

Loanpad ISA investor key information

This document summarises some important things to know before deciding to open a Loanpad ISA.

This information is not a replacement for our ISA or investor terms and conditions. **Please read both the [ISA terms and conditions](#) and [investor terms and conditions](#) carefully before investing with Loanpad.**

Please note that Loanpad is not covered by the Financial Services Compensation Scheme (FSCS). As with any investment, your capital is at risk and your investment may go up or down in value.

ABOUT LOANPAD

Who we are

Loanpad Limited is a company incorporated and registered in England with company registration number 09479658. Our registered office is at 254-258 Goswell Road, London, EC1V 7EB.

We're authorised and regulated by the Financial Conduct Authority under firm reference number 741576. You can find more details about us on the [Financial Services Register](#).

We're also an ISA manager approved by HMRC under the ISA Regulations (1998).

What we do

Loanpad allows you as an investor to lend your money directly to borrowers using our platform – this is called peer-to-peer lending. We find, approve and fully manage all loans, including collecting and distributing payments to you.

We also fully manage your ISA account. You can invest your money in an innovative finance ISA (IFISA), provide you're eligible to open this type of ISA and are within your ISA allowance for the tax year.

Who we lend to

We offer loans to companies or individuals looking for short-term (3 to 18 months) property development, bridging or business funding. All our loans are shared with established property lenders (lending partners) and supported by property, which means we have tangible security to sell if we need to recover the loan and repay our investors.

Our model of sharing secured property loans with established lenders is designed to help protect your money so that our investors take the safer part of the loan (the senior tranche secured model).

We make comprehensive checks – such as credit checks, property valuations and legal due diligence – on all borrowers before approving loans.

Interest cover fund (ICF)

The Loanpad Interest Cover Fund (ICF) is a ring-fenced fund designed to cover any missed interest payments and protect the stability of your daily interest.

If a borrower falls behind with their repayments, this fund will cover the interest to you. It isn't a guarantee of interest always being paid – as the fund could become depleted.

If we make a payment out of the ICF, we'll continue to do all we can to recover that money from the borrower – and this will go back into the fund to replace money used.

The ICF doesn't cover the money you have invested in loans – this is protected as far as possible by the security (property assets) on each loan.

The Interest Cover Fund we offer does not give you a right to a payment so you may not receive a pay-out even if you suffer loss. The fund has absolute discretion as to the amount that may be paid including making no payment at all. Therefore, investors should not rely on possible pay-outs from the Interest Cover Fund when considering whether or how much to invest.

ABOUT ISAS

Innovative finance ISA

An ISA, or individual savings account, is a type of account that allows you to take income and profits free of income and capital gains tax. Each tax year, the UK government allows people who meet certain conditions to put a certain amount of their savings into ISAs.

There are four main types of ISA available to people in the UK: cash ISAs, stocks and shares ISAs, innovative finance ISAs and lifetime ISAs.

We offer the innovative finance ISA (IFISA) – this allows the interest you make through the peer-to-peer loans on our platform to be exempt from tax (income and capital gains).

Tax years

The tax year begins on 6 April each year and ends on 5 April (inclusive) of the following year. The current tax year runs from 6 April 2019 to 5 April 2020.

You can only add ISA funds to each current tax year's allowance (not previous or future years).

Annual ISA allowance

You can put up to £20,000 into ISAs in the current tax year. You can invest this in one type of ISA or spread it among different types, as long as you don't invest more than £20,000. This allowance doesn't include your ISA income (interest paid).

The yearly allowance doesn't roll over – it starts again for each tax year. The amount may change in future - see <https://www.gov.uk/individual-savings-accounts/overview> for the latest information.

This allowance only applies to new ISAs. There's no limit to how much you can transfer into a Loanpad ISA from ISAs opened in previous years.

ISA rule – one of each ISA type per tax year

You can split your yearly allowance between different types of ISAs, but you can only open one ISA of each type in each tax year.

