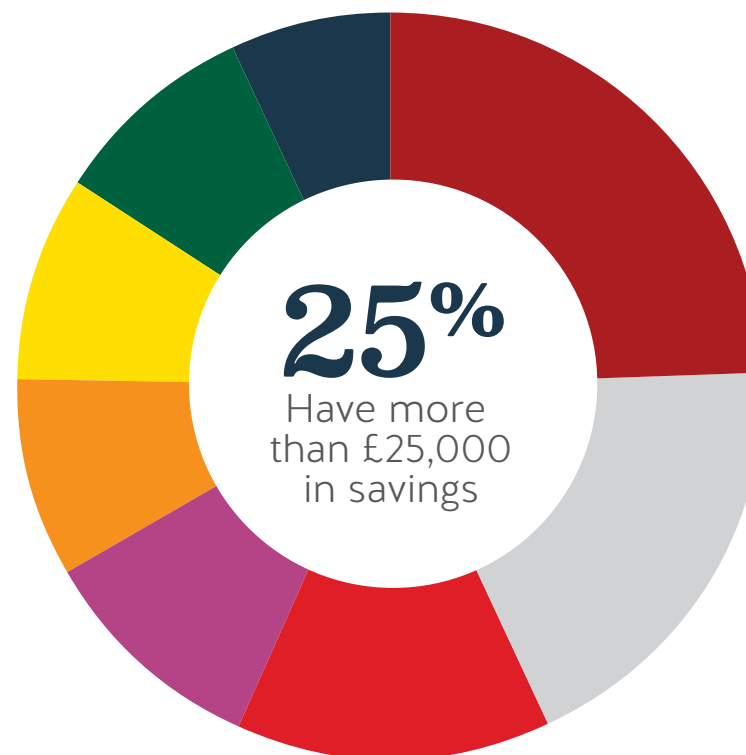
- 54% Not applicable - I am never worried about the mortgage process
- 17% The entire process
- 16% Rates increasing during the process
- 12% Finding the right lender
- 11% Not being able to demonstrate the affordability needed
- 8% Being declined based on my credit score
- 7% Providing supporting documents (e.g. bank statements)
- 8% Other/Don't know

Reasons those worried about their credit score fear being declined for a mortgage



76% of the self-employed think it is more difficult to get a mortgage being self-employed.

Amount of savings held by UK adults



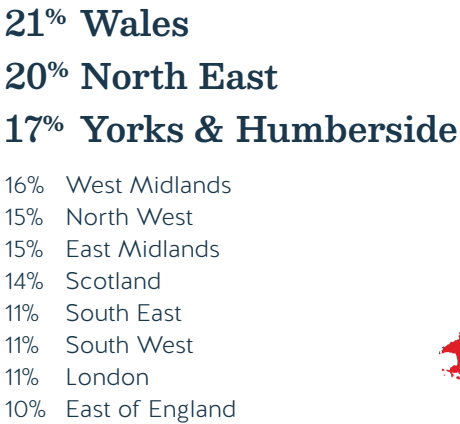
- **14%** I do not currently have any savings or investments
- **7%** Less than £500
- **9%** £500-£2,000
- **9%** £2,001-£5,000
- **9%** £5,001-£10,000
- **10%** £10,001-£25,000
- **25%** More than £25,000
- **19%** Prefer not to say/Don't know

Amount of savings held by UK adults (by generation)



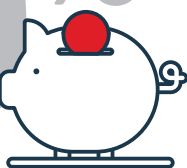
Percentage of adults with no savings (by region)

On average men have £4,300 more in savings than women (£15,400 against £11,100)



Volume of UK adults putting less money into savings than 12 months ago or not saving at all

30%
16.5
million

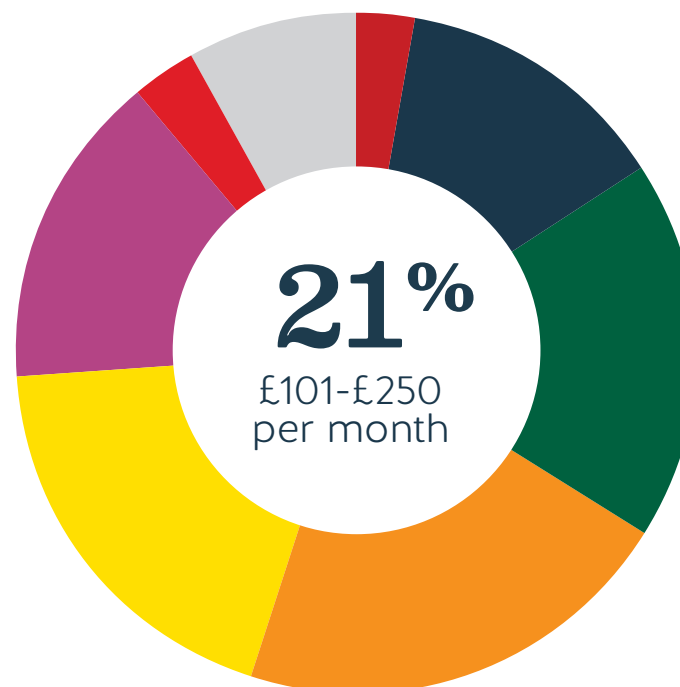


Almost twice

as many men save over £500 a month as women (19% against 10%).

30% of the self-employed don't save regularly compared to **25%** of full-time employees.

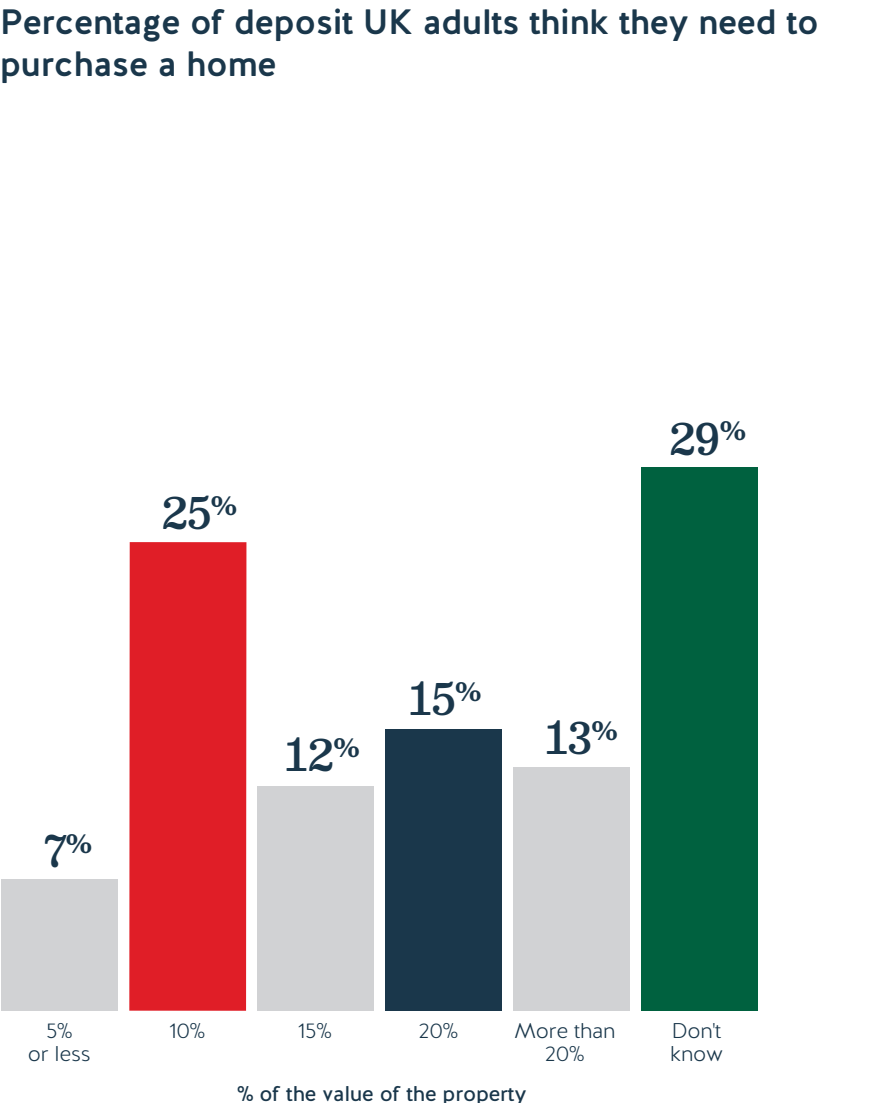
How much UK adults contribute to their savings or investments per month



- 3% Less than £20 per month
- 13% £20-£50 per month
- 18% £51-£100 per month
- 21% £101-£250 per month
- 19% £251-£500 per month
- 15% More than £500 per month
- 3% Not sure
- 8% Prefer not to say

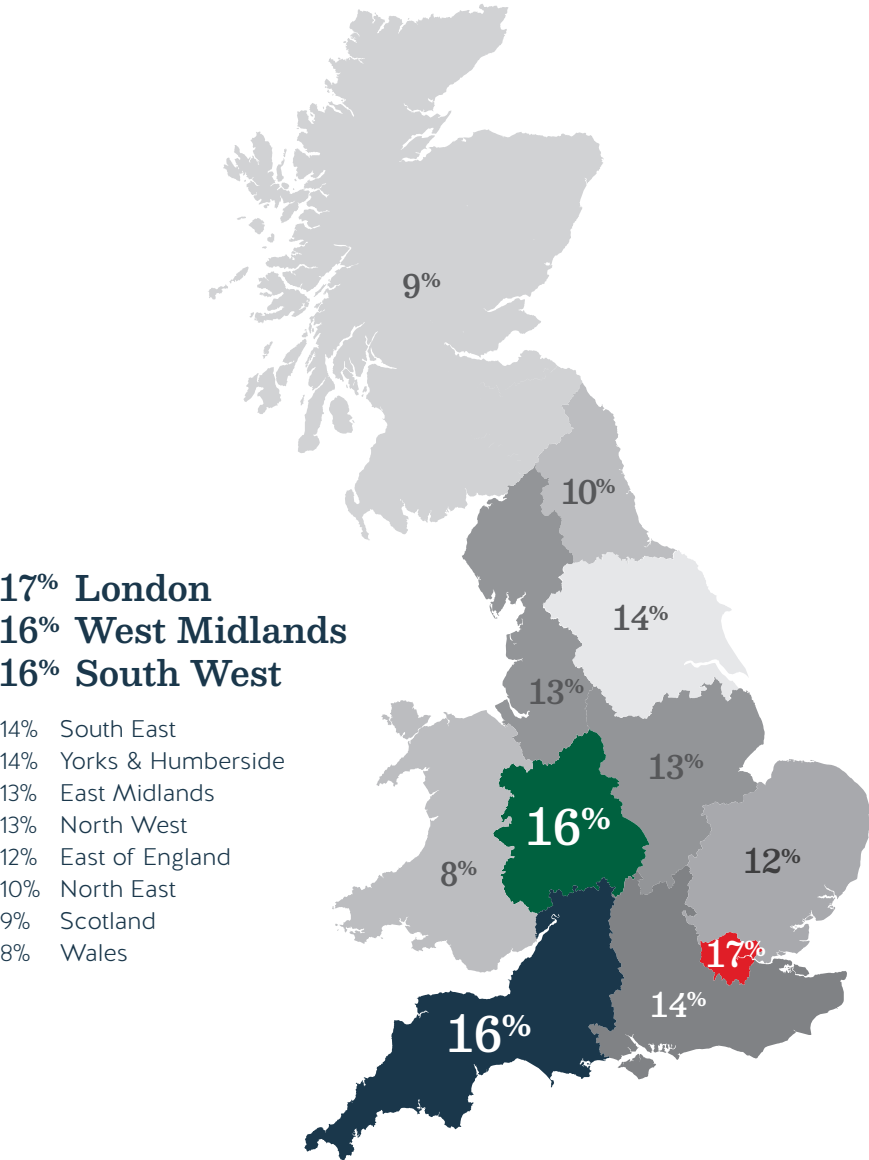


40% of those with a doctorate qualification save more than £500 a month compared to only **4%** with no qualifications.

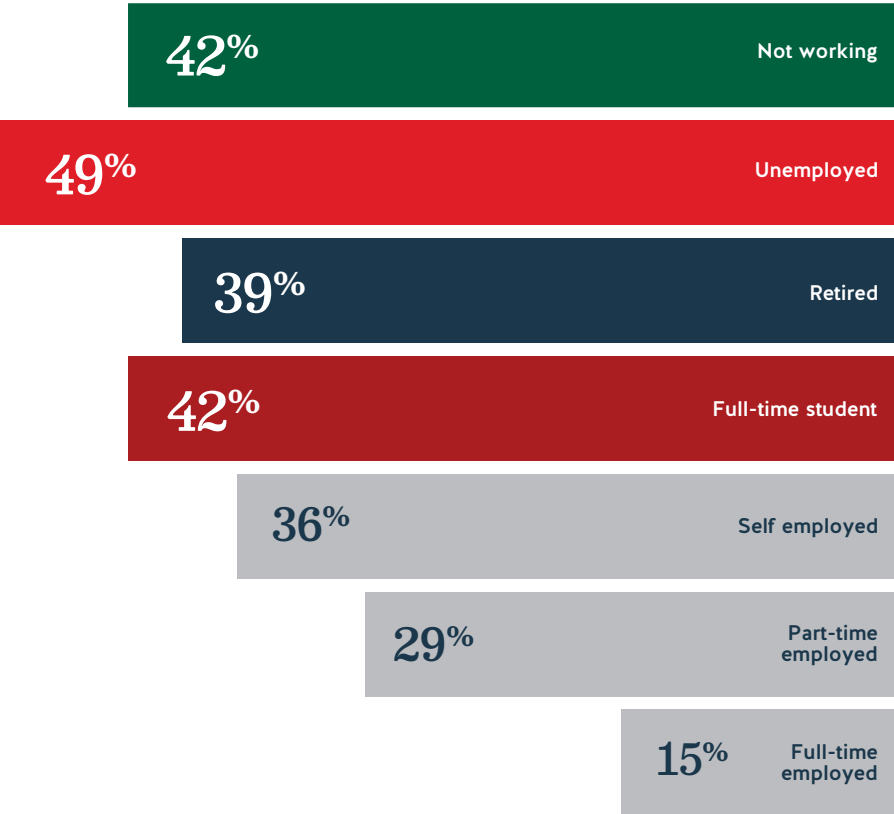


59% of buyers expect to put down a deposit of no more than 20% and **32%** of no more than 10%.

Regions in the UK where adults expect to put more than a 20% deposit down



Percentage of UK adults who do not know what deposit they will need (by employment status)



Cost-of-living crisis

Official figures suggest that wage growth has been outpacing inflation for the past two years or so, but most people don't feel better off and workers haven't recovered the lost real income that resulted from the unexpected surge in inflation in 2022 and 2023. A net balance of **15%** of respondents report seeing a decline in their disposable income over the past year (**38%** seeing a decline and **23%** a rise), although this is a marked improvement on the previous year's figure when **57%** saw a decline and only **14%** saw a gain.

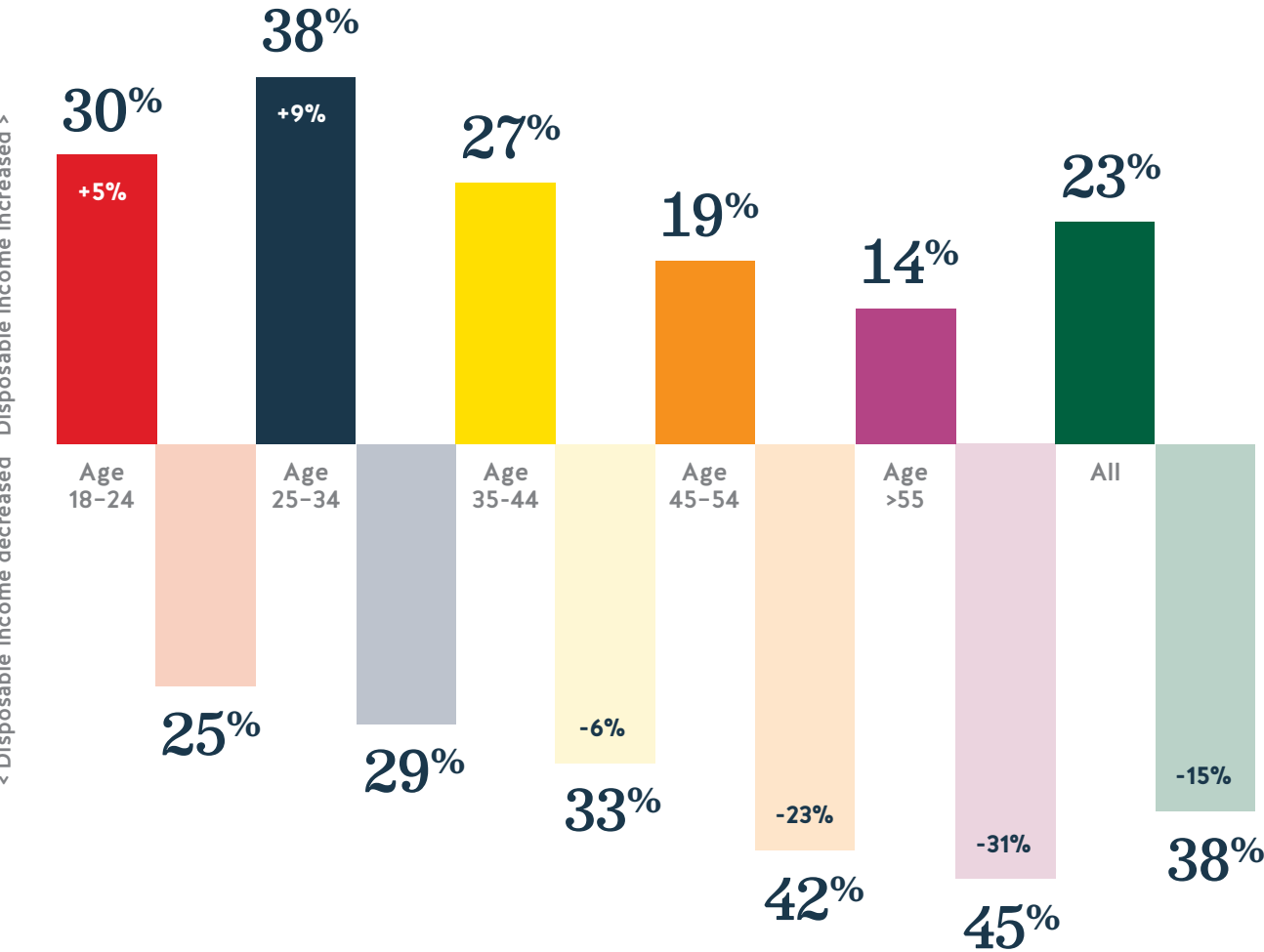
Worryingly, lower income households are still the worst affected by the cost-of-living crisis, with **40%** of the lowest income group (making less than £10,000 a year) reporting a decline in disposable income over the past year, compared to only **13%** of people making £100,000 or more. The continuing increase in the cost of some staples such as food is likely a factor and we found that **nearly a third** of UK adults have cut back on the amount or the quality of food they buy.

