

Financial Services Consumer Panel

AN INDEPENDENT VOICE FOR CONSUMERS OF FINANCIAL SERVICES

Telephone: 020 7066 9346
Email: enquiries@fs-cp.org.uk

ISA peer-to-peer consultation
Pensions and savings team
HM Treasury
1 Horse Guards Road
London SW1A 2HQ

12 December 2014

Dear Sir/Madam

ISA qualifying investments: consultation on including peer-to-peer loans

This is the Financial Services Consumer Panel's response to HM Treasury's consultation paper on making peer-to-peer loans eligible for inclusion within Individual Savings Accounts (ISAs).

Peer to peer lending can be a valuable part of meeting demand from both savers and borrowers and the Panel welcomes this proposal to increase competition, by creating more choice for ISA savers.

In order to create more choice, however, the peer-to-peer ISA option should not prevent savers from also taking out either a stocks and shares ISA or a cash ISA. Savers should be free to choose how they spread their total annual ISA subscription across the three ISA types. This would not only increase choice but it should also highlight the fact that there are differences between the three ISA options.

The Panel welcomes the proposal to make the provision of advice to people who save through peer-to-peer platforms a regulated activity. It is important that anyone considering saving in a peer-to-peer ISA understands the risks associated with it, and they should be covered by appropriate levels of protection.

Given the potential risks savers face with peer to peer lending to both businesses and individuals, FCA regulations require consumers to certify that they are not putting more than 10% of their net investible assets into any platform providing peer-to-peer loans. The Panel believes savers should be clearly informed that they should stay within this limit.

The Panel agrees that it is important that new rules should be proportionate and not stifle growth. However, we also welcome the FCA's intention to review the impact of the regulatory framework for peer-to-peer platforms and consider whether the remit of the FSCS should be expanded to include peer-to-peer lending in 2016.

Yours faithfully



Sue Lewis

Chair
Financial Services Consumer Panel