

**RISK WARNING:** Don't invest unless you're prepared to lose money. This is a high-risk investment. You may not be able to access your money easily and are unlikely to be protected if something goes wrong. [Take 2 minutes to learn more.](#)

## PROPLEND IFISA TERMS

1. Introduction
2. Definitions
3. Proplend Members' Agreement and IFISA declaration
4. Appointment & Management
5. IFISA Eligibility
6. UK residency
7. IFISA Subscriptions
8. Transferring your ISA to Proplend
9. Transferring your IFISA from Proplend 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 Proplend ("**Proplend IFISA**") by a Proplend Member and form part of the Proplend Members' Agreement ("**IFISA Terms**"). Capitalised terms not otherwise defined in these IFISA Terms shall have the meaning given in the Proplend Members' Agreement. All the provisions of the Proplend Members' Agreement 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.

Proplend is authorised and regulated by the Financial Conduct Authority ("**FCA**") and entered on the Financial Services Register under firm registration number 726646, the authority to act as an ISA Manager has been granted and our HMRC reference is Z1935.

- 1.2 Proplend is not covered by the Financial Services Compensation Scheme ("**FSCS**").

### 2. Definitions

Capitalised terms not otherwise defined in these IFISA Terms or the Proplend Members' Agreement 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.

**“Proplend IFISA Account”** means a Proplend 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. Proplend 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 Proplend 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 Proplend as your IFISA Manager for your IFISA and authorise Proplend to undertake the associated functions in accordance with these IFISA Terms.
- 4.2 Proplend 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 Proplend (“IFISA Investor”) you must:
  - (a) successfully register as a Member and agree to the Proplend Members’ Agreement.
  - (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 Proplend 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).

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 Contracts 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 Documents evidencing title to your IFISA Loan Contracts will be held by us or as we may direct.

## **6. UK residency**

- 6.1 In order to qualify as an IFISA Investor you will need to confirm and evidence that you reside at a valid UK address.
- 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@proplend.com](mailto:isa@proplend.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 Subscription process will never allow you to over-subscribe above the maximum annual ISA limit with us. The Platform Website will display the maximum Subscription limit for each tax year. This limit does not take into account any other ISA subscriptions you make with any other ISA Managers in the same tax year, IFISA or otherwise, it is up to you to manage your maximum annual ISA subscription limit.
- 7.2 The ISA Subscription can be split between the various ISA types including the Cash ISA, the Stocks and Shares ISA, Lifetime ISA (LISA) and the Innovative Finance ISA (IFISA). This may be divided between the components in any ratio or exclusively utilised with one component. This is providing that the overall maximum allowance limit (currently £20k) is not exceeded for the relevant tax year.
- 7.3 We will only accept Subscriptions remitted via electronic transfer to our nominated bank account. Under HMRC rules, it is not possible to directly transfer existing Loan Contracts held within your non-ISA Proplend Account across to the Proplend IFISA Account.

- 7.4 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 Contract, they will not generate or attract interest (except bank interest).
- 7.5 If you subscribe up to midnight on the last working day of the tax year and the funds are received by electronic means and cleared in our receiving bank account on that day, then this will count towards your IFISA Subscription for that tax year. Please do not attempt to pre-pay funds for the next tax year or combine both tax years in one payment. tax.
- 7.6 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) Subject to the funds not already being invested, return the entire payment to you and instruct you how much of your Subscription allowance remains for the tax year. If the funds have been invested, then we will place the loan parts for sale on the Proplend Loan Exchange, and upon realisation of the sale proceeds, return them to you.
  - (b) Return the excess funds to you.
  - (c) Transfer the funds to your non-ISA Proplend Account and advise you accordingly.
- 7.7 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).

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

- 8.1 As well as your permitted ISA subscription allowance you also have the option to transfer in any existing ISA money held with another ISA Manager to your Innovative Finance ISA held with us. We accept requests to transfer funds (by electronic means) into your IFISA at our discretion.
- 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.
- 8.3 You can transfer a combination of previous and or current year ISA Subscriptions made with another ISA Manager to us either in their entirety or in part.
- 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 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.
- 8.8 In the event that it is discovered, after completion of an ISA transfer from another ISA Manager, that an over-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.
- 8.9 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.
- 8.10 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 Proplend to another ISA Manager**

- 9.1 You may transfer all or part of your existing IFISA with Proplend 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 Contracts via the novation process in clause 7 of the Proplend Members' Agreement. This could result in a delay in the transfer and/or a loss.
- 9.4 If you transfer your current or previous 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 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 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 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.

- 9.7 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.
- 9.8 We are bound by HMRC Regulations to issue a transfer history form to the receiving ISA Manager within 30 days of the transfer.

## **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 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.
- 10.6 You will not be required to complete an application form for each replacement of withdrawn funds under the IFISA Terms.
- 10.7 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.
- 10.8 Replacement of previous year Subscriptions can only be made into the IFISA that the funds were withdrawn from.
- 10.9 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.
- 10.10 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 lent under Loan Contracts that are current, this will be subject to the sale of such Loan Contracts by novation under clause 7 of the Proplend Members' Agreement.
- 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 of funding your IFISA account (the 'cooling off period'), except where:
  - (a) the cash has already been allocated to an Offer under clause 4 of the Proplend Members' Agreement.
  - (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 Proplend 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 Proplend Members' Agreement 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 Loan Contracts under clause 7 of the Proplend Members' Agreement.

#### **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 20%.

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 Loan Contract(s) related to the invalid funds will be sold via the novation process in clause 7 of the Proplend Members' Agreement and you may instruct us to either:

(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 Rules introduced state that post the date of where 6<sup>th</sup> April 2018 for any client's death who hold an ISA, then 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 Upon notification of death, access to the continuing account will be suspended pending confirmation of the Executor and receipt of the Grant of Probate (if applicable). 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 Additional Permitted Subscriptions (APS) can be made by a surviving spouse or civil partner using sums they have inherited or other cash they have. An APS allows you to

inherit an ISA allowance left behind by your spouse or civil partner. Even if your spouse or civil partner leaves their ISA funds to someone else, you'll still inherit the ISA allowance that they've built up over the years.

- 15.1.4 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.
- 15.1.5 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 the IFISA Loan Contracts will be sold via the novation process in clause 7 of the Proplend Members' Agreement and the Proplend IFISA Account closed, and all the proceeds will be moved to the non-ISA Proplend Account as one generic deceased account.
- 15.3 Before we can release any funds to the estate, we require the following:
  - a) Certified copy of the Death Certificate.
  - b) Sealed copy of the Grant of Probate.
  - c) Executor(s) written instructions.
  - d) 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 Proplend 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 us for further clarification regarding missing, incomplete or incorrect details. You acknowledge that you will provide clarity if we contact you for this reason.