

## Key Lender Information

The purpose of this **Key Lender Information** document is to focus your attention on some of the important things you should know before deciding to lend your money on the Lending Works platform.

**This document does not form part of, and is not a replacement for, our Lender Platform Terms and Conditions. You should read the [Lender Platform Terms and Conditions](#) in full before proceeding.**

### Who we are

Lending Works Limited is a company incorporated and registered in England with company registration number 8302549 whose registered office is at 60 Gray's Inn Road, London, WC1X 8AQ.

We are authorised and regulated by the Financial Conduct Authority under firm reference number 723151. You can find more details about us on the [Financial Services Register](#).

### What we do

Lending Works operates a peer-to-peer lending platform which allows you as an investor to lend your money directly to borrowers using our platform. We will take all required steps to complete the loan. We will also service and manage the loan and collect and distribute repayments to you.

You can obtain further details of the services we will provide you as an investor in section 13 of our [Lender Platform Terms and Conditions](#).

### You will be lending your money to UK consumers

Lending Works only offers loans to UK consumers. All borrowers are subject to comprehensive checks before being approved and matched to investors. This includes credit checks with credit reference agencies, identity checks and creditworthiness and affordability assessments taking into account income and outgoings.

We do not lend to businesses or in relation to property.

### As with all forms of investment, your capital is at risk

Lending money using a peer-to-peer lending platform should be treated as an investment and as with all investments your capital is at risk.

Lending Works is authorised and regulated by the Financial Conduct Authority. However, peer-to-peer lending is not covered by the Financial Services Compensation Scheme (FSCS).

While the Lending Works Shield helps protect you against borrower missed payments and defaults, this does not provide a guarantee against losses on your loans.

## How the loan matching process works

To start lending you'll need to add funds to your Lending Works Account. You will then need to make a lending offer which we can match to creditworthy borrowers using the Lending Works Platform. To make a lending offer you will need to follow the designated process set out in your Lending Works Account.

We may allocate part or all of your lending offer to one or more individual borrowers. You may withdraw part or all of any lending offer before it has been allocated. Once allocated you cannot withdraw, and unless the borrower decides not to proceed with the loan, a loan agreement will be formed.

### **You should only make lending offers if you intend to be bound by the resulting loan agreement(s).**

We may in some instances match you to an existing borrower, where the lender under the loan agreement has used the Quick Withdraw facility. This will not impact your investment or how you lend your money. If the interest rate on the loan being assigned is less than that currently available on the website, you'll receive a one-off credit representing this difference in interest over the remaining term of the loan.

You can obtain further details of the lending process in the Help Centre in your Lending Works Account and in section 9 of our [Lender Platform Terms and Conditions](#).

## You may be allocated loans over different terms

You will need to choose whether to lend on loans "up to 3 years" (e.g. 6, 12, 24 or 36 months) or "up to 5 years" (e.g. 48 or 60 months). You will be allocated loans as they become available on the Lending Works Platform so your loans might be over different terms; however, the interest rates you receive on each loan will not be affected. If you are allocated a shorter-term loan you can always re-invest these funds as they become available.

## Your loans may have different repayment profiles

Lending Works offers different types of loans with different repayment profiles. For example, you may be allocated:

- Loans with repayments of capital and interest each month; or
- Loans with monthly repayments of interest and repayment of capital at the end of the term

Your loan book summary within your Lending Works Account will include details of the repayment profile of your specific loans.

You can obtain further details of how repayments will be made in sections 16 and 19 our [Lender Platform Terms and Conditions](#).

## **You may receive repayments earlier than expected**

Borrowers can make overpayments or settle their loans early at any time, without charge. This means you might receive your money back earlier than expected. You can either re-lend or withdraw these funds as they become available.

## **Loan repayments should be reinvested or withdrawn**

You will receive regular repayments on your loans which will be repaid to your Lending Works Wallet by default. **Funds in your Wallet do not earn interest.**

You can either manually re-invest these repayments or use the Auto Lend facility in your Lending Works Account. Alternatively, you can withdraw these funds to your bank account or use our Auto Income facility and this will be done for you automatically.