Even more worryingly, the leading reason that people cite for having debt is the cost-of-living crisis with **nearly a third** of those with adverse credit identifying this as the cause, rising to **42%** in the Silent Generation (those aged 79 and above) and **over half** of single parents.

The precarious nature of household finances for many is brought home as nearly two thirds of people say that a £100 rise in monthly bills would have a significant impact on their finances. Despite this, **71%** of people are confident they can maintain their financial commitments.



UK adults reporting a change in their disposable income as a result of the state of the economy over the last 12 months



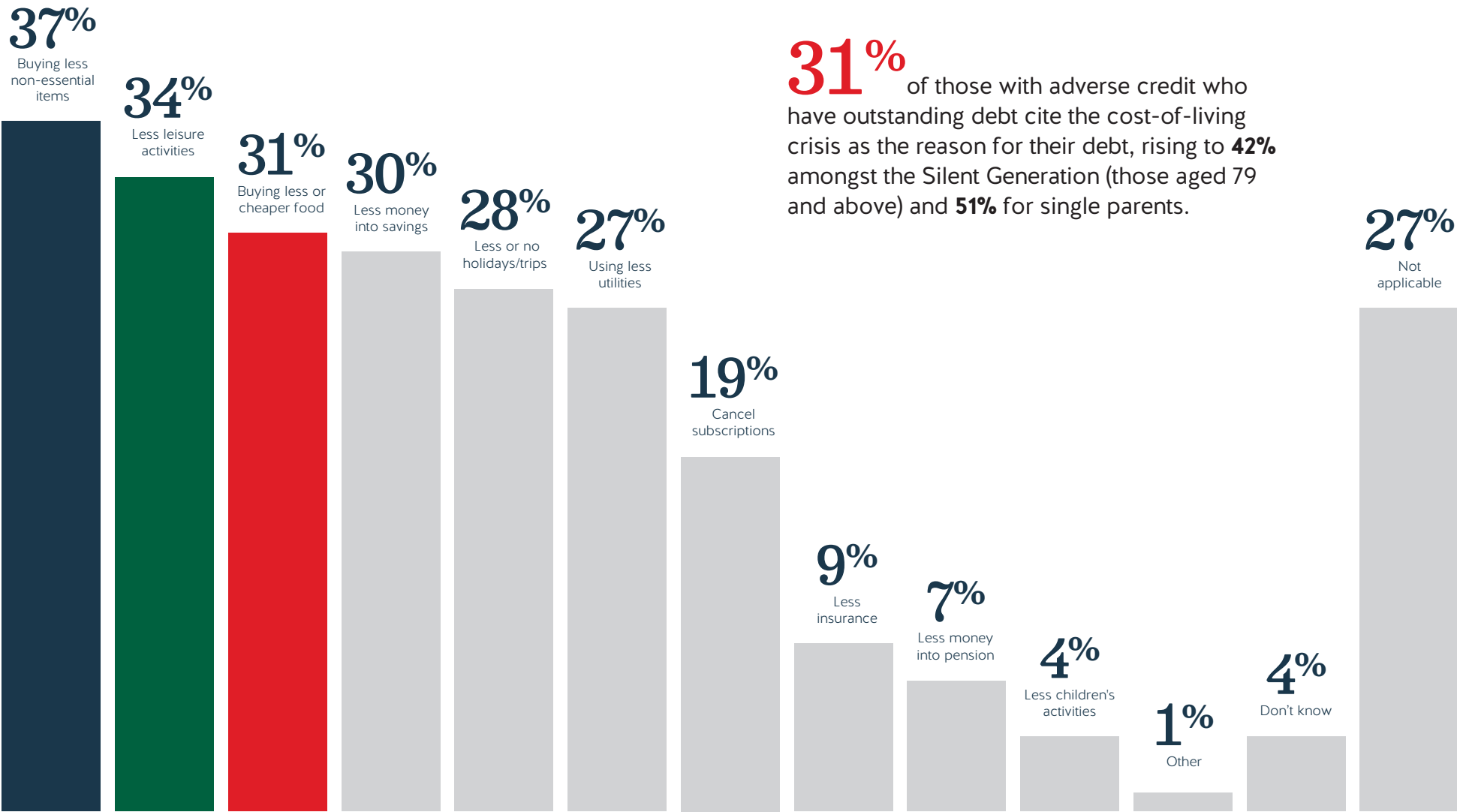
38%

of people reported a fall in their disposable income, which is a sharp improvement on the previous year's figures of 57%.

40%

of people with an income of less than £10,000 report a decline against 13% making £100,000 or more.

What UK adults have cut back on in the last 12 months





UK adults considering downsizing to reduce housing costs

46% 

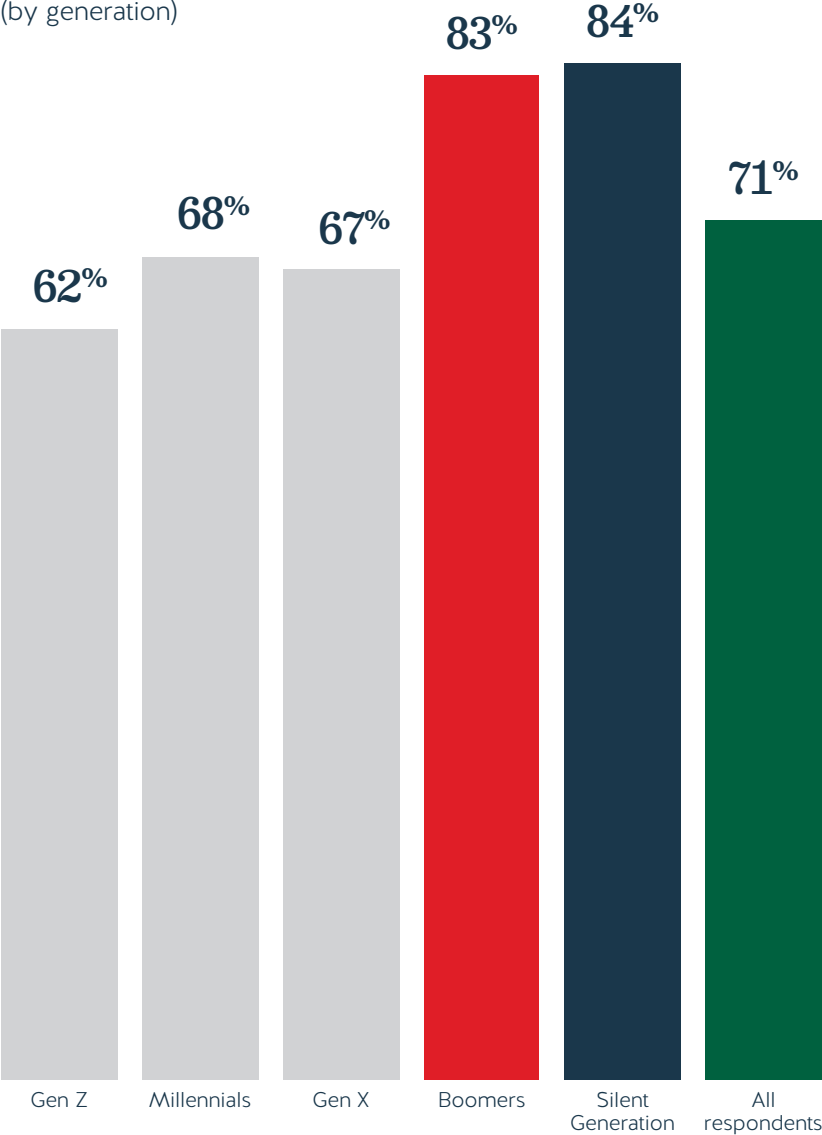
Became self-employed within the last 3 years

21% 

All respondents

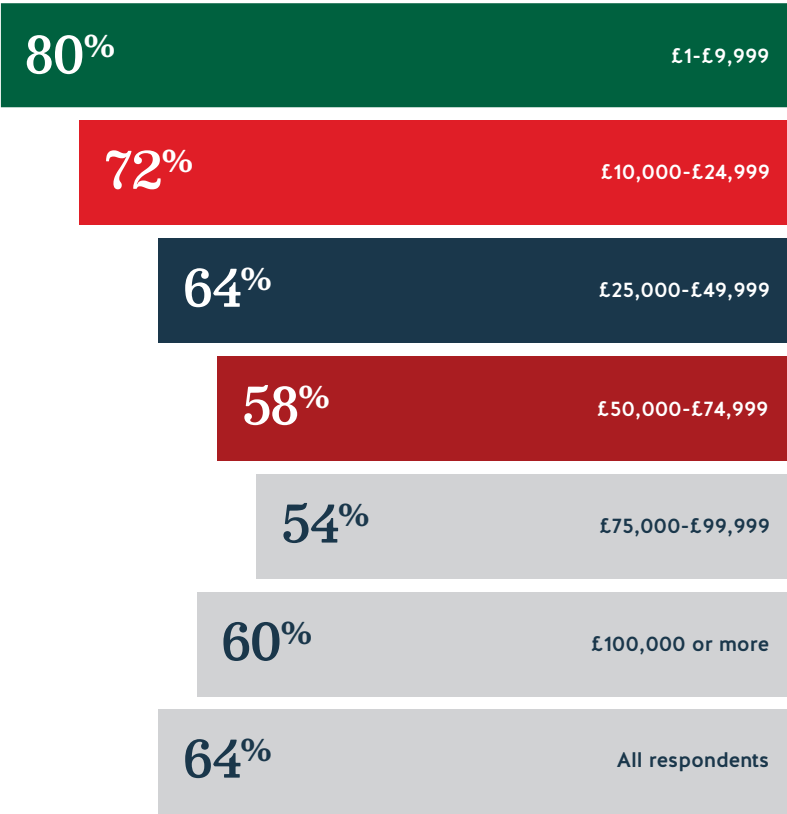
Percentage of UK adults who are confident that they can continue to maintain their financial commitments

(by generation)



Percentage of UK adults who agreed a monthly increase of £100 in bills would have a significant impact on their finances

(by earnings)



Financial stress

Unsurprisingly, many people have found it a strain to maintain their financial commitments. We asked respondents whether they experienced financial stress within the last three years and **37%** replied that they had. In response, some sought out ways of bringing in extra money, with one in ten starting a side hustle (that's **5.5 million UK adults**), and **one in twenty** taking on additional employment.

Parents are more motivated to take on additional work as a result of the increasing cost of living – **9%** against just **6%** of those without children. Additionally, more than one in eight have turned to family and friends and **one in twenty** have taken on more debt.

The impact of financial stress on mental health is quite striking. With **7%** of UK adults having turned to mental health services during the past three years. Meanwhile, **7%** of the nation report being distracted or are underperforming at work, and **6%** have missed work due to financial stress. That's **2.05 million UK** workers taking a total of **8.4 million days** at the estimated cost to the UK economy of **£860 million** in lost output each year.

These findings highlight the link between financial pressure and vulnerability, particularly where mental health is affected. The FCA's Consumer Duty guidelines have rightly shone a light on the importance of recognising and responding appropriately to customers in these circumstances. In response, lenders and brokers alike are increasingly in 'listening mode' with their customers, helping to ensure products and support mechanisms are designed with their diverse needs in mind. This has also enabled the launch of new products that broaden access to finance and support consumers in making the most of their financial circumstances, in ways that are both responsible and sustainable.

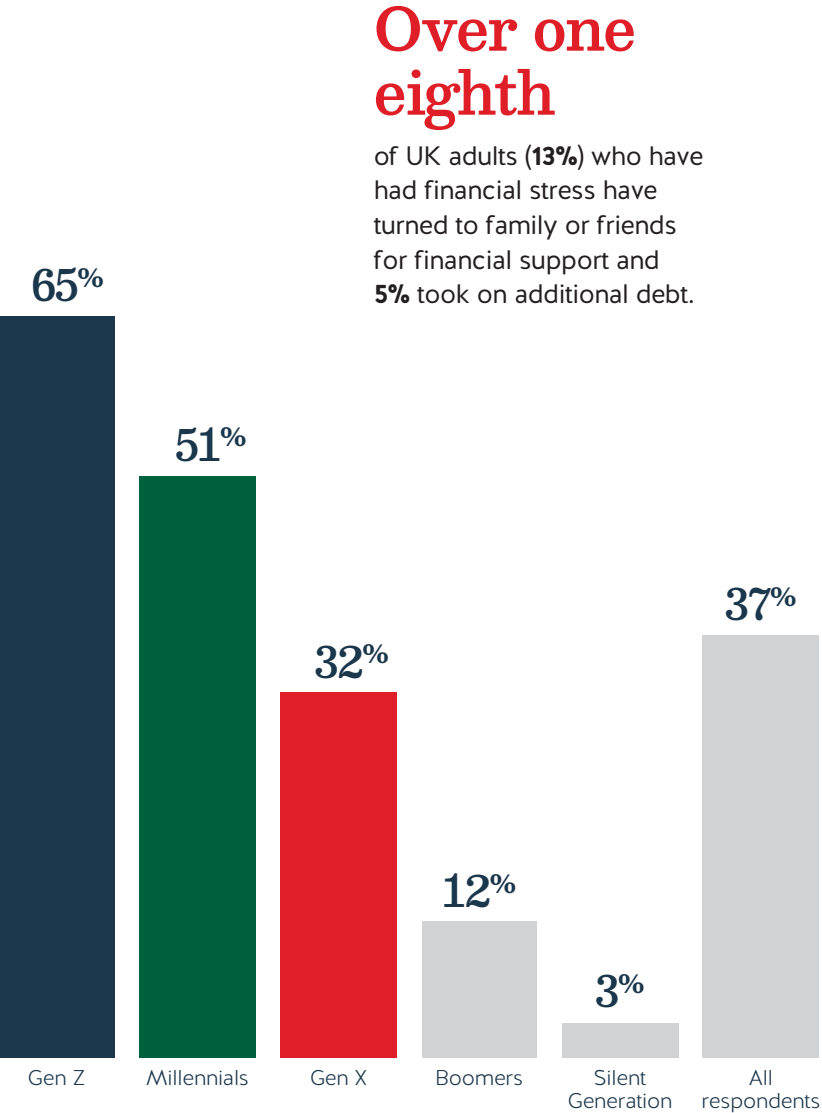
For those who own a property, a Second Charge mortgage may provide an option for managing financial stress. By allowing individuals to borrow against the equity in their property, they can offer a way to consolidate existing debts into a single, potentially more manageable monthly payment.

For those for whom this route is appropriate, it can ease financial pressure, improve cash flow, and help regain control over household finances. Brokers play a vital role in helping customers assess whether this is the most appropriate solution for their needs.

For some, it's a practical solution that offers breathing space and stability during challenging times.



