Bridging Finance

Short-term money only works when the exit is realistic.



Bridging can help with urgent purchases, auction deadlines and unmortgageable property, but it is not a substitute for a credible longer-term plan.

01 Calculate the real cost of the bridge

- Check the monthly interest basis, whether interest is serviced, retained or rolled up, and any minimum-interest period.
- Include arrangement, valuation, legal, broker, exit and extension charges where applicable.
- Differentiate gross borrowing from the cash actually available after retained interest and fees.

02 Make the exit evidence-led

- For a refinance exit, check the expected end value, rental income, works and likely mortgage eligibility.
- For a sale exit, establish credible sale price, marketability and an allowance for delays.
- Check when the term expires, what happens if the exit slips and whether extension is discretionary.

03 Match drawdowns to the project

- For works-heavy cases, ask whether funds are advanced upfront or in stages after monitoring surveyor inspections.
- Keep a contingency for unexpected repair costs and timing slippage.
- Make sure the borrower's solicitor can deal with title issues, existing charges and completion deadlines.

THE NUMBERS | ILLUSTRATION ONLY

Illustration only: £200,000 at 0.8% monthly costs £1,600 interest per month before fees. Six months is £9,600 interest; the net advance may be lower if interest is retained.

The mistake to avoid

A low quoted monthly rate does not rescue an unrealistic exit or a term that is too short.

Documents worth preparing

Purchase or refinance statement; works schedule; realistic timeline; sale/refinance evidence; title details; contingency plan.

DISCUSS A DEAL

Send the property, borrowing requirement and your timescale to deal@wefinanceuk.com, or call 020 3917 2651.

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Important information

Your home may be repossessed if you do not keep up repayments on your mortgage. The Financial Conduct Authority does not regulate most buy-to-let mortgages. Bridging finance is typically a short-term, higher-cost form of borrowing and carries risks, particularly if the planned exit strategy is not achieved. A clear repayment strategy should be in place before entering into any agreement. Commercial bridging finance is not regulated by the Financial Conduct Authority.

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