For more details about these facilities please refer to the relevant sections in the Help Centre in your Lending Works Account. You can also find more information in section sections 16, 17 and 18 of our [Lender Platform Terms and Conditions](#).

## **Using Auto Lend may extend your lending term**

By re-lending your repayments you are agreeing to enter into new loan agreements with a maximum term according to your Auto-Lend settings. This may mean that your funds are on loan for longer than you had initially specified.

## **Your funds will be held in a segregated client account**

Any funds you transfer into your Wallet and any repayments you receive on any loans you have made will always be held by us in a segregated client bank account with a major UK bank (currently NatWest). These funds are ring-fenced from the day-to-day operations of Lending Works and cannot be used for any other purpose.

## **You are responsible for paying any tax due on your interest**

It remains your responsibility to pay any tax due on interest received on loans you make using our platform. We will not deduct any tax from any interest or other sums paid to you.

Interest received by you may not be taxable if you are able to use your Personal Savings Allowance or invest within your Lending Works ISA. Further details about these can be found in our [Quick guide to paying tax on P2P income](#).

**The tax treatment depends on your individual circumstances and may be subject to change in future.**

If you have any questions on taxation, you should seek advice from an independent financial or tax advisor.

## What returns you can expect

The rate at which you select to lend when you make a lending offer (lender rate) is the **annualised expected rate of return** published on our website, which is based on the following:

- (a) It assumes that you will re-lend all repayments of capital and interest at the same rate and over the same term;
- (b) It assumes that any bad debt is covered by the Lending Works Shield; and
- (c) It does not consider the impact of any tax payable on interest received.

## Our rates are updated weekly

Any lending offer you make will be at the latest interest rate available on the Lending Works website for the selected term.

Our interest rates are updated on a weekly basis so any repayments reinvested may be at a different rate. Any existing loans made will not be affected by changes to our interest rates.

We will send you a weekly email notifying you of the rates for the coming week.

## Funds not on loan and loan repayments can be withdrawn at any time

Funds in your Wallet may be transferred back to your nominated bank account at any time using the designated process set out in your Lending Works Account.

Funds which are repaid under loan agreements will, unless you have activated the Auto Lend facility, be returned your Wallet and can therefore be transferred back to your nominated bank account. Alternatively, you can make further lending offers using these funds.

## We cannot guarantee access to your funds before they are fully repaid

You have the ability to exit a loan agreement by selling your rights as lender under the loan agreement to another person. We call this **Quick Withdraw**.

To access funds still on loan using Quick Withdraw you must follow the designated process in your Lending Works Account.

You can only do this if there is an available buyer on the Lending Works platform. This is not guaranteed by us. In the event that there is no available buyer, access to your funds will only be available as funds are repaid by the borrowers on your loans.

The sale price will be the amount outstanding. You will be charged a fee of 0.6% of the total amount withdrawn. If the current Lending Works rates are higher than those on your contracts, you'll also have to pay the difference to the purchasing lender.

For further details about Quick Withdraw please see section 15 of the [Lender Platform Terms and Conditions](#).

## **The Lending Works Shield does not provide a guarantee against losses**

The Lending Works Shield is an arrangement between us and Lending Works Trustee Limited which is designed to provide consumer lenders with a high level of protection against borrower non-repayment.

Whenever a borrower misses a payment, the Shield will step in and make the payment instead. We will continue to attempt to recover the funds from the borrower.

Since we launched in January 2014, the Shield has ensured that every capital and interest payment due to lenders has been received on time. We work hard every day to ensure that we will always be able to make this statement.

**However, the Lending Works Shield is not a guarantee.**

## **Interest Rate Top-Ups**

In most cases, the interest rate receivable by you will be the same as the interest rate charged to and payable by the borrower, as set out in each of the loan agreements which are made from your lending offers.

However, in certain circumstances, your lending offer may be matched to a borrower under a loan agreement which has an interest rate which is less than the interest rate receivable by you. However, you will not lose out on any interest - in these cases, Lending Works will pay you any interest rate shortfall on each such agreement as interest falls due each month. We refer to this as an "Interest Rate Top-Up".