UK adults who have experienced financial stress in the past 3 years (by generation)



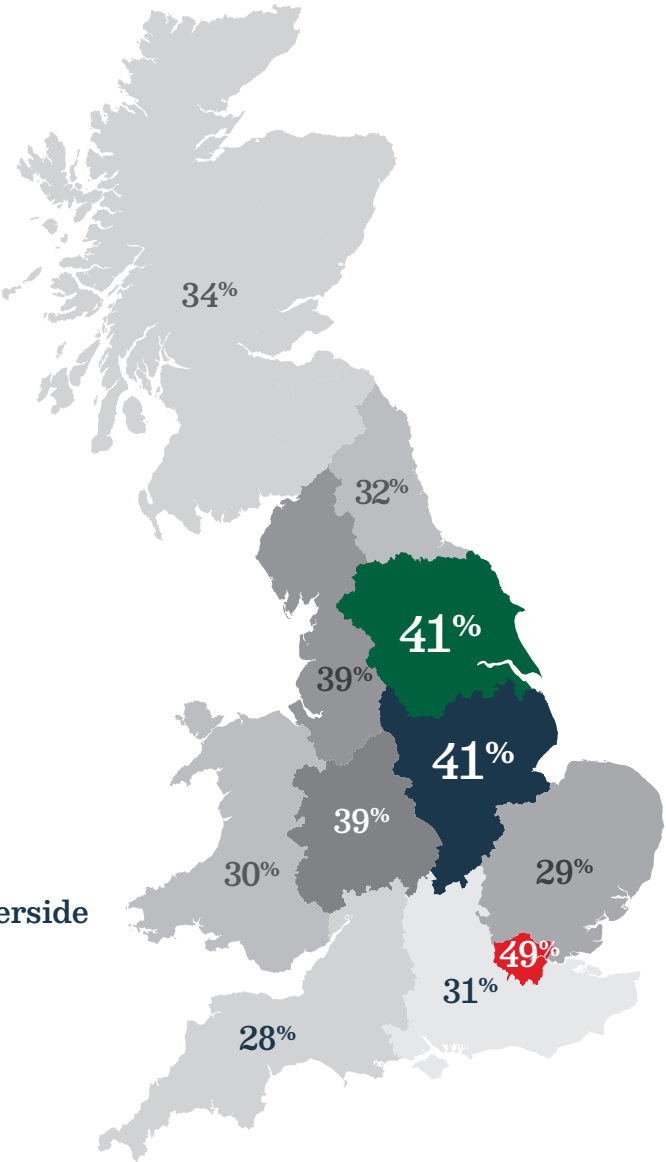
UK adults who have experienced financial stress in the past 3 years (by region)

London

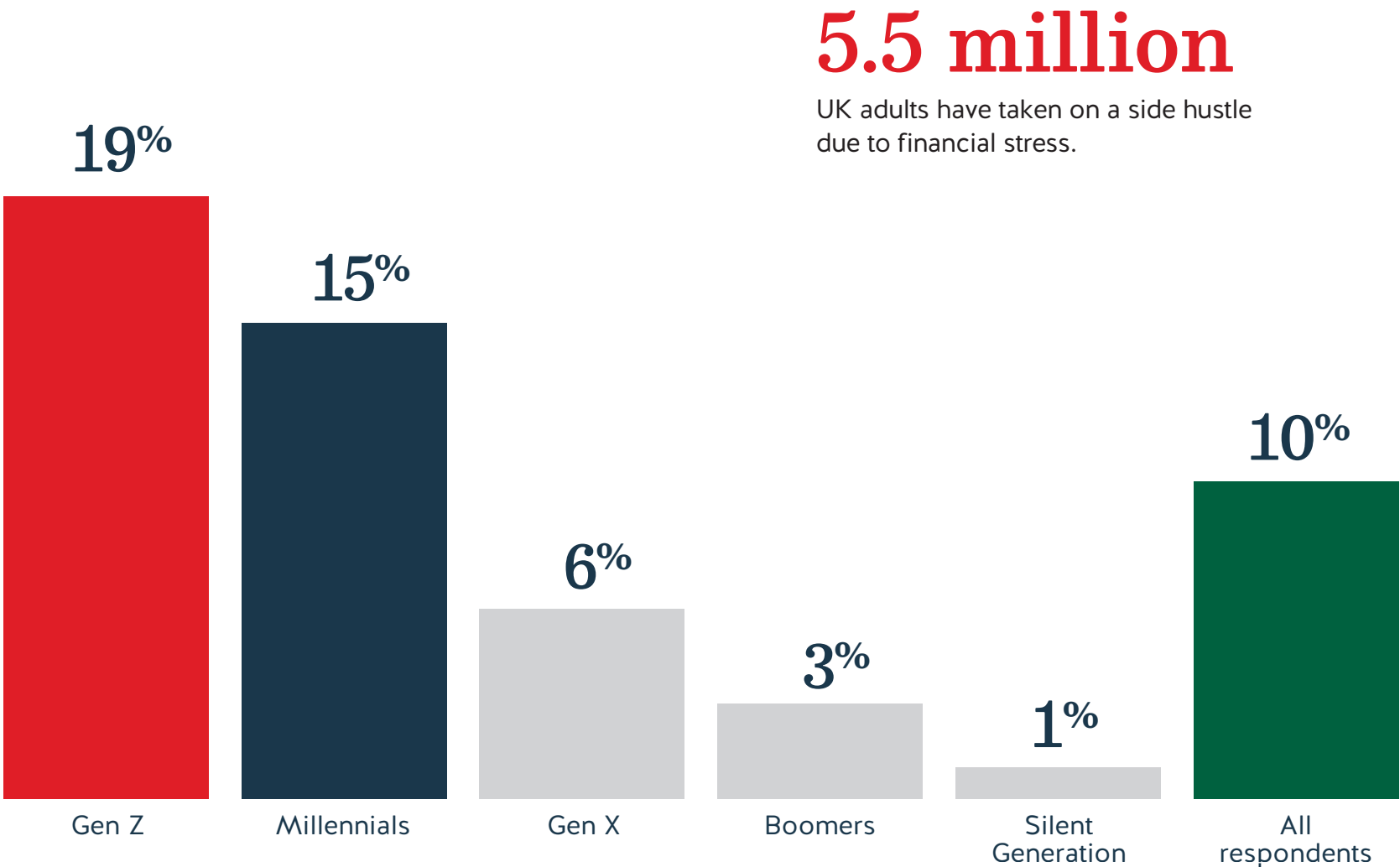
has the highest proportion of people who've taken time off work due to financial stress in the last three years. **More than one in five (22%)** of those with financial stress in London took days off work to cope.

49% London
41% East Midlands
41% Yorks & Humberside

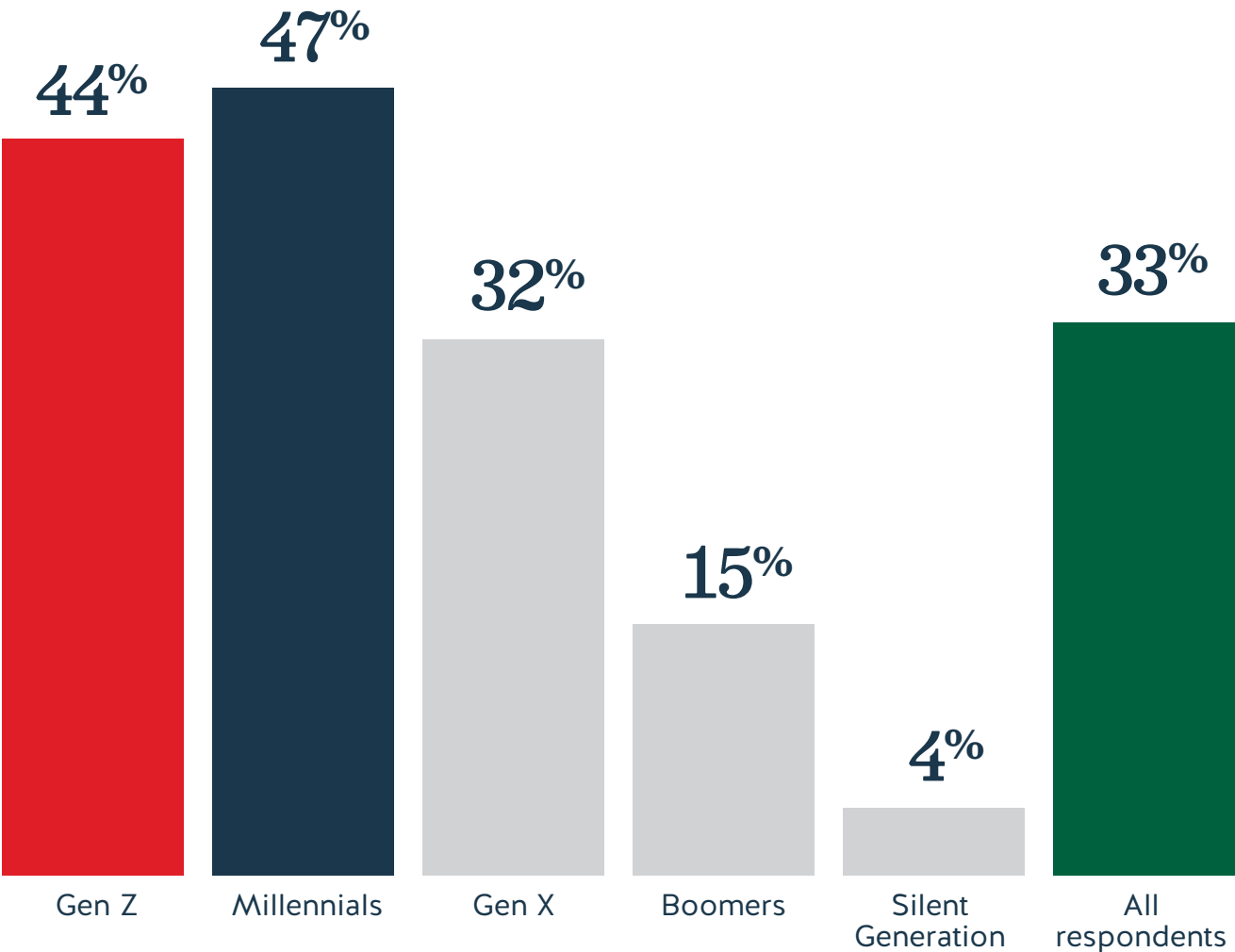
- 39% West Midlands
- 39% North West
- 34% Scotland
- 32% North East
- 31% South East
- 30% Wales
- 29% East of England
- 28% South West



UK adults who have taken on a side hustle in the past 3 years due to financial stress (by generation)



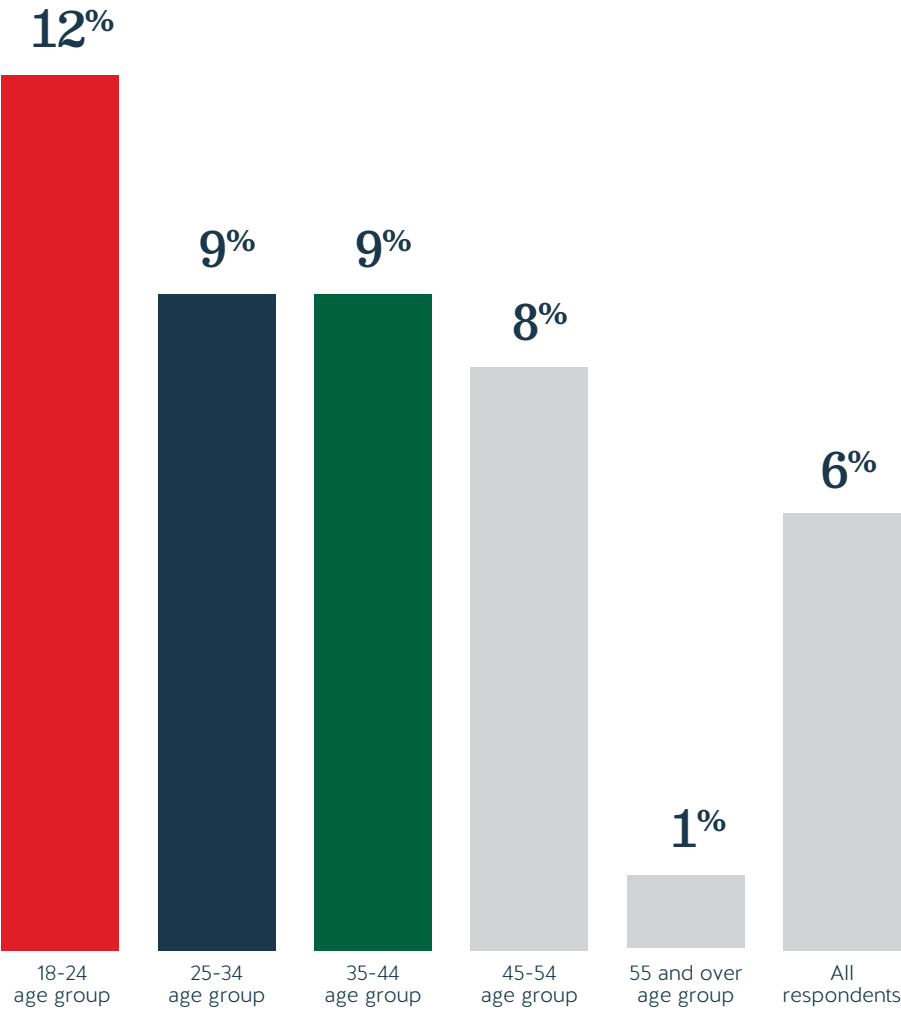
UK adults citing their financial position is negatively impacting their mental health (by generation)



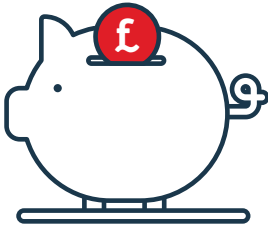
One third

of UK adults say their financial position is affecting their mental health, rising to **47%** of Millennials and **54%** amongst those who have become self-employed in the last 3 years.

% of UK adults who have missed work due to financial stress (by age group)



Financial stress has caused
2,050,000
workers to take time off work,
8.4m days
to be lost, and cost the UK economy
£860m
each year



For those who have taken time off work due to financial stress, **31%** have taken more than 5 days.

Adverse credit

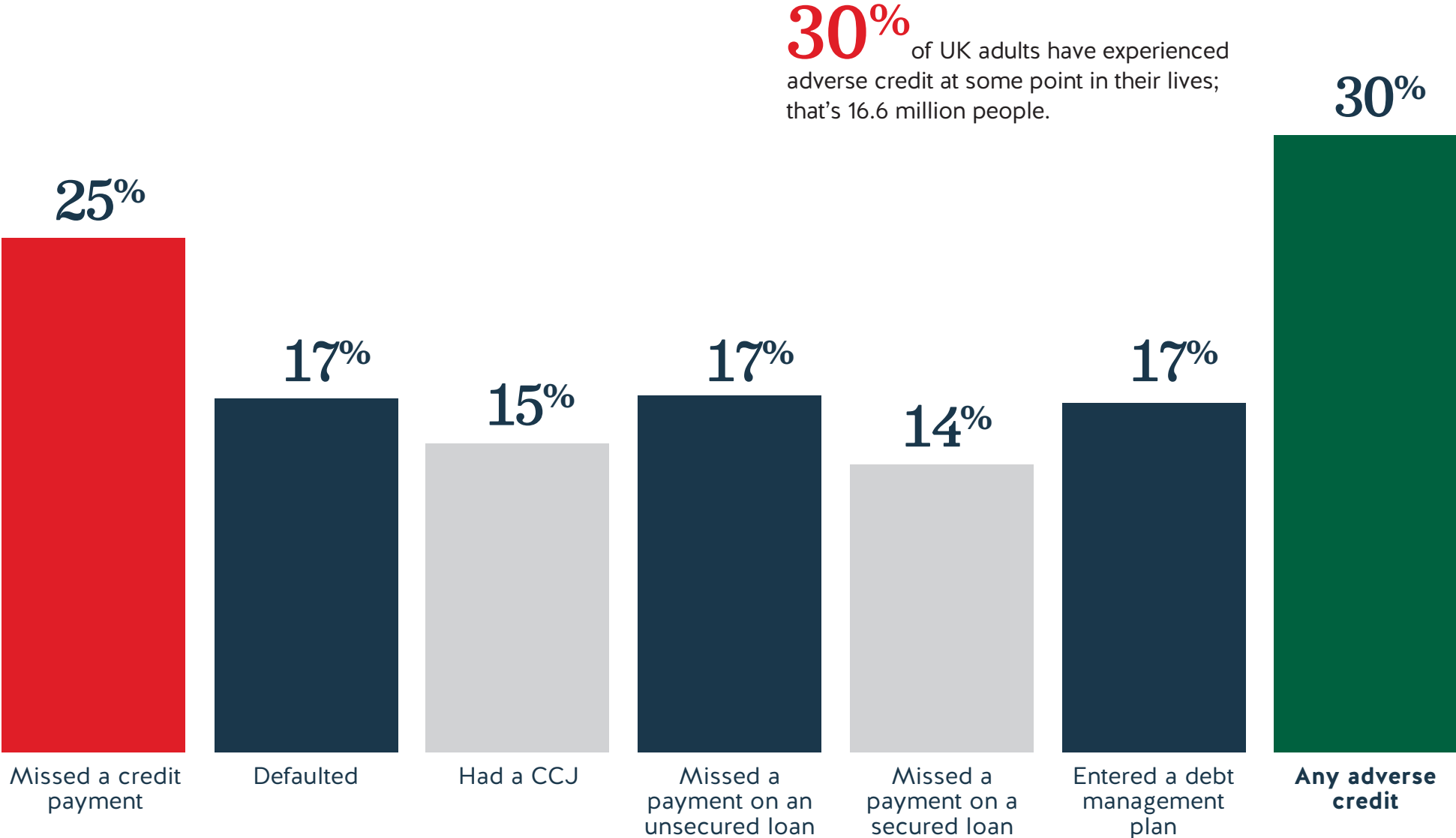
In recent years, our Specialist Lending Study has shown just how difficult it has been for many households to maintain their financial commitments in the face of the cost-of-living crisis. Record numbers of people have struggled to pay their bills and missed payments and the total number of people with adverse credit rose again this year.

16.6 million people in the UK have experienced adverse credit at some time in their lives compared to **15.3 million** the previous year. Of these, **9.26 million** have suffered adverse credit within the last three years while **5.57 million** have missed at least one payment in the last year.

Our study provides some insights into the types of consumers who have failed to meet their financial commitments. Surprisingly, people in the highest income brackets also report the highest incidence of adverse credit. **49%** of those making £100,000 or more have experienced adverse credit at some point in their lives, against **35%** for those currently making less than £50,000. Easier access to larger amounts of unsecured credit for those on higher incomes may explain the difference.