This only applies to new money you're investing in ISAs. For example, you can move ISAs opened in previous years into an IFISA and also invest new funds in the same or a different IFISA – all in the same tax year.

Tax implications of an IFISA

The interest and any profits you earn from IFISAs will be exempt from income tax and capital gains tax. Please remember that your tax circumstances are personal to you, and the rules around tax could change. It's completely your responsibility to manage your taxes.

If you're unsure about how much tax you should be paying or whether a Loanpad IFISA is right for you, speak to an independent financial or tax advisor.

HOW A LOANPAD ISA WORKS

Opening a Loanpad ISA

When you sign up through our website and sign our investor terms and conditions, we'll set up a Loanpad account for you.

This will initially be a standard (non-ISA) account. Once you have a standard account, you can then open and activate an ISA account. (You can earn interest on Loanpad through a standard account alone, but this won't be tax-free.)

Apart from how you transfer and withdraw funds and the limits on how much you can put into your ISA account, the way the standard and ISA accounts work on Loanpad are exactly the same.

Your ISA application will cover both current and future tax years, as long as you invest in your Loanpad ISA each year. If you miss a year, the next time you want to put money into your ISA, you'll have to fill in a new application form.

Funding your ISA account

There are **three ways** to put money into a Loanpad ISA.

1 By putting money in your ISA cash account

Once you've moved money into your Loanpad standard cash account from your registered bank account, you can make a transfer from this account to your ISA cash account in the 'Cashier' section of your dashboard. You can then start earning interest in a Classic or Premium ISA account by moving in multiples of £10, starting with just £10.

2 By transferring a current tax year ISA from another ISA manager

You can transfer as many existing ISAs to Loanpad as you like – money you've invested in any type of ISA in the current tax year. We won't charge for this, although your other ISA manager may.

There are rules in place around these types of ISA transfers. One is that the transfer must be made directly between ISA managers – you can't withdraw the money and make the transfer yourself.

Please see our [ISA terms & conditions](#) for more information

3 By transferring ISAs from previous years

You can transfer as many ISAs (of any type) from previous tax years as you like – and up to any amount. Like with existing year transfers, this must take place between ISA managers – you can't make the transfer yourself. Your previous ISA manager may charge for the transfer.

The minimum amount for all ISA transfers into Loanpad is £100.

Putting new money into your ISA

To open a Loanpad ISA, you first have to transfer the money into your standard cash account. You can then move it from there into your ISA cash account, using the 'Cashier' section of your dashboard.

The amount of money you put into a new ISAs in any tax year has to be within the yearly ISA allowance. If you've also opened other types of ISAs with other ISA managers, you'll need to take these into account when you calculate how much of your allowance you've used.

The calculations you'll see in your dashboard are based on the amount you've invested in Loanpad ISAs, so it's important to keep track of your total ISA investments each tax year.

Transferring ISAs from another manager

You can transfer money from other ISA managers into your Loanpad ISA any time.

Current tax year ISAs

You can transfer funds from any type of ISA into Loanpad, and top these up with new money until you've invested up to the yearly limit in new funds. If you do this, you can't then put more money into any other IFISA – this is because of the 'one type of ISA each year' rule. This also means you can't move ISA money into Loanpad if you've already opened an IFISA with another ISA manager in the current tax year.

New ISA transfers have to be complete ISAs. In other words, you can only transfer the entire amount you've invested with another manager, including the interest earned.

Important: ISA transfers must be made directly between ISA managers – you can't withdraw the money and make the transfer yourself. If you do this, it might invalidate your tax-free status.

Previous year ISAs

You can transfer as many ISAs (of any type) from previous tax years as you like – and up to any amount. Like with existing year transfers, this must take place between ISA managers – you can't make the transfer yourself. Your previous ISA manager may charge for the transfer.

Transferring your Loanpad ISA to another manager

You can move your ISA to another manager any time, as long as the money is in your ISA cash account.

You'll need to contact your new ISA provider, who will then get in touch with us to make the transfer. We'll let you know when we've had a request through from another manager, and will take care of the entire process for you. While we aim to complete all transfers within 30 calendar days, the timings will depend on your new ISA manager.

