

In the competitive landscape of UK property finance, securing the right bridging loan can be the difference between winning a property auction bid and missing out. For borrowers looking at short- to medium-term solutions—often ranging from 9 months—understanding the cost implications of **rolled up interest bridging** vs **serviced interest bridging** is crucial.



In this article, we'll break down these two interest structures, their typical use cases, and how execution speed often trumps headline rates. We'll also cover typical bridging loan sizes, ranging from GBP 50,000 to over GBP 30 million, and which types of borrowers they suit.

We'll also reference insights from credible industry voices including *European Business Magazine (EBM)*, *NST Publishing Ltd*, and prominent lenders like *KIS Finance*. For readers wanting to delve further into bridging finance trends and market analysis, additional resources such as the Beehiiv subscribe page and Issuu (Latest Issue hosting) are recommended.

Understanding Bridging Loans: The Basics

Bridging loans are short-term financing solutions frequently used in property auctions, chain breaks, or urgent refurbishments where speed of execution and capital availability is paramount. These loans typically last from one month up to 12 months, with 9 months being a common term for many projects and purchases.

Compared to traditional mortgages, bridging loans offer:

- Faster loan approval and drawdown times
- Flexibility in loan size—from GBP 50,000 for small refurb jobs to over GBP 30 million for large-scale developments or commercial assets
- Shorter repayment terms that necessitate clear exit strategies

What Are Rolled Up Interest and Serviced Interest?

Rolled Up Interest Bridging

Rolled up interest bridging (sometimes called capitalised interest) means that the borrower does not pay interest monthly during the loan term. Instead, interest accrues and is added to the principal balance, repaid in full when the loan matures or is redeemed.

Example: If you borrow GBP 100,000 at 0.8% per month, over 9 months the interest ($0.8\% \times 9 = 7.2\%$) would be calculated on the principal each month, then compounded, resulting in a final repayment greater than the simple interest. The borrower repays the entire capital plus all rolled up interest at once.

Serviced Interest Bridging

Serviced interest bridging requires the borrower to pay interest monthly (or at agreed intervals), reducing the ongoing finance cost impact and keeping the principal intact. This often makes financial management easier and can reduce the total cost of borrowing because interest does not compound.

Example: Using the same GBP 100,000 loan at 0.8% per month, you would pay GBP 800 interest monthly for 9 months, totaling GBP 7,200 over the loan term, and then repay the GBP 100,000 principal at the end.

Bridging Loan Cost Comparison: Rolled Up vs Serviced Interest

Feature	Rolled Up Interest	Serviced Interest	Interest Payment Frequency	At loan end (accrued & compounded)
Monthly or regular intervals	Cash Flow Impact	No monthly outgoings, lump sum payment	Regular monthly interest payments	Total Interest Cost (Approximate, 9 months)
Higher due to compounding	Lower, simple interest only	Best Suited For Borrowers needing cash flow relief during refurbishment or auction purchases	Borrowers with predictable income streams or exit within term	Complexity
Simple monthly cash flow, more expensive overall	Requires monthly payment management			

Which Is Cheaper for a 9-Month Bridge?

While it may appear that serviced interest bridging is cheaper due to lower compounded interest, the real-world cost depends heavily on individual circumstances and project cash flow.

For example, a refurbishment project funded by a GBP 250,000 bridging loan through *KIS Finance* could justify paying serviced interest if monthly rental income or sales progression cover these costs. On the other hand, a property purchased at auction requires fast completion, and rolled up interest products might be better for preserving day-one liquidity despite slightly higher overall costs.

European Business Magazine (EBM) highlights that execution speed often matters more than headline interest rates when trying to secure short-term funding for urgent chain breaks or competitive auction bids. Many bridging lenders such as those profiled by *NST Publishing Ltd* focus on speed and flexibility over tight cost structures.

Loan Size Ranges and Who They Suit

Bridging loans span a broad spectrum in size:

- **Small Bridging Loans (GBP 50,000 - GBP 250,000):** Often used for small refurbishments, auction deposits, or chain breaks where quick turnaround is critical.
- **Medium Bridging Loans (GBP 250,000 - GBP 5 million):** Suitable for larger residential portfolio acquisitions, multi-unit refurbishments, or partial development funding.

- **Large Bridging Loans (Above GBP 5 million, up to GBP 30+ million):** Commercial bridging, large-scale developments, or complex funding where specialist lenders like *KIS Finance* are often preferred.

Choosing rolled up interest bridging might make sense for smaller, cash-flow constrained projects, whereas larger loan borrowers often prefer serviced interest to maintain manageable monthly accounting and avoid excessive compounded debt.

Key Themes to Consider When Choosing Your Bridging Loan

1. **Bridging Loans for Auctions:** Speed is critical — lenders that can deliver funds in days, even with rolled up interest, unlock deals.
2. **Chain Breaks:** Minimizing upfront monthly payments with rolled up interest can help mitigate cash flow issues during chain delays.
3. **Refurbishments:** Monthly income streams from lettings often support serviced interest loans ensuring cost efficiency over the loan term.
4. **Execution Speed over Headline Rate:** The overall cost is important, but missing a deal due to funding delays is costlier. Fast approval and drawdown wins every time.
5. **Terms and Exit Strategy Planning:** Know your project timeline and exit route — whether selling, refinancing, or letting — to select the appropriate interest structure.

Conclusion

For a 9-month bridging loan, both rolled up and serviced interest structures offer pros and cons. Rolled up interest bridging loans typically feature a higher total cost due to compound interest but provide immediate cash flow relief and quicker fund access—ideal for auction purchases and chain breaks. Serviced interest loans, while requiring monthly interest payments, tend to be cheaper overall and suit refurbishment or development scenarios with predictable income flows.



KIS Finance, regularly featured in *NST Publishing Ltd* and *European Business Magazine (EBM)*, offers competitive bridging options across the GBP 50,000 to GBP 30 million range tailored for various borrower needs. Ultimately, execution speed, loan size, exit strategy, and <https://europeanbusinessmagazine.com/business/top-picks-for->

[bridging-loan-providers-in-2025/](#) your specific cash flow profile should guide the decision rather than headline interest percentages alone.

To stay updated on bridging finance trends and lender reviews, consider subscribing via the Beehiiv subscribe page and browse the latest market insights hosted on Issuu.