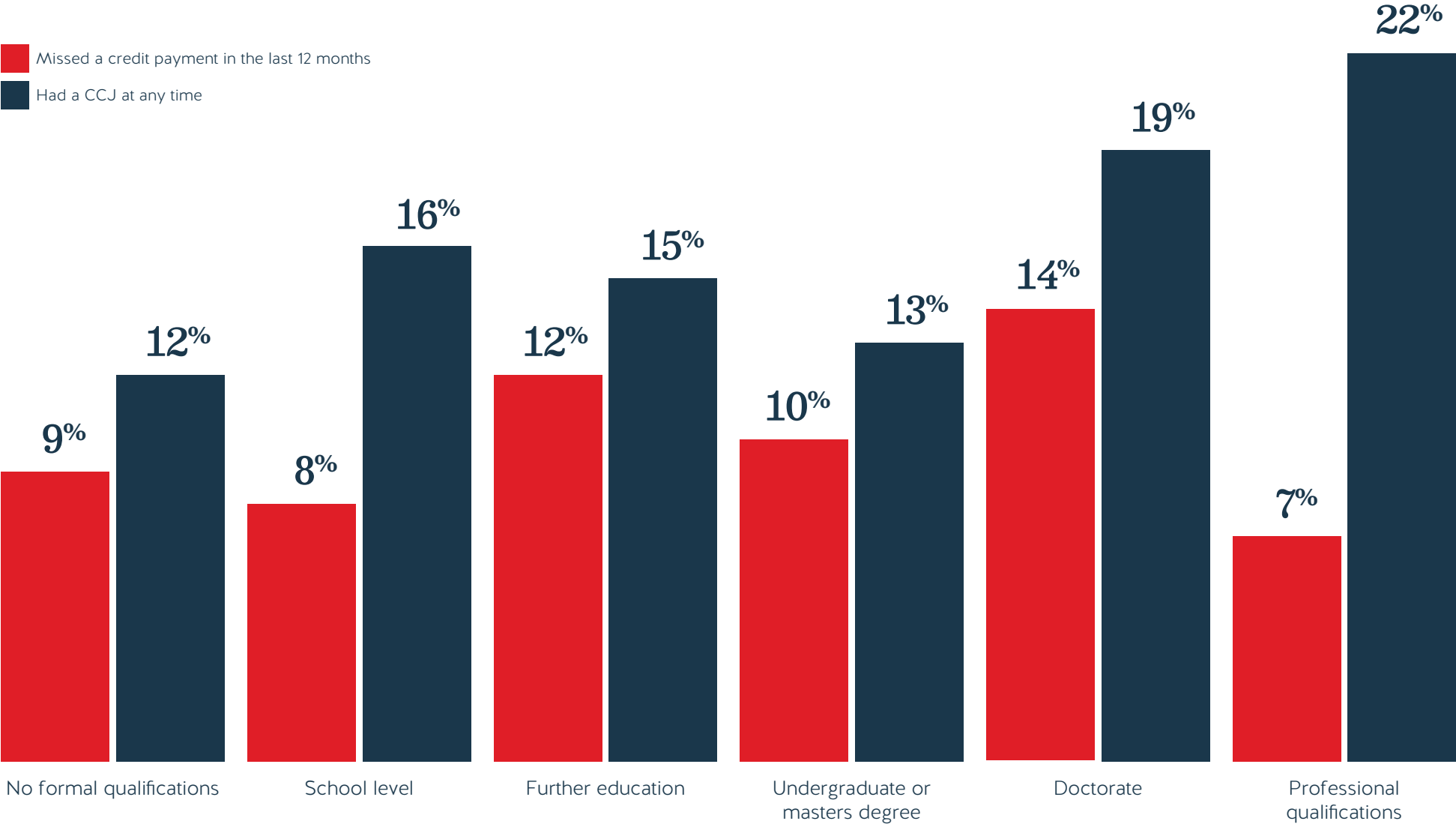


% of UK adults who have experienced an adverse credit event

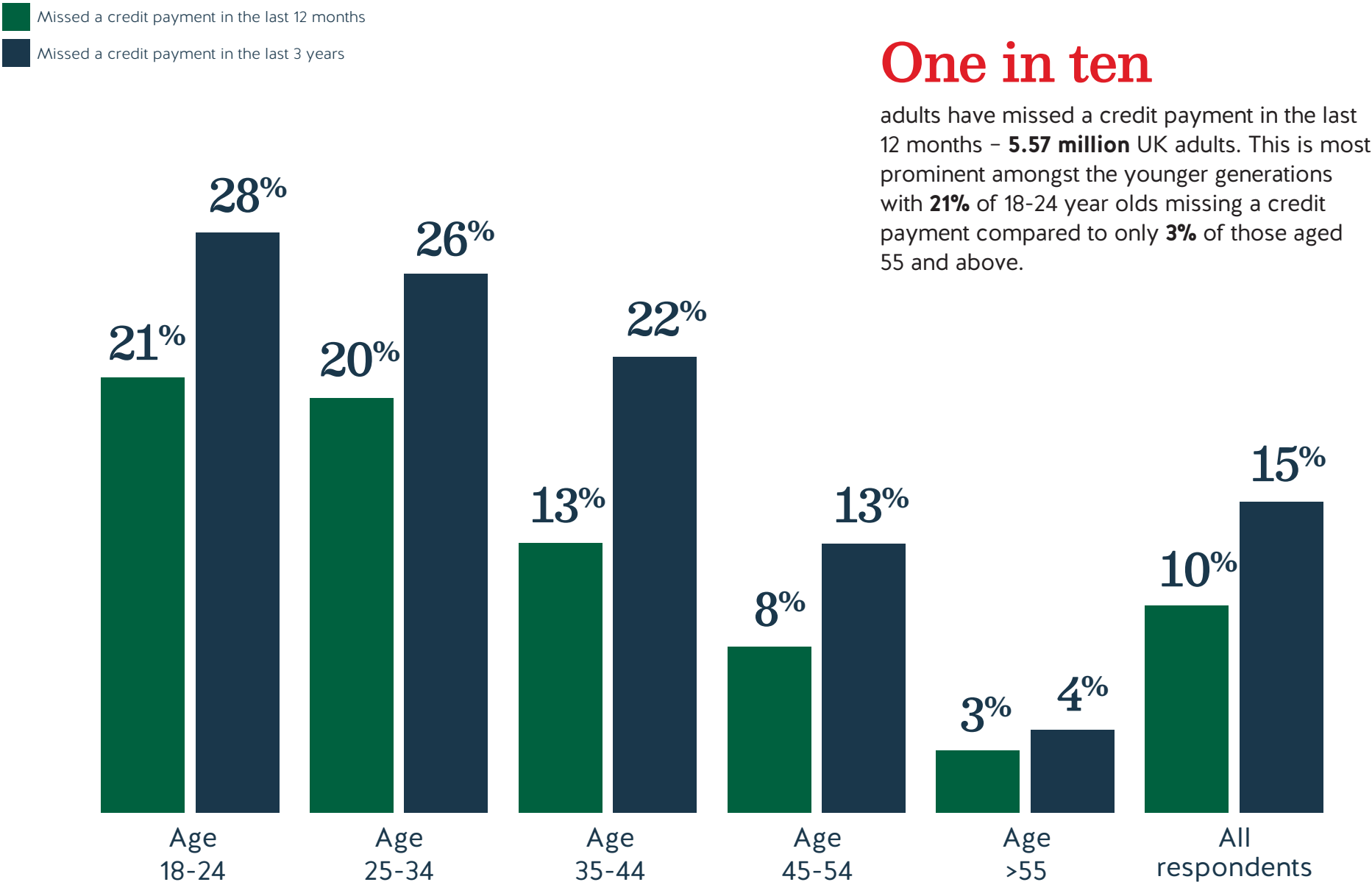


% of UK adults who have experienced an adverse credit event (by qualification)

Higher qualified people tend to have higher levels of adverse credit. **14%** of those with a doctorate missed a credit payment in the last 12 months while **19%** have had a CCJ at some point.



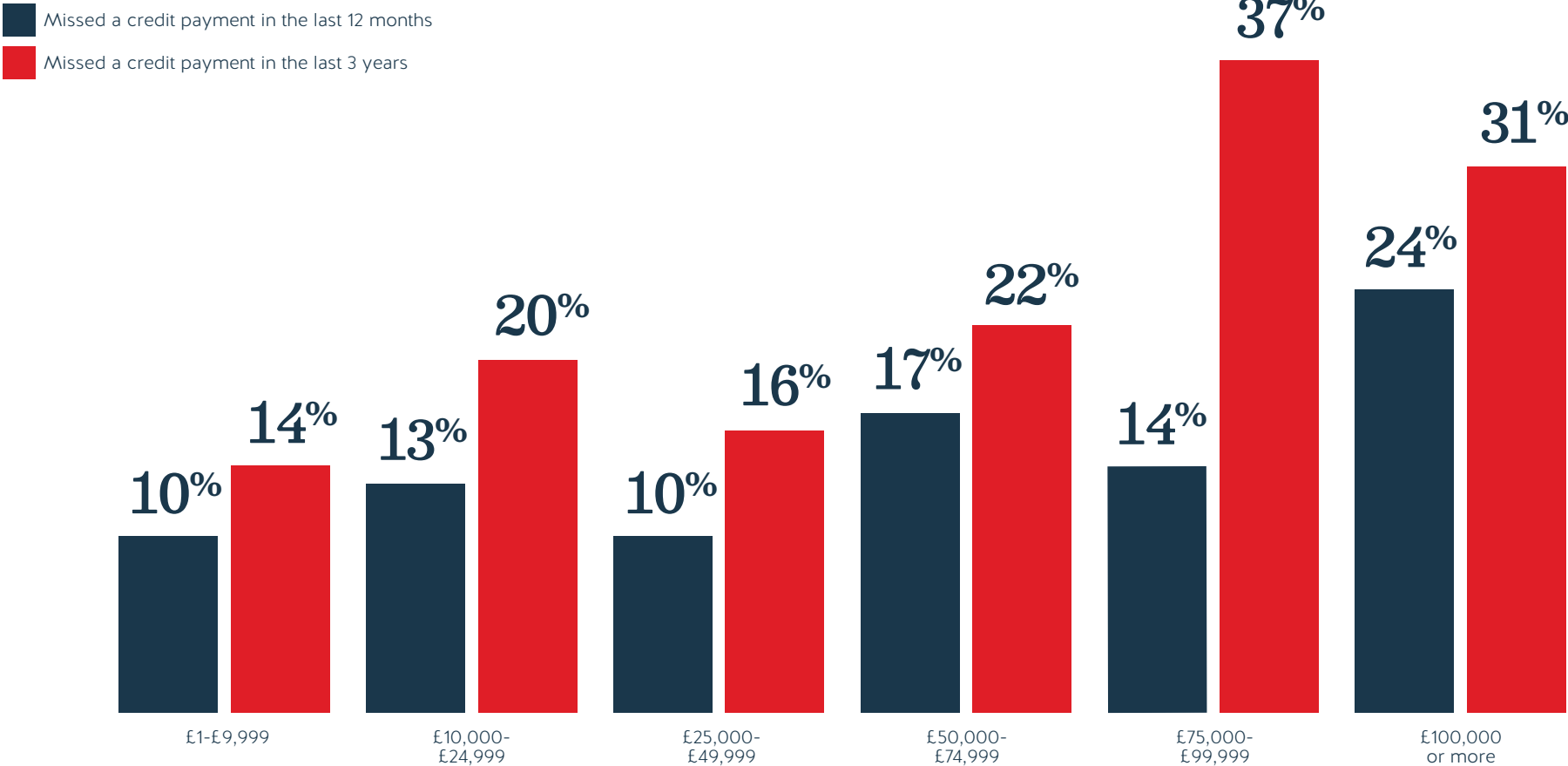
% of UK adults who have missed credit payments (by age group)



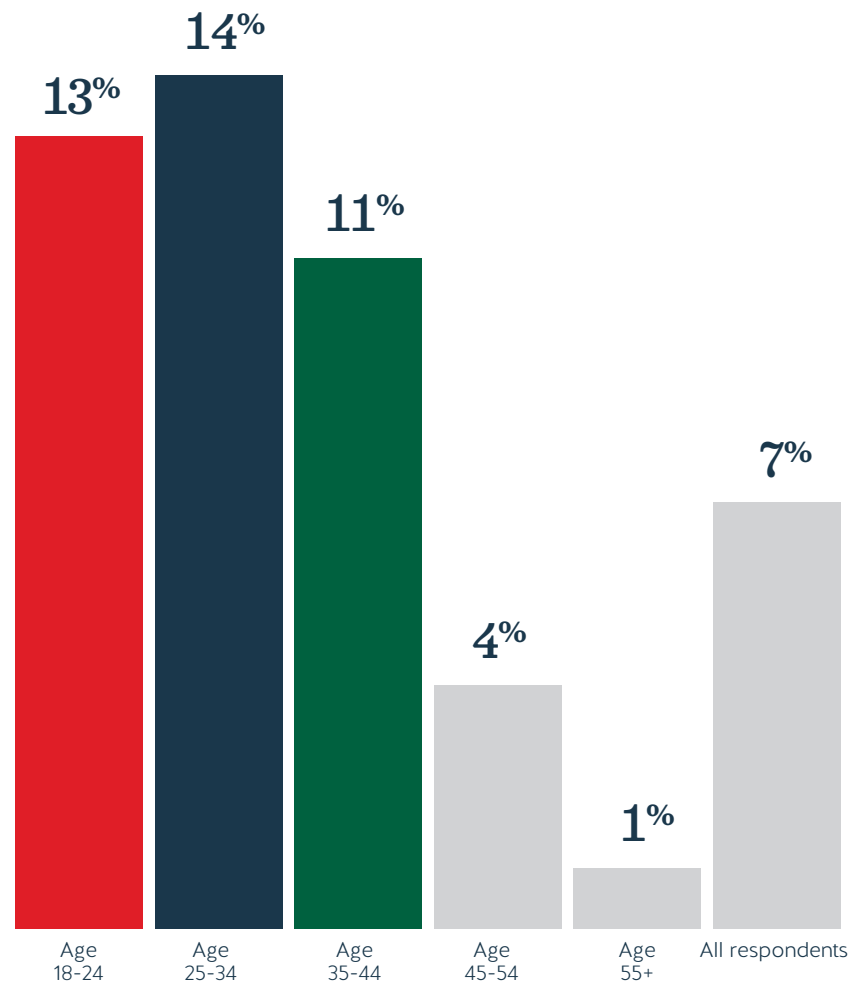
Those on higher incomes are more likely to have missed a payment perhaps because of easier access to credit. **24%** of those making £100,000 a year or more missed a payment in the last 12 months, rising to **31%** over the past **3 years**.

In the last three years, **15%** of UK adults have missed a payment (8.21 million), **10%** have defaulted and **9%** have had a CCJ registered against them, **10%** have had unsecured arrears, **8%** have had secured arrears and **10%** have entered into a debt management plan.

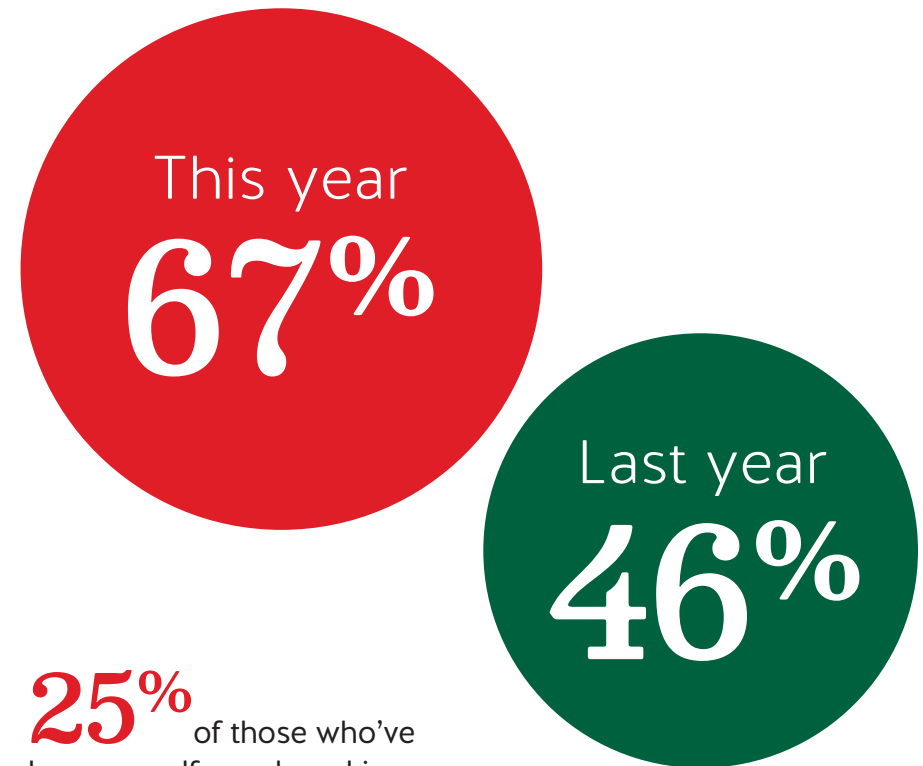
% of UK adults who have missed credit payments (by earnings)



% of UK adults who have missed consecutive credit payments and defaulted in the last 12 months