Transfer fees

We don't charge for transfers into Loanpad ISAs from other managers or for transferring your Loanpad [ISA](#) to another ISA manager. However, other ISA managers may charge for transfers, so it's a good idea to check this before starting a transfer.

Taking money out of your Loanpad ISA

You can do this any time, as long as your money hasn't been allocated to a borrower or already loaned. The first step is to transfer your money from your Classic or Premium ISA account (or both) into your ISA cash account.

Under the flexible ISA rules, you can replace the money you've withdrawn from your ISA without this adding to your ISA allowance, as long as you do this in the same tax year.

Moving money from a standard lending account into Loanpad ISA account

Transfers from standard lending accounts to ISA accounts have to go through the cash holding accounts. So you'd need to move the amount you want to transfer from your standard Classic or Premium account into your non-ISA cash account, then from there to your ISA cash account and into an ISA Classic or Premium account. You can do this all with a few clicks in the 'Cashier' section of your dashboard.

Important: We can't guarantee being able to move your money immediately, as this depends on having available funds from loan repayments and new investments. From time to time, there may be delays in moving your money between different types of Loanpad accounts.

Going over the yearly ISA allowance

In your dashboard, you'll see a counter that tells you how much of your yearly allowance you have left. Please bear in mind that our calculations based only on your Loanpad ISAs, so it's important to keep track of your total ISA investments each tax year.

If you try to put more than your yearly allowance into your Loanpad ISA, we'll pause the process and ask you to reconsider how much you want to invest.

If you think you've gone over the allowance, let us know straight away. You should also let HMRC know using the ISA helpline: 0300 200 3312.

You may have the pay tax on the interest you earn on the amount over the limit, and also possibly pay a fine to HMRC.

Your tax returns and communicating with HMRC

As your ISA manager, we'll also keep HMRC informed on the status of your Loanpad ISA. Other than this, it's up to you to manage your taxes, including communicating with HMRC, filing tax returns and paying tax.

If you're unsure about how to handle tax, speak to HMRC or an independent financial or tax advisor.

Earning interest

Money in your ISA cash account doesn't earn interest – it's only when funds are in your ISA Classic or Premium account that you'll start earning interest.

You can see the yearly interest rates for our Classic and Premium at any time on our website and platform. You earn interest every day in both accounts.

Our rates could go up or down. We monitor our rates against the performance of the loans on our portfolio. If rates do change, we'll let you know in advance and clearly explain the reason for the change.

Cancelling your Loanpad ISA

You can cancel your ISA within 14 days of the day you opened your ISA account.

It's not possible to cancel when:

- your money has already been allocated to a loan
- or
- we've already received the funds you've transferred to us from a previous year's ISA

We'll transfer any current year ISA investments you've cancelled into your standard cash account – and this will no longer count towards your yearly ISA allowance. If you want to cancel previous year ISA investments moved to Loanpad from another ISA manager, we'll need to transfer these to another ISA manager.

Once the cancellation is complete, you'll still be able to open another IFISA – with Loanpad or another ISA manager – or a different type of ISA with another ISA provider. And you'll still have your yearly ISA allowance to work within.

If you close an ISA outside this 14-day cancellation period, it will still count as part of your yearly ISA allowance used.

If your ISA is invalid

If we discover that your Loanpad ISA doesn't satisfy ISA rules – for example, if you've gone over your yearly allowance – we'll let you know straight away. We'll first see if we can 'repair' your ISA to bring it in line with ISA rules – there may be a fee for this.

If this isn't possible, part or all of your ISA will officially become 'void' and you may have to pay tax. HMRC will contact you to confirm the details.

The actions we may take if some or part of your ISA is invalid include:

- Transferring all the money in your ISA account to a standard Loanpad account and closing your ISA account
- Transferring some of your ISA funds (including the interest earned on this money) from your ISA account to a standard account
- Transferring your ISA money (either all or some) back to your nominated bank account

It's completely your responsibility for paying any tax or penalties due to HMRC if we discover you have an invalid ISA. We're not responsible for this, or for any tax benefits you might lose, if we take the steps above.

