

## **Lendwise IFISA Terms and Conditions**

1. Introduction
2. Definitions
3. Members' Agreement and IFISA declaration
4. Appointment & Management
5. IFISA Eligibility
6. UK residency
7. IFISA Subscriptions
8. Transferring your ISA to Lendwise
9. Transferring your IFISA from Lendwise to another ISA Manager
10. Flexible IFISA
11. Withdrawals
12. Cancellation of the IFISA
13. Termination of the IFISA
14. Invalid or Void Subscriptions
15. Death of an IFISA Investor
16. HMRC statistical reporting

## 1. Introduction

1.1 These terms and conditions govern the opening and operation of an Innovative Finance ISA (“IFISA”) via Lendwise (“Lendwise IFISA”) by a Lender and form part of the Lendwise Terms and Conditions (“IFISA Terms”). Capitalised terms not otherwise defined in these IFISA Terms shall have the meaning given in the Lendwise “Lender Terms and Conditions” (a copy of which can be found here: <https://www.lendwise.com/legal>). All the provisions of the Lendwise Lender Terms and Conditions apply to the IFISA and these IFISA Terms, except to the extent that they are inconsistent with or modified by these IFISA Terms or the IFISA Requirements.

1.2 Lendwise is authorised and regulated by the Financial Conduct Authority (“FCA”) with firm registration number 782496, the authority to act as an ISA Manager has been granted and our HMRC reference is Z2028.

1.3 Lendwise is not covered by the Financial Services Compensation Scheme (“FSCS”).

## 2. Definitions

Capitalised terms not otherwise defined in these IFISA Terms or the Lendwise Lender Terms & Conditions (a copy of which can be found here: <https://www.lendwise.com/legal>) shall have the meaning given in this section:

“IFISA Manager” means an ISA Manager that manages an IFISA;

“ISA” means an Individual Savings Account within the meaning of the ISA Regulations;

“ISA Guidance Notes for Managers” means the guidance notes issued from time to time by HM Revenue & Customs to IFISA Managers on how to operate the ISA scheme, as amended or replaced from time to time;

“ISA Manager” means a firm that has been approved by HMRC to manage ISAs;

“ISA Regulations” means the Individual Savings Account Regulations 1998, as amended or replaced from time to time;

“ISA Requirements” means the ISA Regulations and ISA Guidance Notes for Managers;

“Lendwise IFISA Account” means a Lendwise Account that is used to accept and manage your IFISA Subscriptions;

“Subscription” means any cash paid into an ISA in the then current tax year.

“UK” means England, Wales, Scotland or Northern Ireland and does not include anywhere outside the UK, such as the Channel Islands or the Isle of Man.

## 3. Members’ Agreement and IFISA declaration

3.1 In accordance with the ISA Regulations it is necessary to obtain an ISA declaration from you to facilitate and enable the IFISA. The ISA declaration will be made by you as part of the IFISA application form that you must complete when applying for an IFISA via Lendwise and remains in effect until either:

- (a) The continuous Subscription chain is broken;
- (b) The Terms and Conditions are amended.

#### **4. Appointment & Management**

4.1 You hereby appoint Lendwise as your IFISA Manager for your IFISA and authorise Lendwise to undertake the associated functions in accordance with these IFISA Terms.

4.2 Lendwise undertakes to manage your IFISA in accordance with the IFISA Terms and the ISA Requirements.

4.3 In the event that an associate is appointed and substituted as IFISA Manager we will notify you 14 days in advance. The appointed associate will manage the IFISA in accordance with the IFISA Terms, or will notify you of any changes. We will satisfy ourselves that any person to whom we delegate any of our functions or responsibilities under the IFISA Terms is competent to carry out those functions and responsibilities.