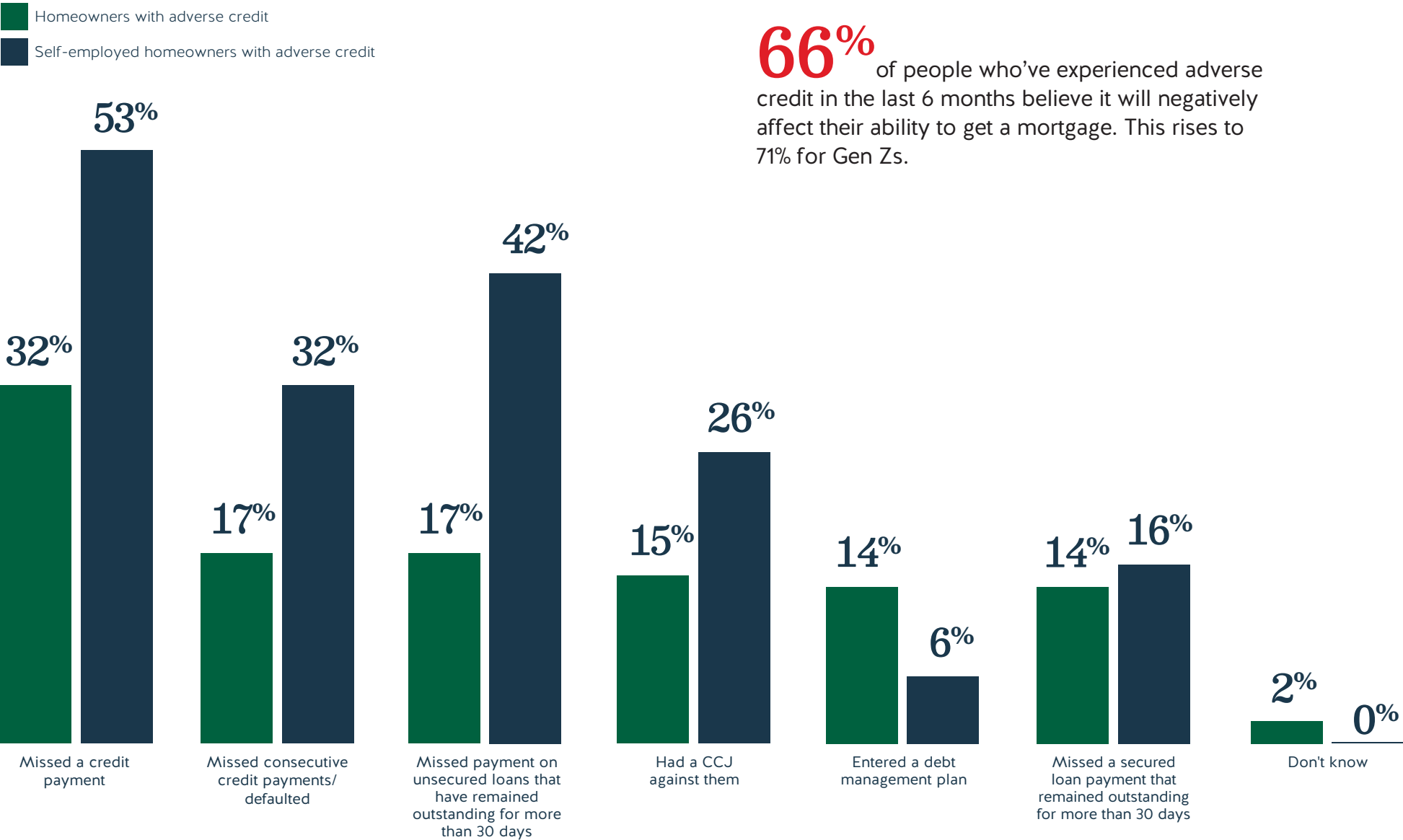


Likelihood of someone who missed a payment going on to miss more



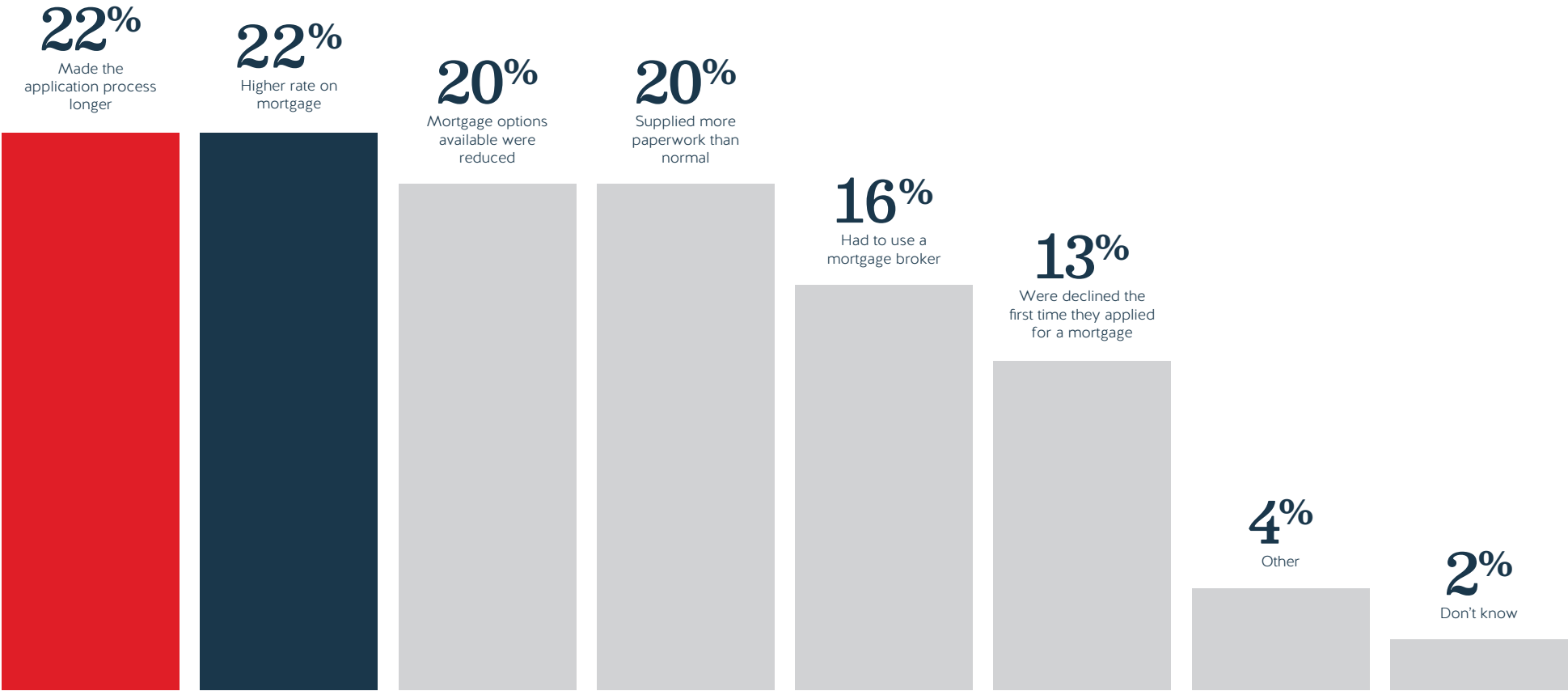
25% of those who've become self-employed in the last 3 years have missed consecutive credit payments during the last 12 months compared to only **7%** for all self-employed.

Adverse credit events experienced by homeowners before buying their current home



How adverse credit events impacted the process to purchase current home

55% of people who experienced adverse credit before buying their current home said it affected the mortgage process.



Unsecured debt

Households that have experienced adverse credit have a higher average level of debt, excluding student loans and mortgages, than the wider population. They owe **£5,100** on average compared to the **£4,200*** the average UK adult owes. Nearly a third owe more than **£5,000** and one in ten owe more than **£15,000**.

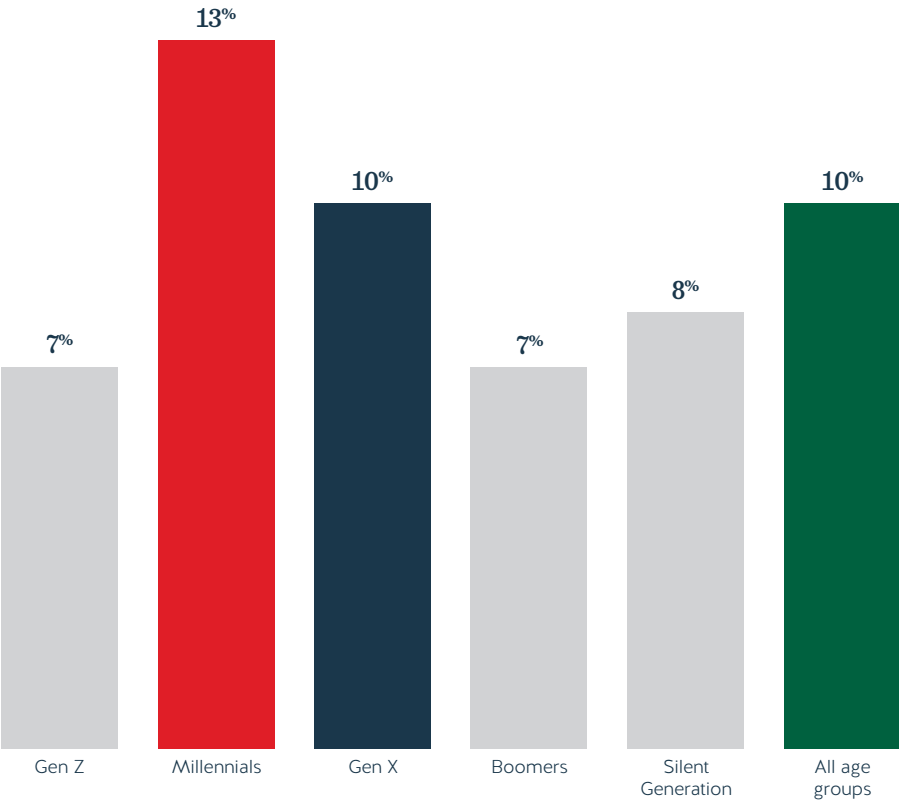
The cost-of-living crisis is the leading reason cited by these consumers for why they have debt, accounting for **nearly a third** of people with adverse credit.

There's a range of other causes that figure in responses, including unexpected expenses (**20%**), loss of income or employment (**13%**), mortgage or rent payments becoming unaffordable (**10%**), childcare and private school fees (**9%**) and funding private healthcare costs due to long NHS waiting lists (**6%**). Despite their higher incomes, **81%** of people with adverse credit who make £100,000 or more a year have debt compared to **70%** of those making under £50,000.

*The Money Charity (Nov 2024)



UK adults with adverse credit who are more than £15,000 in debt excluding mortgages and student loans (by generation)



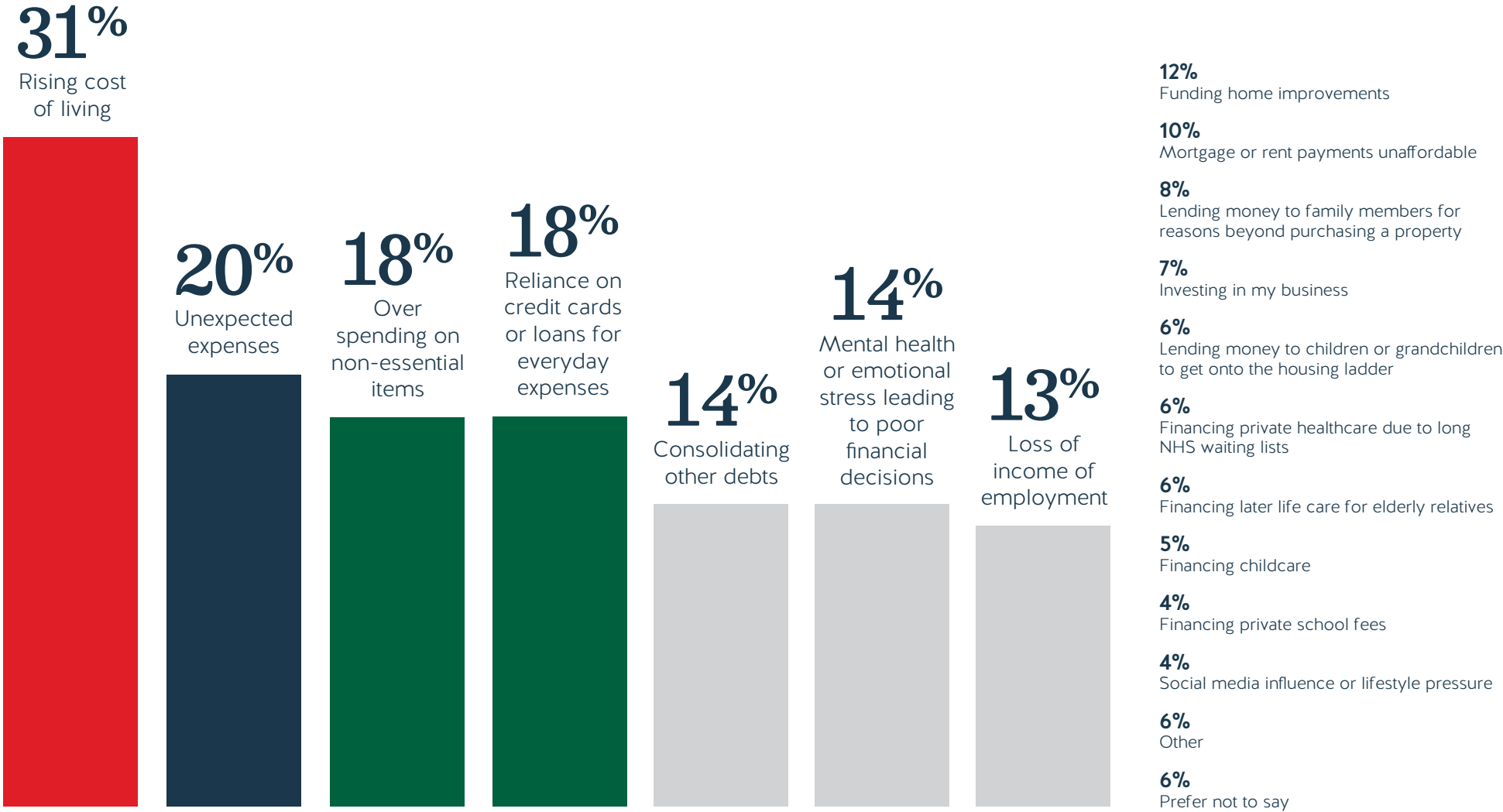
19% of those who have become self-employed in the past 3 years and have adverse credit have more than £15,000 of debt compared to only **3%** of the wider self-employed population with adverse credit.

Average debt for those with adverse credit excluding mortgages and student loans (by demographic)

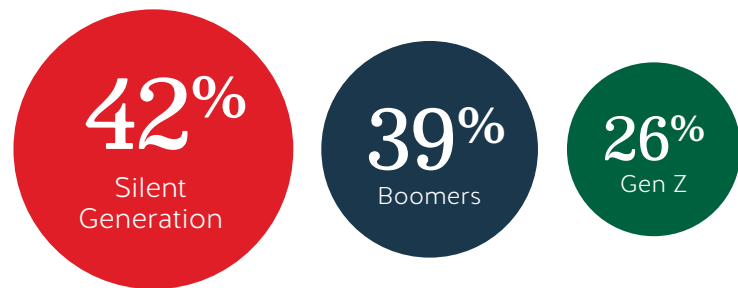


The average debt for those with adverse credit, excluding mortgages and student loans is **£7,000** for parents with children under 18 and **£3,900** for people with no children.

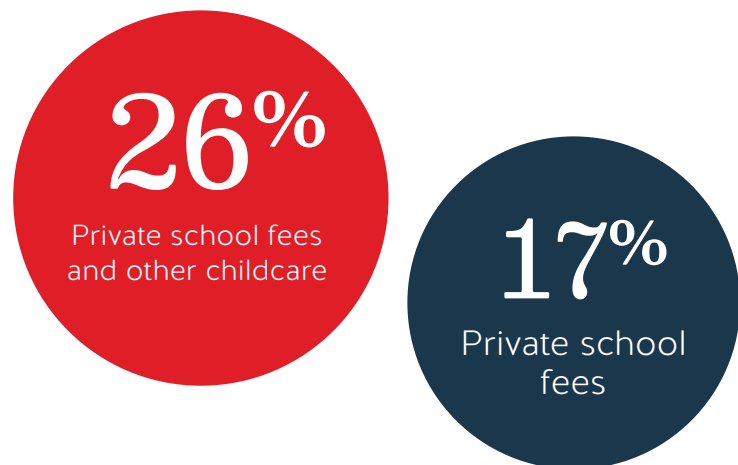
Reasons why UK adults with adverse credit have debt



Share of people in debt attributing it to cost of living

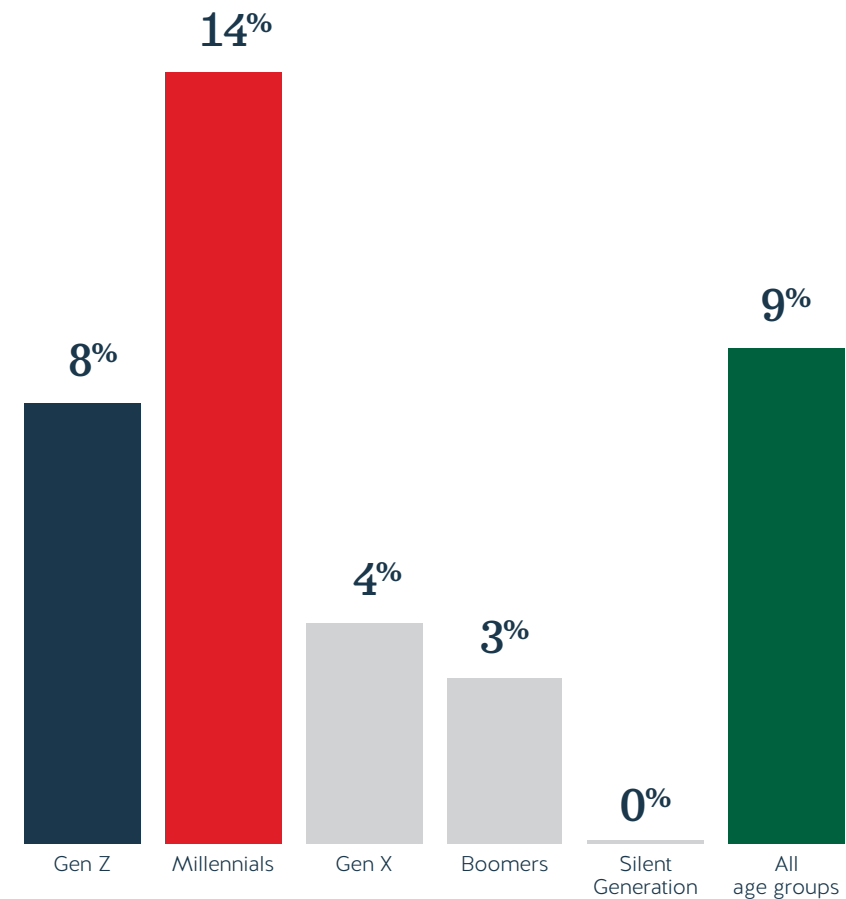


Reasons why people with income of over £100,000 and adverse credit have debt



The rising cost of living is a bigger cause of debt amongst older households with more than **4 in 10** in the Silent Generation citing it.