Interest Rate Top-Ups will be applied automatically and you do not have to take any action. All sums shown in your Lending Works Account as paid or due and payable in relation to each loan agreement will be shown as inclusive of any Interest Rate Top-Up.

## **We'll take care of any missed repayments on your loans**

Where a borrower fails to make a repayment under the loan agreement we will take all required steps to collect the repayments. This includes instructing an external debt collection firm to assist us.

In most cases, this will not impact your return as the Lending Works Shield will step in and make the missed payments to you instead. Any funds we do recover from the borrower, in relation to which you have already received payment from the Lending Works Shield, will be paid to the Lending Works Shield.

## **We provide lots of information and statistics to help you make informed decisions**

Check out our [Statistics Pages](#) which include all sorts of useful information about our lenders, borrowers, loans (including access to our full loan book) and past loan performance. You should consider any assumptions we have made when providing these statistics, which will be stated where relevant. **Please remember that past performance is not a reliable indicator of future results and forecasts are not a reliable indicator of future performance.**

## **We will not charge you fees for lending**

We will not charge you for membership of the Lending Works platform or for entering into loan agreements as lender.

We may however charge an arrangement fee to the borrower, which will also be financed under the loan agreement.

Alternatively, we may take an interest rate margin on the loan agreement. You will receive the interest rate set out on our website (lender rate), but the interest charged to the borrower under the loan agreement may be higher than the lender rate, providing us with an interest rate margin as our remuneration.

You may incur fees and charges if you wish to exit any loan agreements early, as set out in the Quick Withdraw section above.

You can obtain further details of our fees and charges in section 20 of our [Lender Platform Terms and Conditions](#).

## **Cancellation and termination**

You can cancel your membership of the Lending Works Platform, without giving us any reason, within 14 days beginning on the day after the date on which you become a member of the Lending Works Platform. You can do this via your Lending Works Account or by emailing [cs@lendingworks.co.uk](mailto:cs@lendingworks.co.uk). You will lose this cancellation right once you have made a lending offer which is allocated to a borrower.

You can terminate your membership at any time by giving us notice, provided you have no allocated lending offers and no loan agreements currently in force.

You can obtain further details about this and our right to terminate your membership, in section 25 of our [Lender Platform Terms and Conditions](#).

## **Your loan agreements remain enforceable even if Lending Works ceases trading**

In the unlikely event that the Lending Works platform were to fail or cease operating for any reason, including Lending Works becoming insolvent as a firm, responsibility for management, servicing and collection of outstanding loans would be transferred to a third party back-up service provider with whom we have in place a back-up servicing arrangement.

You can obtain further details of our third party back-up service arrangements in section 27 of our [Lender Platform Terms and Conditions](#).

## **Investing within an ISA (the “Innovative Finance ISA”)**

If you are entitled to open a Lending Works ISA we will make this available through your Lending Works Account. Further information about our ISA is available [here](#).

The Lending Works ISA is subject to a further set of ISA Terms and Conditions which you will need to agree to when setting up your ISA account.

## Managing conflicts of interest

How we manage conflicts of interest is set out in our Conflicts of Interest Policy, which can be found [here](#).

## We're here to help

If you're unsure about anything you can find lots of useful information on our website:

- [Lender FAQs](#)
- Help Centre in your Lending Works Account
- [Lender Platform Terms and Conditions](#)

Still confused? Feel free to contact our friendly Customer Service team. Call us on 020 7096 8512 or email us at [cs@lendingworks.co.uk](mailto:cs@lendingworks.co.uk).

## Complaints

If you want to make a complaint about Lending Works or any loan agreement, you can e-mail us at [cs@lendingworks.co.uk](mailto:cs@lendingworks.co.uk) with brief details of your complaint and your Lending Works Membership Number.

For full details of our complaints procedure including how we deal with your complaint, please visit [www.lendingworks.co.uk/complaints](http://www.lendingworks.co.uk/complaints).

If we cannot resolve your complaint within 8 weeks of receiving your complaint, you have the right to refer your complaint to the [Financial Ombudsman Service](#). We will provide you with further details about this when dealing with your complaint.