#### **5. IFISA eligibility**

5.1 To be an eligible person to subscribe for an IFISA with Lendwise (“IFISA Investor”) you must:

- (a) successfully register as a Lender and agree to the Lender Terms and Conditions;
- (b) agree the IFISA Terms;
- (c) be an individual person over 18 years of age;
- (d) hold a valid National Insurance Number (“NINO”), or confirmation that you fulfil the criteria for not holding a NINO and:
  - (i) If you do not hold a NINO, or hold a NINO that is in an unrecognised format, you agree to declare the emergency NINO default and contact HMRC for assistance;
  - (ii) If you hold a Temporary NINO, you will notify us when you are provided with a permanent NINO;
- (e) satisfy one of the following residency qualifications:
  - (i) Ordinarily resident in the UK, as explained in section 6 (UK residency);
  - (ii) If not resident in the UK, be performing duties as a crown employee serving overseas and paid out of the public revenue of the UK;
  - (iii) Be married to, or in a civil partnership with a person who qualifies under 5.1(e)(ii);
- (f) In accordance with 5.1(e), if you no longer qualify as a UK resident, or expect to be Non-UK resident in the future we must be immediately notified in accordance with section 6 (UK residency).

5.2 You confirm to Lendwise that:

- (a) You meet the criteria explained in section 5.1;

(b) All information and declarations that have been confirmed to us are true and accurate;

(c) You have disclosed information that may be considered as adverse changes in your current financial status, and that have not been picked up as part of our Anti-Money Laundering and client verification checks; and

(d) You have understood that capital you use as an investment in an IFISA is subject to risk and loss and that you accept full responsibility for this (see our Risk Statement here <https://www.lendwise.com/invest/education>).

5.3 If any circumstances change in the aforementioned information and declarations you have provided you will notify us of these changes as soon as possible. Reasonable evidence of the change in circumstances may be requested by us.

5.4 The Loan investments in your IFISA will be, and must remain in, your beneficial ownership as an IFISA Investor and must not be used as security for a loan.

5.5 Information relating to the Loan investments in your IFISA will be accessible and shown in your Lendwise Account or as we may direct.

## **6. UK residency**

6.1 In order to qualify as an IFISA Investor you will need to confirm a valid UK address, the criteria for which are:

(a) A valid full personal address, with post code, as we cannot accept a business address for residency confirmation; and

(b) The IFISA Investor's actual address, as we do not accept addresses that are "Care Of" another party.

6.2 If you no longer qualify as UK resident or expect to become non-UK resident at a future date, or have ceased to perform duties as a Crown employee serving overseas, or have ceased to be married to, or in a civil partnership with, such a person as specified in section 5.1(e)(ii), you must notify us as soon as possible by email to [isa@lendwise.com](mailto:isa@lendwise.com).

6.3 If you become non-UK resident and have subscribed to your IFISA within the same tax year your current year Subscription will no longer be valid and will need to be removed in accordance with our procedure explained in section 14 (Invalid or Void Subscriptions). You agree that we have authority to act in accordance with section 14.

6.4 During the time of non-UK residency the IFISA can still remain active, and generate interest, but the following will not be able to occur until you are ordinarily UK resident again:

(a) ISA Subscriptions;

(b) Transfers in from another ISA Manager;

(c) Transfers out of current year Subscriptions to another ISA Manager.

6.5 In accordance with HMRC Regulations, if you become non-UK resident you self-certify the non-residency status for the entire duration of the tax year you have reported this in. Should you become UK resident again within the same tax year, you will not be permitted to

make an IFISA Subscription again until the next tax year; subject to agreeing a new application and declaration (as set out in Section 3.2).

6.6 Should you inform us of non-UK residency retrospectively then the tax year when non-residency status occurred will become invalid for IFISA Subscriptions. Any Subscriptions made within that tax year will be removed, regardless of your current residency status.

## **7. IFISA Subscriptions**

7.1 The IFISA Subscription allowance is variable and can change during the lifecycle of the IFISA. The Subscription process will never allow you to over-subscribe above the maximum limit allowed with us, on the assumption that you have not subscribed with another IFISA Manager for a different ISA component. The Website will display the maximum Subscription limit for each tax year.

7.2 The ISA Subscription can be split between the various ISA types including the Cash ISA, the Stocks and Shares ISA and the Innovative Finance ISA. This may be divided between the components in any ratio or exclusively utilised with one component. This is providing:

- (a) The overall maximum limit is not exceeded for the tax year.
- (b) No more than one ISA of each type is held for the tax year.

However, you are permitted to transfer your current year allowance between the components via an ISA transfer. Please see Section 8 for further information.

7.3 The minimum amount for an initial Subscription with Lendwise is £1, 000.

7.4 We will only accept Subscriptions of new money, remitted via electronic transfer to our nominated bank account. It is not possible to move existing Loans in your non-ISA Lendwise Account across to the Lendwise IFISA Account.