UK adults with adverse credit who owe more than £1,000 with 'buy now pay later' services (by generation)



Understanding money

Navigating the financial world is a crucial skill, but much of the UK adult population still lacks assurance when it comes to their finances.

Nearly a quarter of UK adults say they lack confidence when comparing financial products, such as mortgages, loans and credit cards.

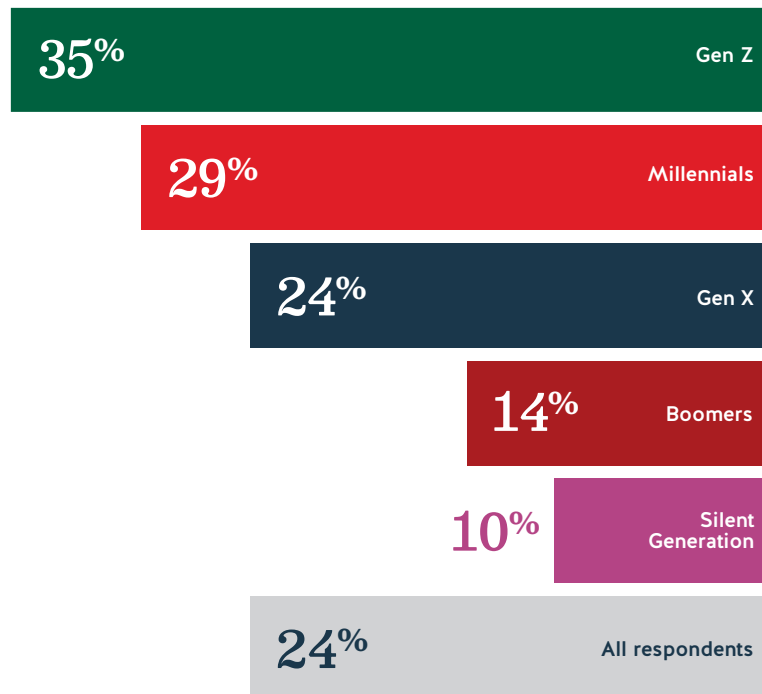
And a sizeable gender gap remains with only **58%** of women feeling confident compared to **72%** of men.

When consumers are struggling to meet their financial commitments, it's vital that they communicate with their credit providers. Yet **more than a quarter** of respondents say they wouldn't feel comfortable discussing financial difficulties with their providers.

While there is no discernible gender gap, there is a large gap based on income: at **82%**, nearly twice as many people making £100,000 or more are comfortable compared to those with an income of less than £10,000. **Nearly a fifth** of UK adults say they don't have a good idea of which debts to prioritise for payment, with higher scores for young people and those on lower incomes.

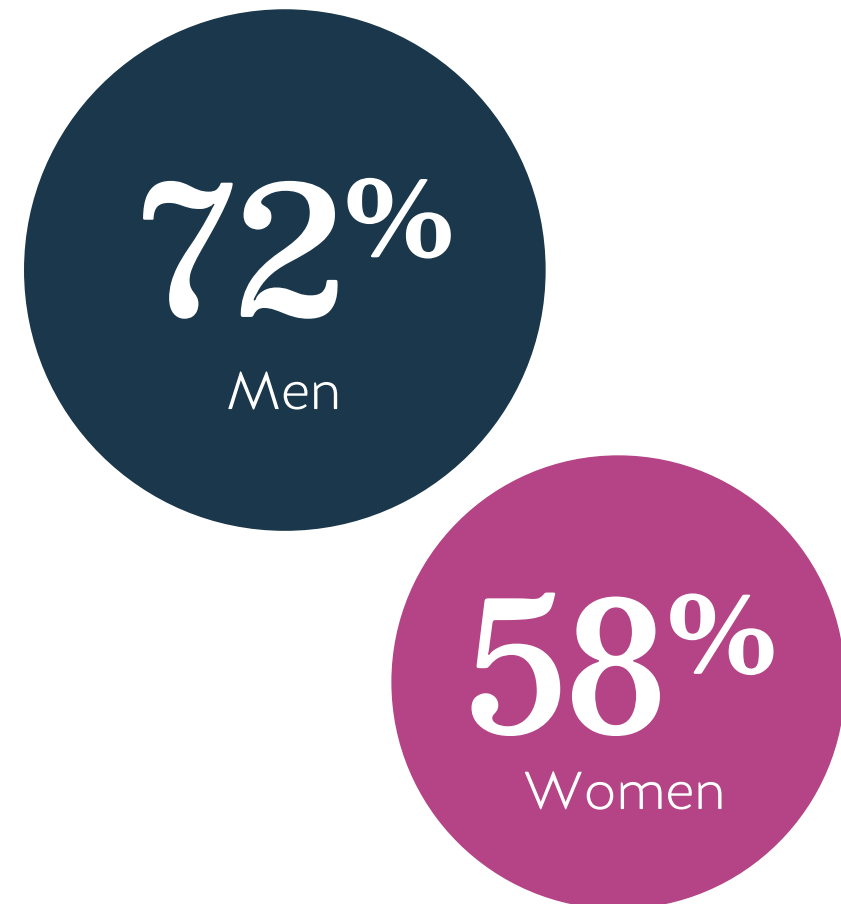


% of UK adults who do not feel confident comparing financial products (by generation)

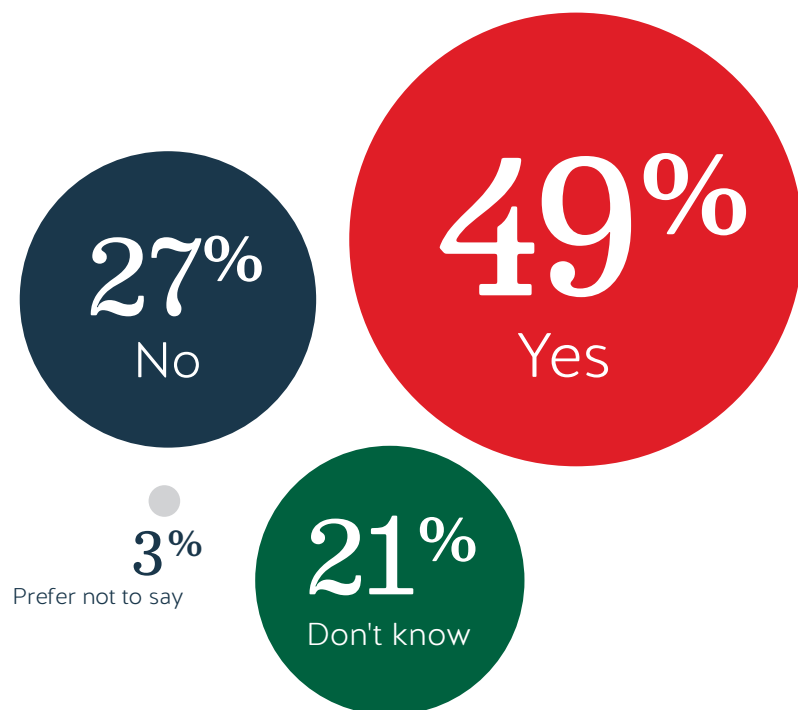


Nearly a quarter (24%) of UK adults don't feel confident when comparing financial products, such as mortgages, loans and credit cards. Plus, there's still a sizeable gender gap in confidence.

% of UK adults who feel confident comparing financial products (by gender)



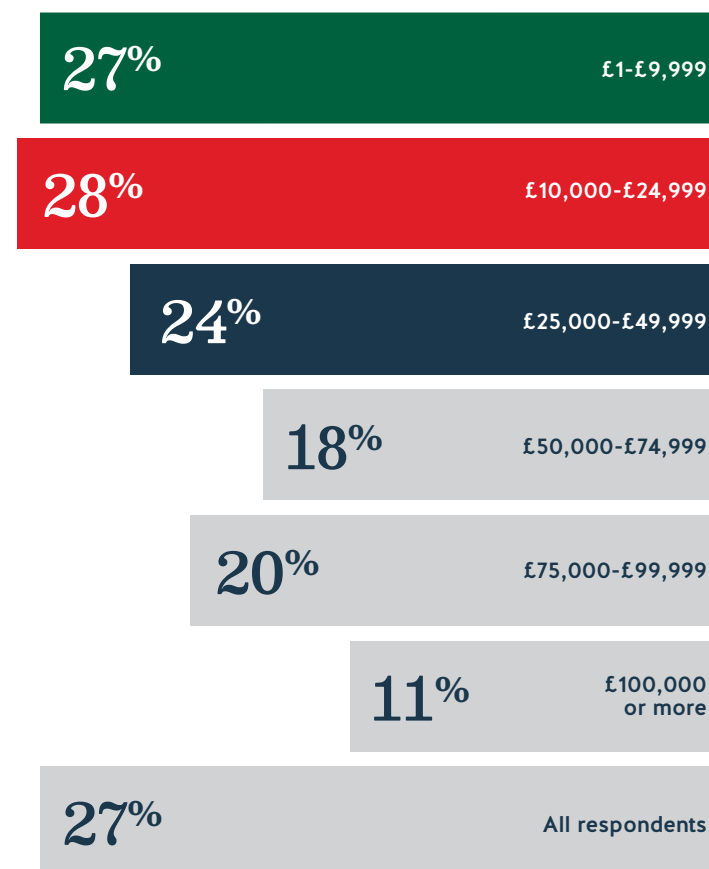
UK adults who feel comfortable contacting a commercial provider to discuss any financial difficulties



Over 1 in 4 (27%) UK adults would not feel comfortable discussing financial difficulties with a commercial provider.

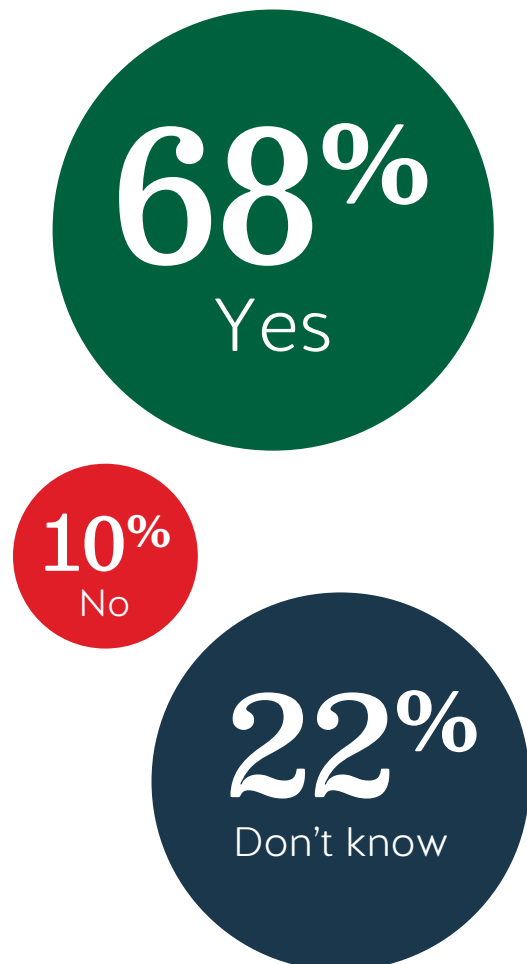
34% of the retired would not feel comfortable contacting a commercial provider to discuss any financial difficulties compared to **22%** for full-time employees.

% of UK adults who do not feel comfortable contacting a commercial provider to discuss any financial difficulties (by earnings)

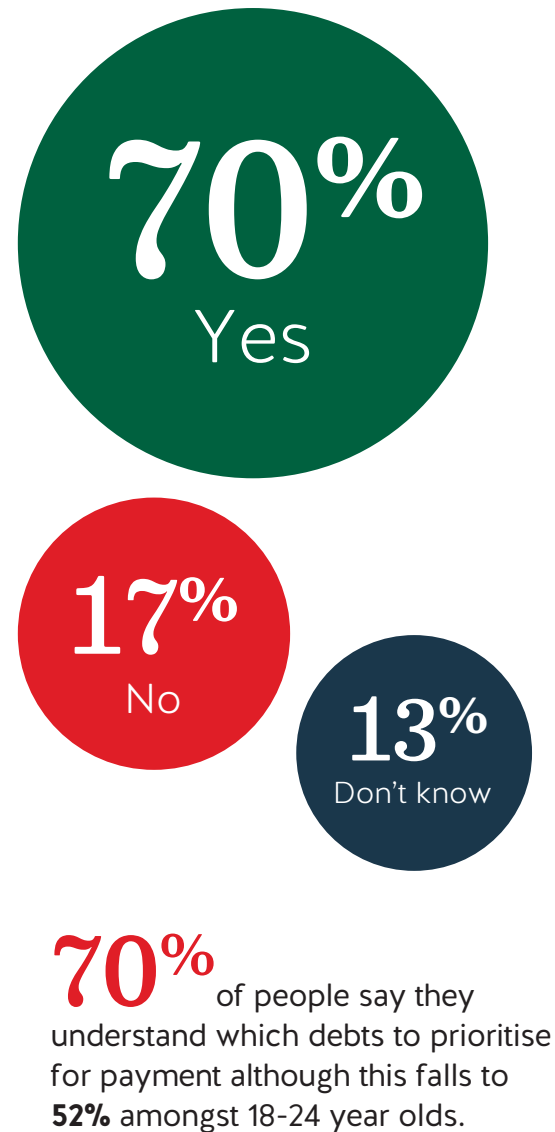


Those with an income of £100,000 or more are the most confident about contacting a provider to discuss financial difficulties: **82%** are and only **11%** are not.

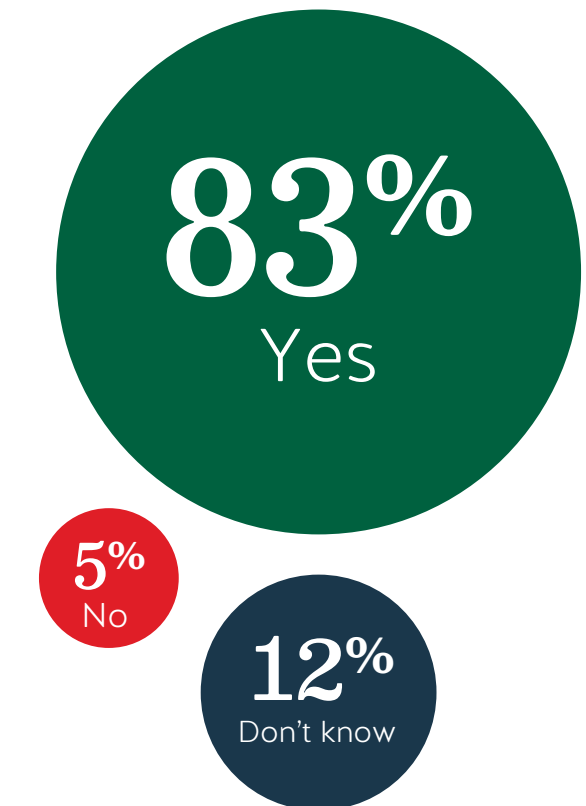
Think commercial providers should make it easier for customers to contact them to discuss any financial difficulties they might be experiencing



Have a good idea which debts to prioritise



Do you think financial literacy should be added to the national curriculum?



Importance of the *broker*

Our study reveals that the entire mortgage process is a daunting prospect for nearly a fifth (**17%**) of UK adults. For those with adverse credit, this challenge can be even greater, with **28%** of those wanting to buy a home finding the process of applying for a mortgage daunting. This makes the role of a mortgage broker particularly vital as they have access to specialist mortgage lenders that are only available through brokers. Such specialist lenders may, in some cases, be the customer's only viable route to obtaining a mortgage and can help them create the most positive outcome given their financial position.

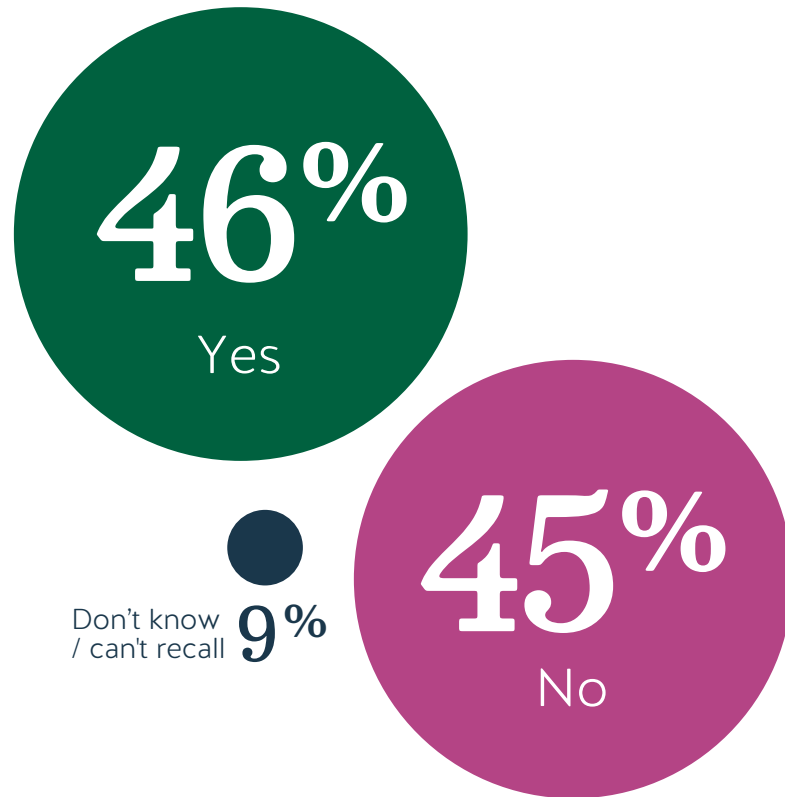
According to UK Finance, **84%** of mortgages across the market are now arranged by brokers. Our study suggests that recognition of the role of the broker amongst people with adverse credit histories still has room to grow. Only **47%** of those with adverse credit who plan to buy in the next 12 months say they'll consult a broker and only **46%** are aware that some mortgage lenders are available only through brokers. This shows the potential benefits for borrowers with adverse credit of talking to a broker. Clearly, awareness of the benefits of brokers needs to be more widely understood through marketing and other initiatives that raise awareness of the power of advice.