If you move abroad

You must let us know straight away if you leave or are planning to leave the UK.

Under ISA rules, you can't invest in ISAs unless you're resident in the UK. So you can no longer put money into an ISA after the tax year that you move, unless you're replacing ISA money under flexible ISA rules. You can keep existing ISAs open and still enjoy tax relief on the interest you earn.

We'll continue to accept your ISA investments until the end of the tax year that you move abroad. If we discover that you moved abroad previously and have invested in a Loanpad ISA while living abroad, we'll move the related money (including interest earned) from your ISA account to your standard Loanpad account.

If you move back to the UK, you must confirm in writing that this is the case – and we may ask you to fill in a fresh application and investor declaration.

It's your responsibility to be clear about your residency with both us and HMRC. You can find out more about this on the [government website](#), including guidance on the statutory residency test.

Bankruptcy

If you're made bankrupt, you should let us know straight away and send us a copy of the court's bankruptcy order. Your estate will pass to a trustee, which we'll also need details about – either directly from you (support@loanpad.com) or from the court.

We'll close your Loanpad ISA account on the date the trustee takes over – and will be guided by them from that time. We may also need to bring your membership of Loanpad to an end. You won't lose the tax benefits you've already had on your earnings but may not be able to continue receiving them.

Death

If the worst were to happen, your Loanpad ISA will be designated a 'continuing account of a deceased investor'. This means that no more money can be added to the ISA and any interest earned after your death won't be exempt from tax. We will wait for instructions from the person who has Grant of Probate on what to do with your ISA account.

RISKS

The risk to your money

Lending money using the Loanpad platform should be seen as an investment. And, as with any investment, your capital is at risk and the value of your investment may go up or down in value. We do all we can to keep this risk to a minimum but we can't remove it completely.

The four main risks to bear in mind are: a loan not being repaid, a delay to withdrawing your money, the risk of lower than expected returns and economic factors.

Please see our [Risk Notice](#) and the [ISA](#) page for more information on these risks and the mechanisms we have in place to deal with them.

Please note that Loanpad is not covered by the Financial Services Compensation Scheme (FSCS).

Platform wind-down

To prepare for the unlikely event that a decision is taken to initiate a platform wind-down, we have a robust plan in place to manage the loans (alongside our lending partners) to ensure that the income generated from the loanbook is sufficient to cover the costs of managing the loans during the wind-down process.

We have incorporated into our analysis the reduction in Loanpad's daily income as the loanbook is wound down and we also have capital set aside (which will be increased with the size of the loanbook) to ensure that there are sufficient financial resources to conduct an orderly wind-down.

All of the money in Loanpad cash accounts is kept in a completely ring-fenced Barclays Bank UK account in line with FCA rules. This is kept 100% separate from our day-to-day operations and your cash holdings would be returned directly to you if we were to go out of business.

Please see our [FAQ](#) for more information.

CONTACTING LOANPAD

We're here to help

If you're unsure about anything to do with ISAs or how Loanpad works, you can find lots of useful information on our website, particularly in the FAQ section and in the [ISA](#) and [investor terms and conditions](#).

If you still have questions, feel free to contact our helpful client services team by emailing support@loanpad.com or calling 020 3829 4541.

If you need to contact HMRC, their ISA helpline is on 0300 200 3312.

If you have a complaint

We hope you'll be completely satisfied with your Loanpad experience. But if you're not, and would like to complain, please email complaints@loanpad.com with details of your complaint and your Loanpad account number.

We'll do our best to put things right for you straight away. If we haven't managed to do this in eight weeks, you can refer your complaint to the Financial Ombudsman Service. We'll give you information about how to do this both when we first acknowledge your complaint and when we send you our final response.

For more information about how we'll handle your complaint, please visit www.loanpad.com/complaints-policy