Trading Company Buy-to-Let Mortgages

An operating business owning rental property is not automatically treated like an SPV.



Borrowing through a trading company can create extra underwriting and legal questions.

01 Explain why the property belongs in this entity

- A trading company has activities and liabilities beyond holding investment property.
- Lenders may prefer clean property SPVs and may limit acceptable trading sectors or company structures.
- Consider with your accountant whether keeping trading and property risks in one company is sensible.

02 Prepare both company and property evidence

- Expect review of filed accounts, trading performance, existing debts, directors, shareholders and possible guarantees.
- Show the intended tenant, rental income, purchase price and cash contribution.
- Be transparent about connected parties, intercompany loans and the use of company cash.

03 Check the implications of alternatives

- A new SPV may require moving funds between entities in a documented, legally and tax-appropriate way.
- Existing personally owned properties transferred to a company may trigger transaction taxes and other costs.
- The cheapest rate is not enough if the borrowing structure creates larger commercial risks.

THE NUMBERS | ILLUSTRATION ONLY

If a trading company has £250,000 cash, that does not mean all £250,000 is safely available as a property deposit: working capital, creditors and tax liabilities still need covering.

The mistake to avoid

Do not use operating capital for a property purchase until business liquidity and ownership structures have been reviewed.

Documents worth preparing

Latest accounts; company ownership chart; existing borrowing; deposit trail; property particulars; accountant's advice.

DISCUSS A DEAL

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

Email

deal@wefinanceuk.com

Phone

020 3917 2651

WhatsApp

+44 7417 318414

London | Head Office

ER76, The Link Business Centre
49 Effra Road, London SW2 1BZ

Wales Office

Sophia House, 28 Cathedral Road
Cardiff CF11 9LJ

Scotland Office

Westpoint, 4 Redheughs Rigg
South Gyle, Edinburgh EH12 9DQ

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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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