7.5 When the funds are credited to the IFISA this is considered as a Subscription. Whilst the funds remain on the IFISA account and are not the subject of a Loan investment, they will not generate or attract interest.

7.6 In the event of a Subscription that is made on the final day of the tax year, 5th April or the next working day (if this falls on a weekend or public holiday), providing the funds are cleared in our bank account (up to 23:59) these will count as an IFISA Subscription for that tax year. For Subscriptions in the following tax year, it is advised you do not forward these payments until the tax year has started.

7.7 You must ensure that you do not exceed your ISA Subscription limit for the tax year, either with us or as part of a combination with other ISA Managers. It is your responsibility to monitor your overall entitlement each tax year, as we do not have the facility to monitor any Subscriptions you make elsewhere. However, in the event that you remit funds that are over the maximum limit to us we will either:

- (a) Return the entire payment to you, and instruct you how much of your Subscription allowance remains for the tax year;
- (b) Return the excess funds to you;

(c) If you have a non-ISA Lendwise Account, transfer the funds to your non-ISA Lendwise Account and advise you accordingly

7.8 In the event that we are informed you have over-subscribed by yourself or another party, due to one of the excess Subscription conditions, you will be subject to the terms laid out in Section 14 (Invalid or Void Subscriptions).

7.9 It is also your responsibility to ensure you do not subscribe to more than one ISA of each type in a single tax year.

## **8. Transferring your ISA to Lendwise**

8.1 You may transfer your ISA Subscriptions held with another ISA Manager to us. We accept requests to transfer funds into your IFISA at our discretion. If the preceding ISA is a Stocks and Shares ISA or an IFISA then the relevant ISA investments must first be sold and the resulting cash transferred.

8.2 The transfer of ISAs to us can only be administered by us. Upon receipt of your request to transfer, we will contact the existing ISA Manager on your behalf. Please do not remove any funds yourself as this may invalidate your ISA. If you are in doubt with regards to the process please email [isa@lendwise.com](mailto:isa@lendwise.com)

8.3 You can transfer a combination of previous or current ISA Subscriptions made with another ISA Manager to us either:

- (a) In their entirety; or
- (b) All of the previous year Subscriptions only; or
- (c) Part of the previous year Subscriptions from £1,000; or
- (d) Current year Subscriptions only; or
- (e) A combination of (b) and (c) and (d).

If you intend to transfer current year Subscriptions then this must be for the entirety of the current year. We cannot transfer part of the current year Subscription as this breaches the one ISA of one type rule.

8.4 You may choose whether to accept additional income resulting from a Stocks and Shares ISA into your new IFISA or choose to have all additional proceeds paid directly to your nominated bank account. Additional funds may occur as a result of dividends, tax credits or interest on cash on deposit.

8.5 If you transfer your current year ISA Subscriptions with another ISA Manager to us the Subscription will now be held by us and reported to HMRC by us.

8.6 If the preceding ISA Manager operates a flexible ISA, and withdrawals have been made and not replaced within the current tax year, the flexible option will be lost and a new flexible agreement initiated with us based on a combination of the value of the funds received and ISA Subscriptions made with us. The preceding ISA Manager will report to us the flexible balance. Please refer to Section 10 (Flexible ISAs) for further information.

8.7 If you transfer to us your current year Subscriptions made to an ISA Manager in a Cash and/or Stocks and Shares ISA, the Subscription(s) will now be held with us in the IFISA component.

This means, assuming you have not reached the maximum allowed Subscription limit, you will be able to open a new Cash and/or Stocks and Shares ISA with another ISA Manager.

8.8 In the event that you have subscribed with another IFISA Manager in the same tax year, you will still be able to transfer the Subscription to us. If you have not utilised the full allowance you will be able to top up the remainder with us; once the existing current year funds have been successfully transferred across.

8.9 In the event that it is discovered, after completion of an ISA transfer from another ISA Manager, that an over-Subscription or double Subscription has occurred, these funds will be subject to Section 7.7 (ISA Subscriptions) and Section 14 (Invalid or Void Subscriptions). We may also choose to return the transferred funds to the preceding ISA Manager.

8.10 We are bound by the HMRC stipulated 'acceptable time period' to complete transfers within a satisfactory timeline (15 days). In certain circumstances a transfer may fall out of this stipulation as a result of the preceding ISA Manager's responsibility and controls.