Awareness that some lenders are only available through brokers is highest amongst the youngest generations including **53%** of Gen Zs and **54%** of Millennials compared to only **39%** of Gen Xers and **29%** of Boomers. Yet amongst those planning to buy in the next 12 months, a higher proportion of the older generations intend to use a mortgage broker with **55%** of Gen Xers and Boomers compared to **40%** of Gen Zs.



Were you aware that some mortgage lenders are only available through mortgage brokers?

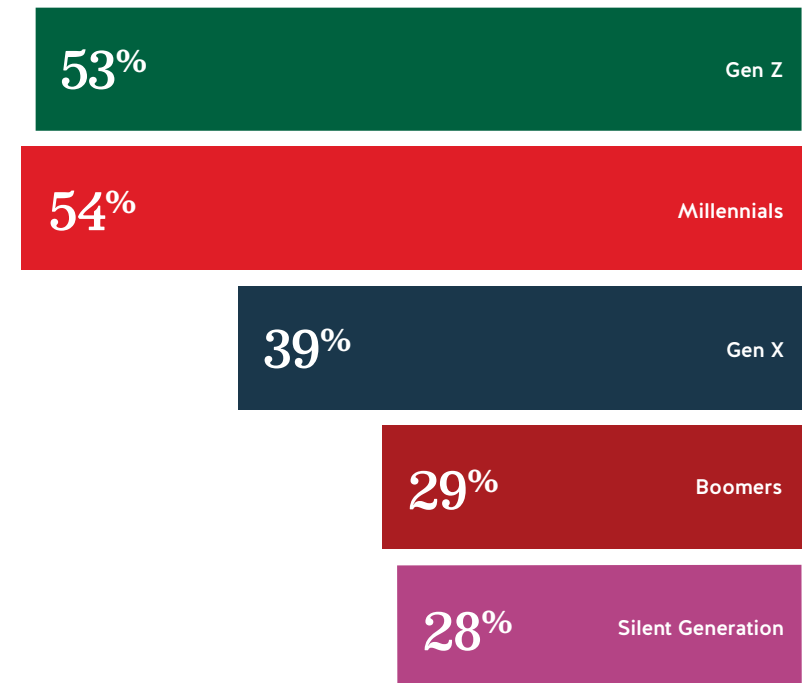
(Respondents with adverse credit)



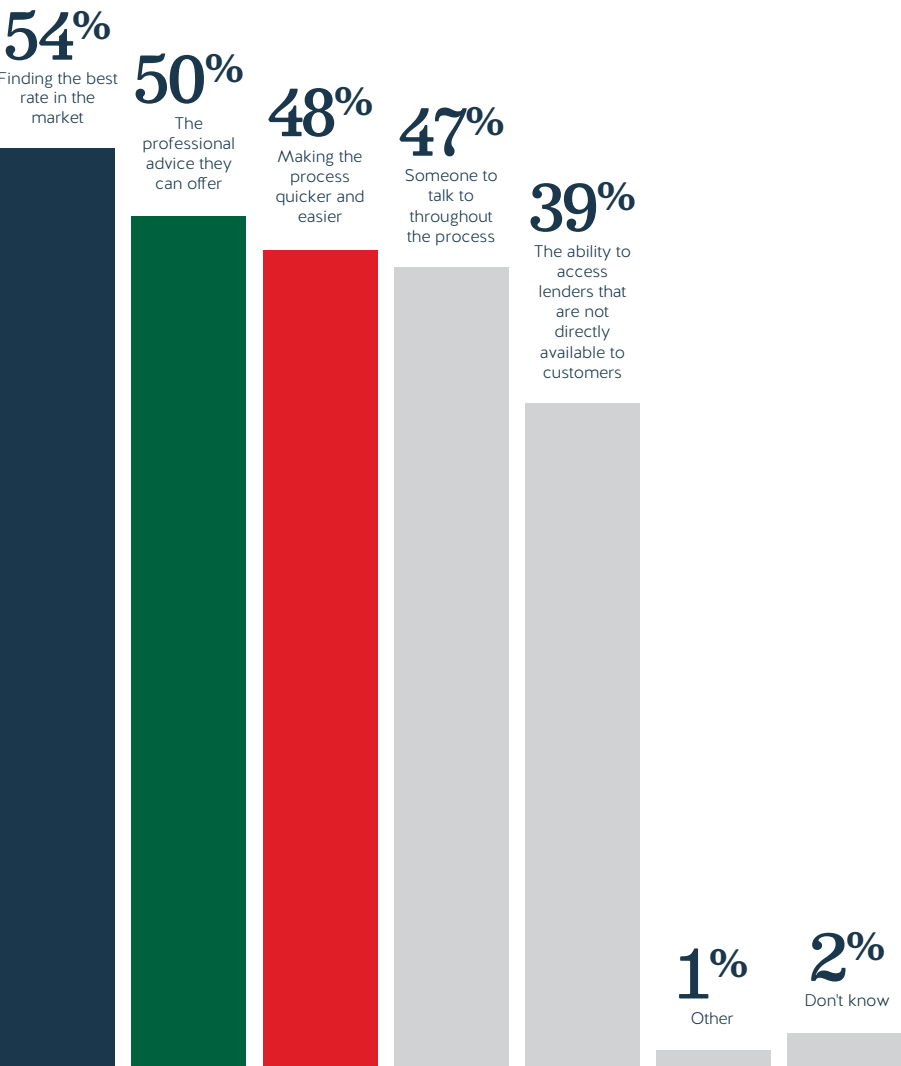
46% of people with adverse credit are aware that some mortgage lenders are only available through brokers. The highest awareness is among Millennials at **54%**.

% of UK adults who are aware that some mortgage lenders are only available through mortgage brokers

(by generation)

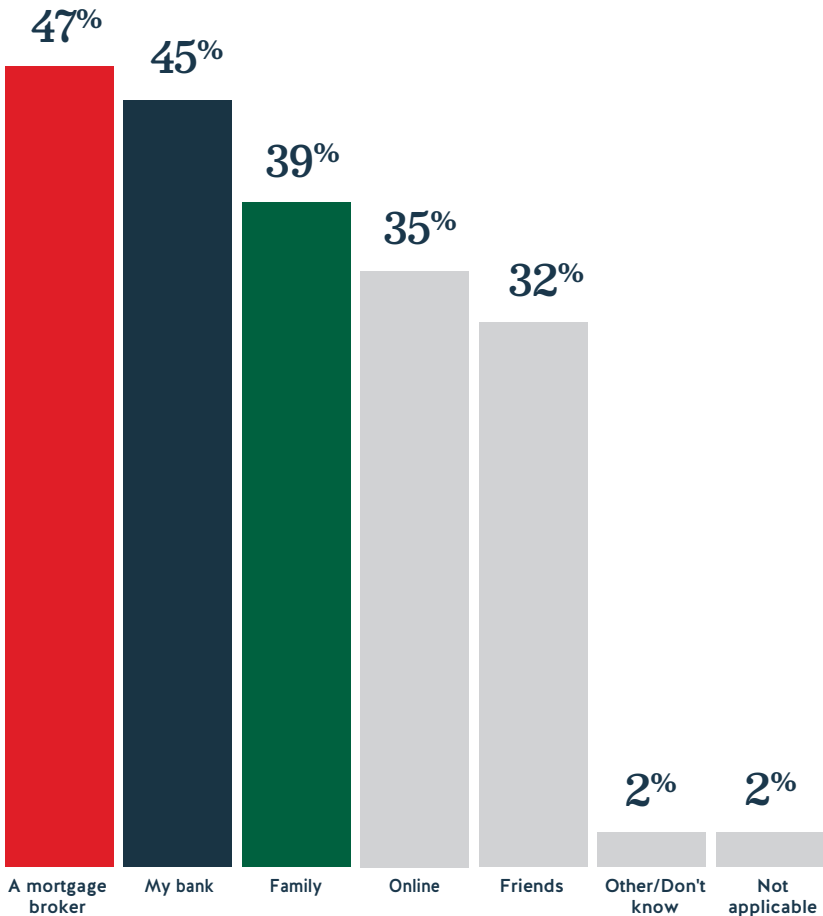


The expected benefits of using a mortgage broker by those with adverse credit planning to buy in the next 12 months



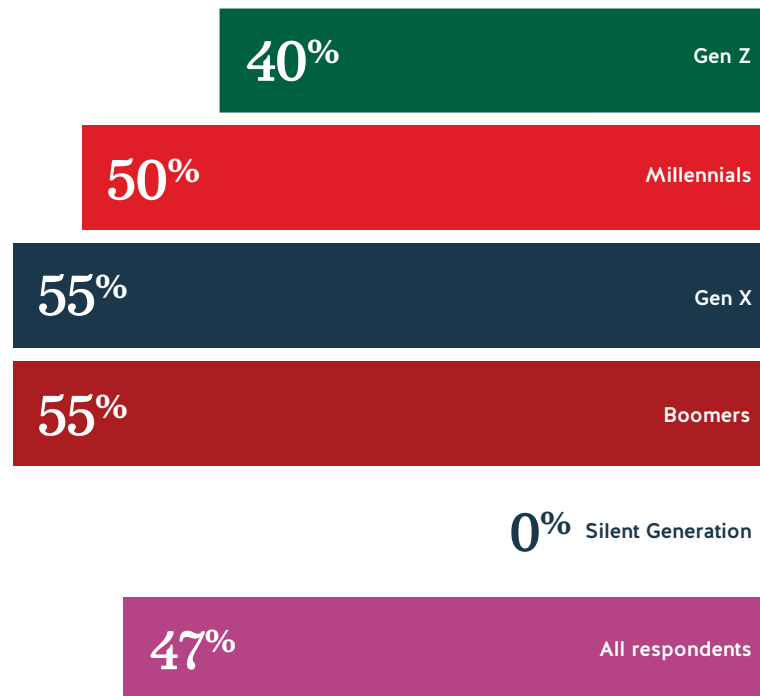
Where those planning to buy in the next 12 months would go to for advice on a mortgage/remortgage (by generation)

Respondents with adverse credit



% of UK adults who plan to consult a mortgage broker when they buy in the next 12 months (by generation)

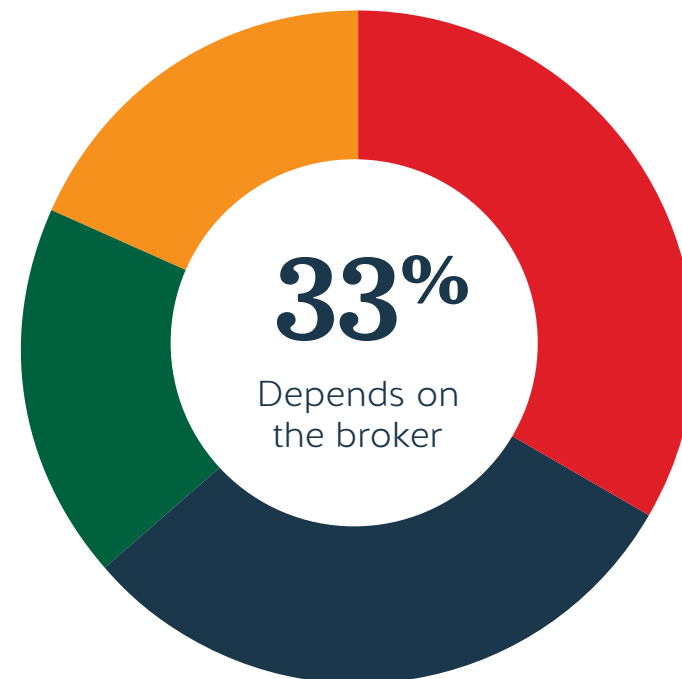
Respondents with adverse credit



Boomers and members of Gen X

are more likely to consult a broker than Gen Zs, even though younger people are more likely to know that some lenders are only available through brokers.

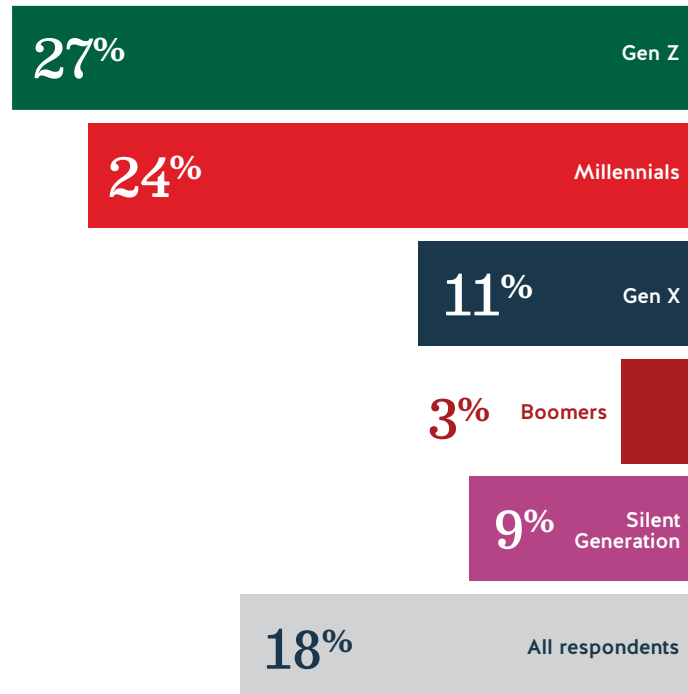
Preference for mortgage brokers who do or do not charge a fee amongst those with adverse credit



- 33% It depends on the broker
- 30% Would prefer to use a broker who doesn't charge a fee
- 18% Would prefer to use a broker who charges a fee as this would give me faith that the advice would be independent
- 18% Don't know

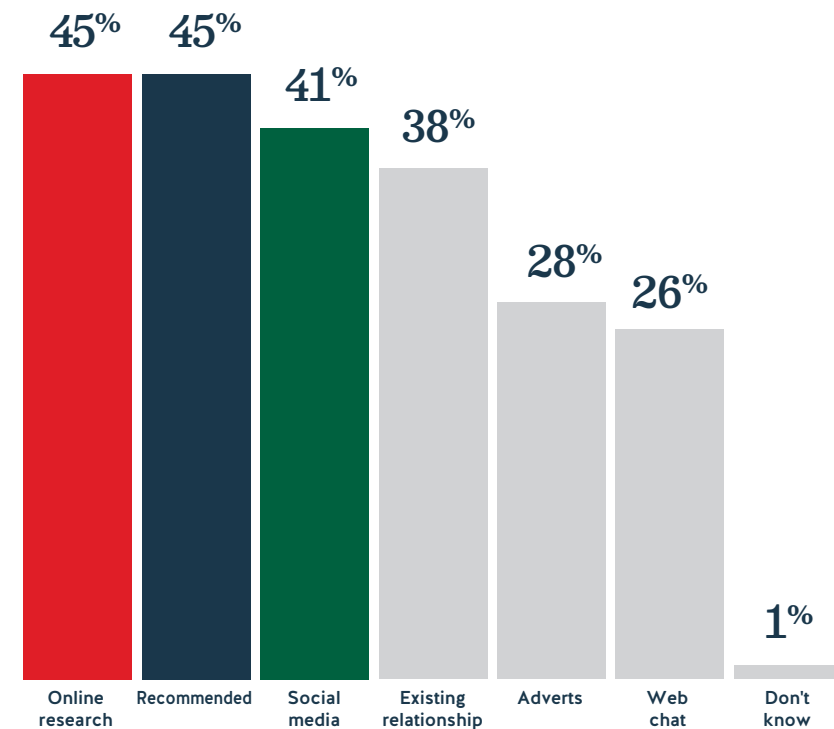
40% of people with adverse credit in the lowest income bracket (under £10,000 a year) prefer to use a broker who does not charge a fee compared to **15%** for those with income of £100,000 or more.

