



Lifting the Age-Barrier on Gifted Deposits

By Rob Oliver, Distribution Director at Dudley Building Society

In an era of inflated house prices and sluggish wage growth, friends and family support has become more common. In the right circumstances, gifting a deposit is one of the most effective ways for relatives and friends to help younger generations step onto the property ladder. And yet, despite lenders claiming to support first-time buyers, many still apply outdated criteria that penalise these efforts, particularly when the gift comes from an older donor.

It is not the affordability of the borrower, nor the size or source of the deposit, that causes issues in these cases. It is the donor's age. Some lenders will not proceed if the person providing the funds is beyond a certain age or not immediate family, even if they are not named on the mortgage application. These limits can apply quietly, without being mentioned in product guides or policy summaries. The problem often goes unnoticed until the application is already underway.

An everyday broker issue

This is not a rare scenario. According to UK Finance, 31 percent of first-time buyers in 2024 received financial support from family or friends. That number is expected to increase as deposit requirements grow faster than wages. For brokers, these cases are an everyday part of their workload. A client may be earning well, with a clean credit history and a clear plan for the mortgage. The gift is genuine, the paperwork is in order, and yet progress stalls because the person helping is retired or in later life.

Sometimes the issue is flagged early. In other cases, it emerges after a decision in principle has been issued, when underwriters begin checking the details. Either way, the outcome is often the same: confusion for the borrower, frustration for the broker, and needless stress for those simply trying to help.

Why age-based restrictions do not add up

The assumption behind these rules seems to be that older donors pose a higher risk, or that the gift might not be legitimate. But this is rarely the case. In fact, older relatives or family friends are often in a better position to gift funds than younger ones. They may have



downsized, received inheritance, or built-up long-term savings. They may also be financially stable, mortgage free, and debt free.

Penalising gifts from older donors ignores the reality of how wealth is distributed across generations. It also sends the wrong message to families who have planned carefully, understand any tax implications and want to pass on that benefit. For brokers, it means spending time explaining arbitrary barriers that should not exist.

Supporting friends and family backed buyers

There is plenty of discussion about the barriers faced by first-time buyers. But what is less often explored is the role that friends and families, particularly older generations, play in helping to overcome those barriers. Their support is often essential, and it should be recognised, not restricted.

Lenders that take a more pragmatic approach are providing brokers with the clarity they need and borrowers with the best possible chance of success. Criteria should reflect how people actually live and lend. Age alone should never be the reason a case fails.

Dudley Building Society takes a different view

At Dudley Building Society, there is no age cap on gifted deposits nor restrict deposits having to come from immediate family. We look at the source of the gift, ask the right questions, and ensure that everything is compliant. But it does not apply age-based restrictions to the donor. If the funds are genuine and the borrower is eligible, the application can move forward.

It is a simple but important distinction. Removing unnecessary obstacles helps avoid delays, reduces broker workload, and gives families more freedom to support one another. It is a policy that reflects the real world, where older relatives are often a vital part of the housing equation.

Got a residential case? Look through our residential solutions on how we can help, or contact your [local BDM](#) to discuss a case..

CPD: ARTICLE

Brought to you by:



***This information is strictly for the use of professional intermediaries only.**