8.11 We are bound by HMRC Regulations to receive a transfer history form from the preceding ISA Manager within 30 days of the transfer. If this has not occurred the transfer may be subject to conditions mentioned in Section 14 (Invalid or Void Subscriptions).

## **9. Transferring your IFISA from Lendwise to another ISA Manager**

9.1 You may transfer all or part of your existing IFISA with Lendwise to another ISA Manager, subject to any minimum transfer amount.

9.2 The transfer of your IFISA can only be administered by us and the receiving ISA Manager. You must complete the receiving ISA Manager's paperwork and they will liaise with us directly. Please do not remove any funds yourself as this may invalidate your IFISA.

9.3 In the event that your funds are not in cash and ready to transfer you will be required to sell the relevant Loan investments as set out in the Lender Terms and Conditions under the section titled "Loan Sale Process". There can be no guarantee that your loan investments will sell immediately, and this could result in a delay in the transfer and/or a loss.

9.4 If you transfer your current year IFISA Subscriptions with us to another ISA Manager these Subscriptions will now be held by the receiving ISA Manager and reported to HMRC by them.

9.5 If the receiving ISA Manager operates a flexible ISA, and withdrawals have been made with us and not replaced within the current tax year, the flexible option will be lost, and a new flexible agreement initiated with the receiving ISA Manager based on a combination of the value of the funds received and ISA Subscriptions made with them. We will report the flexible balance to them. Please refer to Section 10 (Flexible IFISAs) for further information.

9.6 If you transfer your current year Subscriptions made to us to a Cash or Stocks and Shares ISA Manager, the Subscription(s) will now be held with them in the relevant ISA component. This means, assuming you have not reached the maximum allowed Subscription limit, you will be able to open a new IFISA with another IFISA Manager.

9.7 If you choose to transfer your current year Subscriptions held with us to a different IFISA Manager the Subscription will then be treated as being held with them. If you have not utilised your full allowance, you will be able to do so with your new IFISA Manager, once the transfer is complete.

9.8 In the event that it is discovered by the receiving IFISA Manager, after completion of an IFISA transfer from us to them, that an over-Subscription or double Subscription has occurred you will be bound by their own IFISA Terms and Conditions. They may also choose to return the transferred funds to us, in which case you will be notified as to the process.

9.9 We are bound by the HMRC stipulated 'acceptable time period' to complete transfers within a satisfactory timeline of 15 days. The timeline for completion will take effect once any investments are sold and converted into cash. In certain circumstances a transfer may fall out of this stipulation as a result of controls that fall outside of our responsibility. In such a scenario we will endeavour to progress the transfer as quickly as possible.

9.10 We are bound by HMRC Regulations to issue a transfer history form to the receiving ISA Manager within 30 days of the transfer.

9.11 Where a transfer in has been requested from a Stocks and Shares ISA Manager, and the ISA holds units or shares in a UK UCITS, a non-UCITS retail scheme, or a recognised UCITS, dealings in which have been suspended in accordance with COLL 7.2 (or any direct foreign equivalent), the minimum period specified by the manager may be extended to 7 days after the suspension ends.

## **10. Flexible IFISA**

10.1 We operate a flexible IFISA, which means that any withdrawn funds can be replaced within the same tax year of withdrawal. If the withdrawn funds are not replaced the withdrawal will lose its flexible status for that tax year and be reset to the new balance at the beginning of the next tax year.

10.2 You may withdraw and replace any of the cash in your flexible IFISA inclusive of current year Subscriptions and previous year Subscriptions transferred in from other ISA Managers or in subsequent tax years.

10.3 Withdrawals will reduce current year Subscriptions first and then previous years Subscriptions.

10.4 Replacements will replace previous year Subscriptions first and then current year Subscriptions.

10.5 You can replace current year Subscriptions with any ISA Manager, providing you do not breach the one ISA of one type per year rule.

10.6 If you choose to transfer out to another ISA Manager, and they are not flexible ISA providers, you will lose your flexible allowance. You will be able to replace any withdrawn funds with us before the date of transfer.

10.7 Your flexible allowance is calculated from the net balance of your deposits and withdrawals to the IFISA, we will monitor the IFISA to ensure you do not oversubscribe with us.