Those with adverse credit who would prefer to use a mortgage broker who charges a fee (by generation)

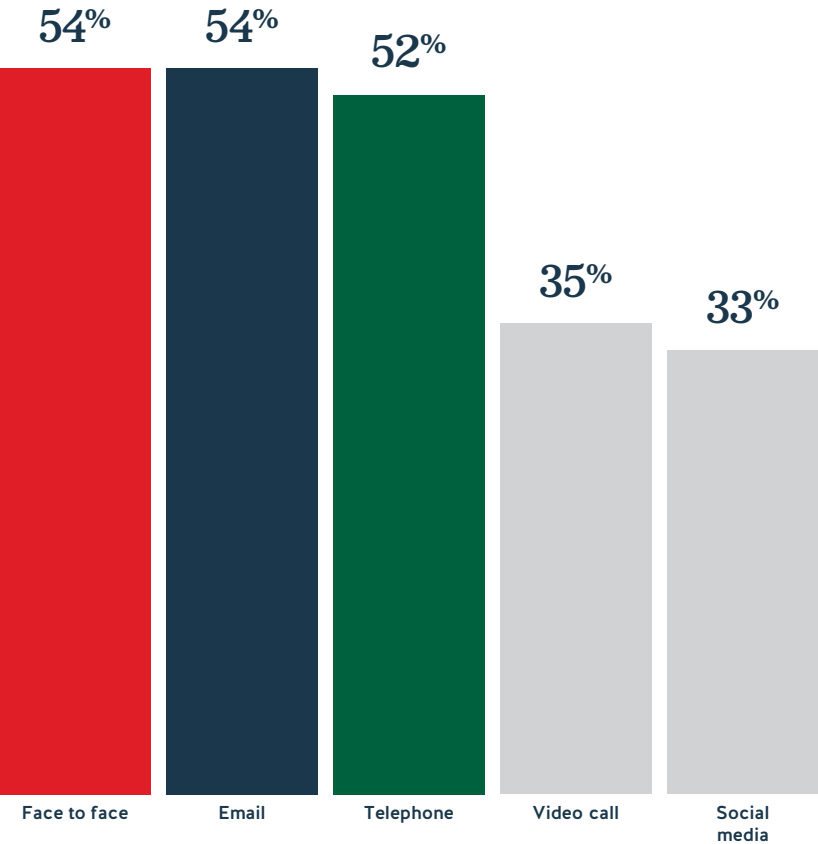


27% of Gen Zs and **24%** of Millennials who have adverse credit say they would prefer to use a broker who charges a fee as this would give them faith in the advice being independent against **18%** of all respondents.

Where those with adverse credit planning to buy in next 12 months would look for a mortgage broker



Preferred means of communication with mortgage broker amongst those with adverse credit looking to buy in next 12 months



The need for *specialist* lenders

Our study reveals that the entire mortgage process is a daunting prospect for nearly a fifth (17%) of UK adults. For those with adverse credit, this challenge can be even greater, with **28%** of those wanting to buy a home finding the process of applying for a mortgage daunting. This highlights the importance of clear guidance and support throughout the mortgage journey as firms continue to embed the principles of the FCA's Consumer Duty expectations.

What's more, this also makes the role of a mortgage broker particularly vital as they have access to specialist mortgage lenders that are only available through brokers. Such specialist lenders may, in some cases, be the customer's only viable route to obtaining a mortgage and can help them create the most positive outcome given their financial position.

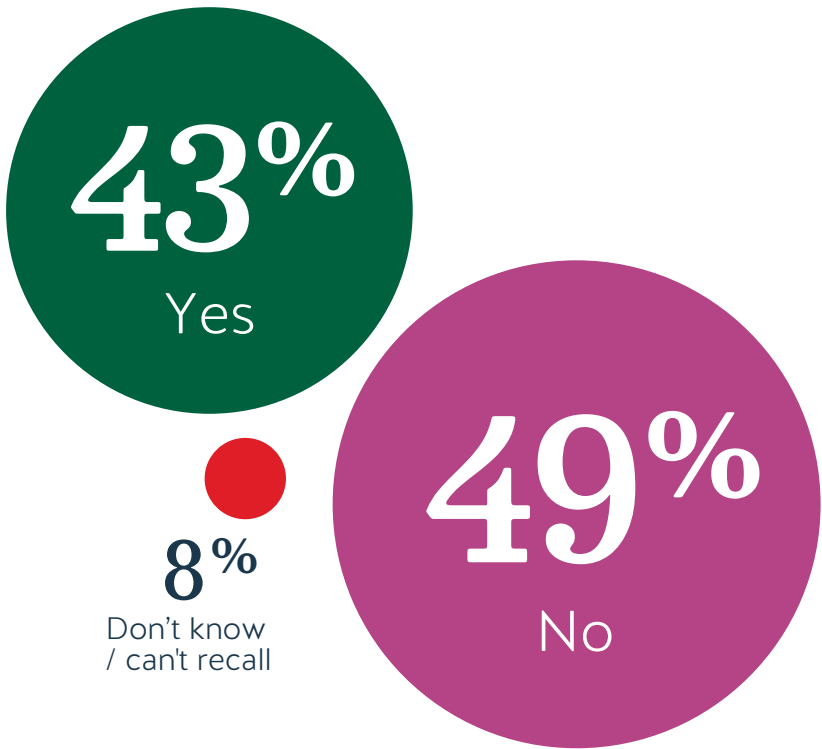
According to UK Finance, **84%** of mortgages across the market are now arranged by brokers, our study suggests that recognition of the role of the broker amongst people with adverse credit histories still has room to grow. Only **47%** of those with adverse credit who plan to buy in the next 12 months say they'll consult a broker and only **46%** are aware that some mortgage lenders are available only through brokers. This underlines the need for greater awareness of how brokers can support informed, fair, and sustainable borrowing decisions.

Clearly, awareness of the benefits of brokers needs to be more widely understood through marketing and other initiatives that raise awareness of the power of advice. The Specialist Lending Study is a key tool for this.

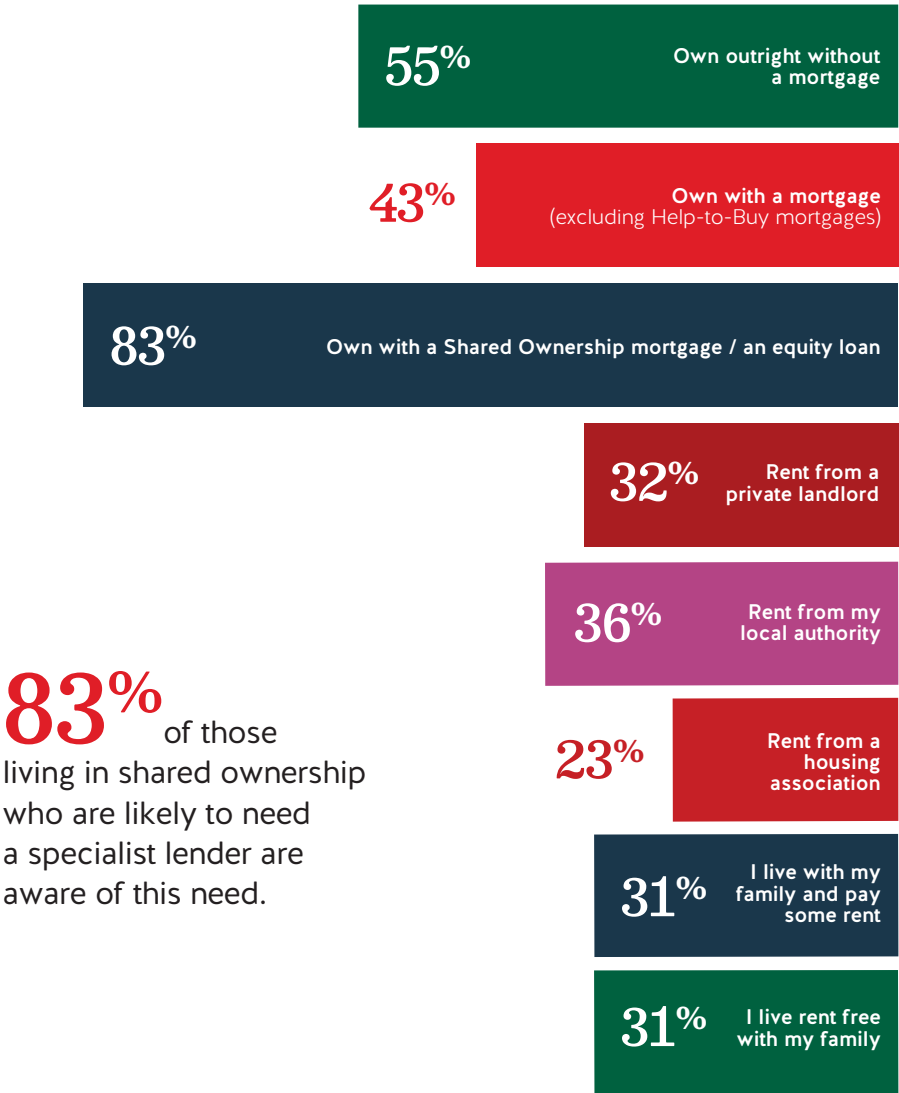
Awareness that some lenders are only available through brokers is highest amongst the youngest generations including **53%** of Gen Zs and **54%** of Millennials compared to only **39%** of Gen Xers and **29%** of Boomers. Yet amongst those planning to buy in the next 12 months, a higher proportion of the older generations intend to use a mortgage broker with **55%** of Gen Xers and Boomers compared to **40%** of Gen Zs. This suggests an opportunity for the industry to better engage all age groups with clear, accessible information about the mortgage process and the role of professional advice in achieving good outcomes for consumers.



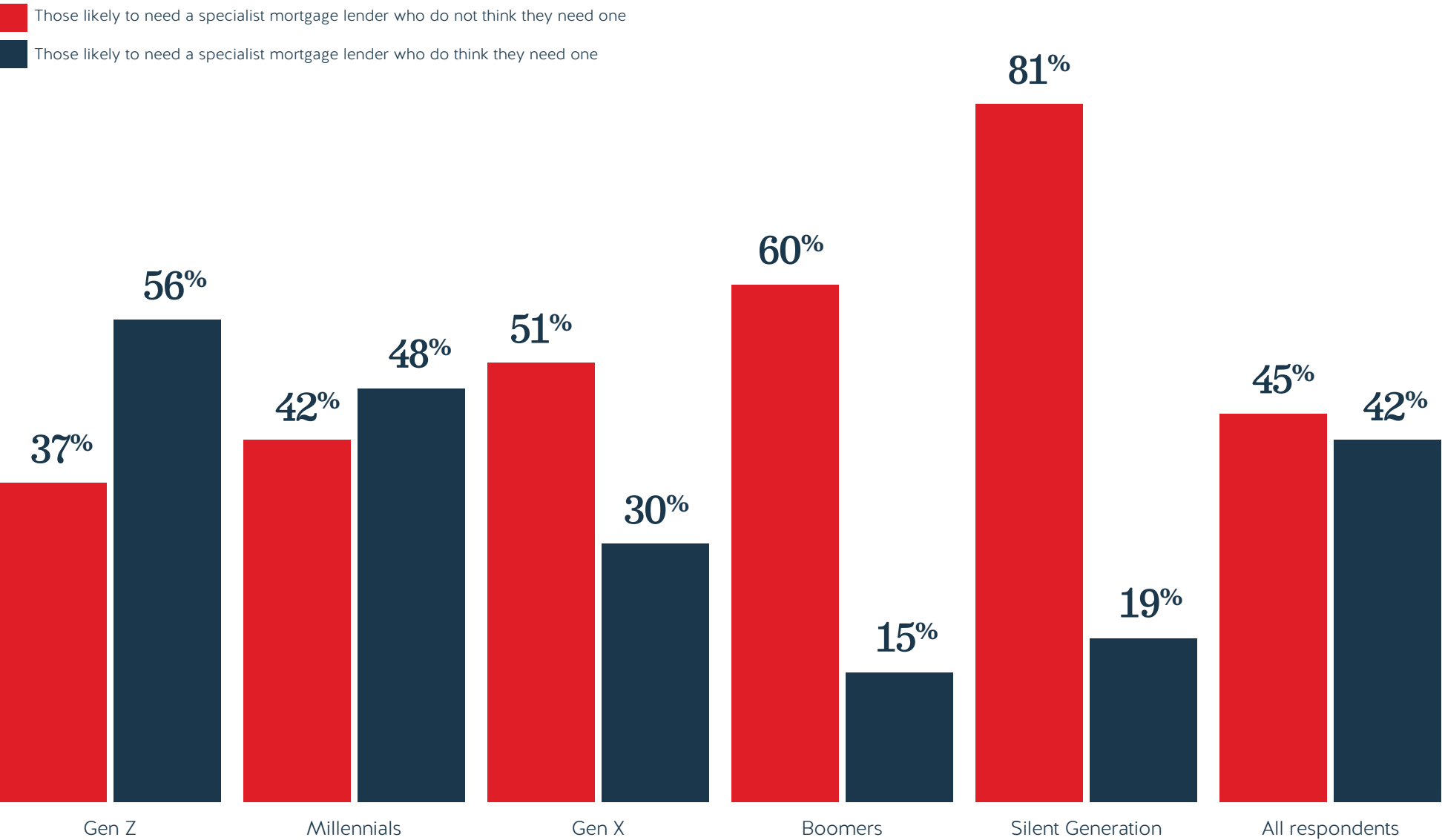
Those with adverse credit who had heard the term 'specialist mortgage lender'?



Awareness of those who need a specialist lender (by tenure)



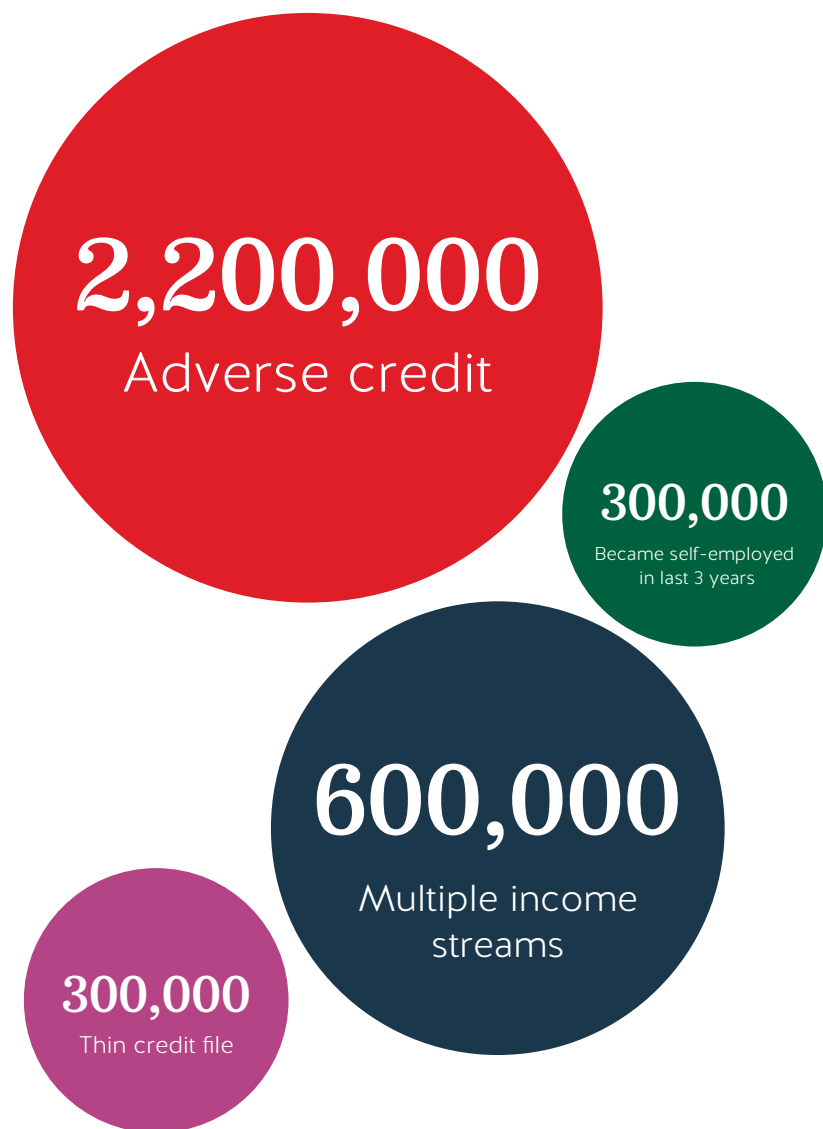
Awareness of those who need a specialist lender (by generation)



Those with adverse credit who are planning to buy in the next 12 months are planning to fund this purchase with:



In a financial position to buy in next 3 years



Worried about being turned down for a mortgage based on credit score



Conclusion

A key takeaway from this year's study is the increasingly vital role of the mortgage broker in today's complex lending environment. As financial lives become more varied – with more people self-employed, pursuing side hustles or managing credit challenges – brokers are uniquely positioned to guide consumers through the mortgage process and connect them with lenders like Pepper who understand their individual circumstances.

Our findings show that financial confidence across the population remains low, which can make navigating the mortgage market even more daunting. Nearly a quarter of UK adults say they lack confidence when comparing financial products such as mortgages, loans, and credit cards and nearly one in five admit they are unsure which debts to prioritise for repayment. What's more, the mortgage process itself feels intimidating for many, 17% of UK adults find it

daunting, rising to 28% among those with adverse credit who aspire to buy a home.

This is precisely where brokers can make the greatest difference. By offering expert guidance, reassurance and a more personalised approach, brokers help create positive and sustainable outcomes for borrowers with more complex financial situations.

However, awareness of this support remains limited. Only 47% of those with adverse credit who plan to buy in the next 12 months say they intend to consult a broker, and just 46% are aware that some mortgage lenders are available exclusively through brokers. This highlights a clear opportunity to improve understanding of the value of professional advice, particularly through education and marketing initiatives that reinforce how brokers can unlock access to products not available on the high street.

On a positive note, awareness of specialist lenders is beginning to rise, albeit gradually. 43% of respondents with adverse credit say



Paul Adams

Sales Director, Pepper Money

they've heard the term, up slightly from 42% last year, a small but meaningful step toward greater recognition of the role lenders like Pepper play in supporting underserved borrowers.

Improving financial awareness and understanding of broker support is crucial. It will build consumer confidence and empower more households to explore their options – especially those who might assume they would never qualify for a mortgage. With the right advice and access to the right products, brokers and specialist lenders can help turn the nation's housing ambitions into reality.

Methodology

A representative sample of 4,000 adults (18+) across Great Britain were surveyed online for the purpose of this report. Fieldwork took place between 24th September – 2nd October 2025. The results were weighted to be nationally representative of age, gender, and region.

Pepper Money worked with Opinium for the Specialist Lending Study 2025, a leading research agency that is a member of the Market Research Society, British Polling Council and The European Society for Opinion and Marketing Research.



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