10.8 You will not be required to complete an application form for each replacement of withdrawn funds under the IFISA Terms.

10.9 Where a flexible IFISA has current year Subscriptions only, any withdrawals over and above the amount subscribed (such as interest or growth), can only be replaced in that IFISA.

10.10 Replacement of previous year Subscriptions can only be made into the IFISA that the funds were withdrawn from.

10.11 In the event that a withdrawal closes the IFISA, the replacement of previous year funds cannot be made until the IFISA is re-opened with the IFISA Manager.

10.12 The flexible IFISA can replace withdrawn funds for Subscriptions, transfers in and interest payments. However, not all money that is withdrawn can be replaced. The following withdrawal types cannot be replaced:

- (a) Funds that are transferred out to another ISA Manager;
- (b) Payments to HMRC as part of a recovery process;
- (c) ISA cancellations;
- (d) Void Subscriptions (see Section 14 (Invalid or Void Subscriptions));
- (e) Payments requested by a court order.
- (f) Payments to cover fees and charges.
- (g) Monies removed by the ISA Manager to cover penalty charges

## **11. Withdrawals**

11.1 You may withdraw some or all of the funds in your IFISA to your nominated bank account at any time. However, subject to section 11.2, where Subscriptions have been invested in Loans that are current, this will be subject to the sale of such Loans under the section titled "Loan Sale Process" in the Lender Terms and Conditions.

11.2 As part of the flexible IFISA process (see section 10 (Flexible IFISA)), any withdrawals will be made from current year Subscriptions first and previous year Subscriptions last.

## **12. Cancellation of the IFISA**

12.1 You have the right to cancel this agreement and close your IFISA, without giving any reason, within 14 days commencing from the onset of your IFISA account (the 'cooling off period'), except where:

- (a) the cash has already been allocated to a Loan Offer as set out in the Lender Terms and Conditions under the section titled "Committed And Allocated Loan Offers".
- (b) we have received the cash as part of a transfer in from another ISA Manager (in which case section 9 (Transferring your IFISA from Lendwise to another ISA Manager) or section 11 (Withdrawals) would apply).

12.2 If you choose to cancel your IFISA within the cooling off period then the IFISA will be treated as if it had not been opened and will not be included as part of our IFISA reporting process to HMRC.

### **13. Termination of the IFISA**

13.1 After the cooling off period you may still choose to terminate your IFISA. If no Subscription has been made into the IFISA your IFISA will not be reported to HMRC.

13.2 We may terminate the IFISA under the IFISA Terms and Conditions at any time if any of the following applies:

- (a) Any part of the IFISA Terms and Conditions are breached;
- (b) You are notified of a breach by you of the Lendwise Lender Terms and Conditions and have failed to remedy the situation within any time period stated;
- (c) we have discovered or reasonably suspect that you are involved in or are the subject of, or a Subscription involves or is the subject of, any criminal activity;
- (d) You pass away (see section 15 below), are subject to a court order or an administration, insolvency or bankruptcy process.

13.3 Termination of the IFISA may or may not be subject to the sale of any or all of the relevant Loans as set out in the Lender Terms and Conditions under the section titled "Loan Sales Process".

### **14. Invalid or Void Subscriptions**

14.1 If a breach of the IFISA Regulations laid out by HMRC occurs, and is discovered by us, we will attempt to repair the Subscription in line with the ISA Requirements.

14.2 If the IFISA does not qualify for a repair, the IFISA Subscription (and in some cases the entire IFISA), may be partially or fully void. In this event the amount that has been declared void may no longer be exempt from tax relief and interest earned could be liable for taxation at the prevailing rates.

14.3 We must notify you if, by reason of any failure to satisfy the provisions of the ISA Regulations, an IFISA has, or will, become void, in which case, on your instructions and within the time stipulated by you:

- (a) the IFISA, or part of the IFISA, shall be transferred to another IFISA manager in accordance with the ISA Regulations relating to transfers (transfer rights in relation to non-cash innovative finance IFISA investments are available only as set out in the terms and conditions of the account); or
- (b) all or part of the investments held in the IFISA and proceeds arising from those investments shall be transferred or paid to you (withdrawal rights in relation to non-cash innovative finance IFISA investments are available only as set out in the terms and conditions of the account).

14.4 You agree that we are authorised to take the relevant action to either repair a Subscription or void an invalid Subscription. Any Loans related to the invalid funds will be sold as set out in the Lender Terms and Conditions under the section titled "Loan Sales Process".

- (a) Transfer the invalid funds to your non-ISA account; or
- (b) Remit the proceeds to your nominated bank account.

We are not able to directly transfer the funds for previous year voids directly into a current year IFISA. The funds will first have to be redeemed and transferred outside of the IFISA environment.

14.5 In the event that all or part of your IFISA is declared void, you will retain all responsibility for payment of tax due to HMRC. We will provide you with a Consolidated Tax Voucher equivalent which will provide a breakdown of the funds you have received tax relief for, which should be forwarded on directly to HMRC. We will also not be responsible for any tax benefits that are lost as a result of a partial or full void.

14.6 If you discover that you have over-subscribed for the current or previous tax year you must notify us as soon as possible.

14.7 You must not take any action to repair any discoveries made by you regarding an over-Subscription. You may not be in possession of the full facts, and there may also be further considerations to take into account; and corrections made by you may not repair the problem or may be unnecessary. In all circumstances, please contact us and we will advise you of the correct process.

14.8 If we are notified by HMRC to partially or fully repair, or partially or fully void your ISA, we will assume responsibility for this process and notify you of the action taken as per section 14.5. HMRC will also contact you directly.

14.9 If we are notified by HMRC, further to an audit or their own discovery, of a breach of the ISA Requirements it may be necessary to terminate or partially withdraw funds from your IFISA. A breach of ISA Requirements could be deemed as including any of the following:

- (a) Residency status breaches;
- (b) Incorrect personal details or failure to update a change in circumstances;
- (c) Repeated patterns of over-Subscriptions;
- (d) Cases of fraud or any various HMRC breaches.

## **15. Death of an Investor**

15.1 Where the client dies on or after 6th April 2018 the ISA will remain a “continuing account” of the deceased investor until the earlier of:

- (a) The completion of the administration of the deceased estate;
- (b) The closure of the continuing account;
- (c) The 3rd anniversary of the death of the ISA client

15.1.1 No subscriptions, including replacement flexible subscriptions, can be made into a “continuing account of a deceased investor”. However, active management of the investments already held within the account may continue subject to the terms and conditions of the account.

15.1.2 Funds held within a continuing account of a deceased investor continue to benefit from ISA tax advantages. Any interest in respect of investments in a continuing account of a deceased investor is exempt from tax.

15.1.3 Personal Representatives cannot request the transfer of a “continuing account of a deceased investor” to an alternative ISA manager. However, these accounts can be included as part of a bulk transfer when an ISA manager ceases to qualify or otherwise transfers their ISA book.

15.1.4 If, after a period of three years, the administration of the account is ongoing and the account has not been closed, the account will cease to be a continuing account of a deceased investor. In these circumstances, on the next working day following the third anniversary of the deceased’s death, the ISA manager must remove the ISA wrapper from the account and all subsequent income or gains will then become taxable in the hands of the estate.

15.2 Upon receipt of the Death Certificate and executor's instructions to sell the Loans in the account, the Loans will be sold as set out in the Lender Terms and Conditions under the section titled “Loan Sales Process” and the Lendwise IFISA Account closed and all the proceeds will be moved to the non-ISA Lendwise Account as one generic deceased account, if such an account exists.

15.3 Before we can release any funds to the estate we require the following:

(d) Certified copy of the Death Certificate;

(e) Sealed copy of the Grant of Probate;

(f) Executor(s) written instructions;

(g) If there is only one executor we require a copy of the Last Will and Testament.

15.4 Following the transfer of funds to the non-ISA Lendwise Account we will then only accept instructions from your appointed personal representative. If there is more than one executor attached to the probate we will require authority from all executors to release the funds.

## **16. HMRC statistical reporting**

16.1 In accordance with HMRC Regulations, we are required to report details of all IFISA Subscriptions and the personal details of our IFISA Investors on an annual basis. All data is submitted in a secure format via the HMRC portal. You acknowledge and agree that your details will be submitted and that we will not require any further authorisation from you to release this information.

16.2 You may be contacted by HMRC or ourselves for further clarification regarding missing, incomplete or incorrect details. You acknowledge that you will provide clarity if we contact you for this reason.