

Lord Myners  
House of Lords  
London  
SW1A 0PW

20 August 2019

**RE: Lendy Ltd**

Thank you for the questions that you have posed to Her Majesty's Government in relation to Lendy Ltd. The responses below will be laid in the House of Lords Library for reference. In view of your questions, the recent release of the Joint Administrators' report and ongoing public interest in the matter, I have also published my letter of 30 July to you on Lendy Ltd on the Financial Conduct Authority (FCA) website<sup>1</sup>.

***To ask Her Majesty's Government, further to the Financial Conduct Authority's (FCA) letter as part of the Written Answer by Lord Young of Cookham on 24 June (HL16212), whether the FCA was (1) informed, or (2) otherwise aware, that investors via Lendy Limited were creditors to a peer-to-peer platform; and whether such information could have been determined from the accounts of Lendy Limited***

The administrators of Lendy are currently considering the exact legal status of investors based on their contractual positions, and that this will likely determine whether or not they are creditors of Lendy. The FCA had previously identified that retail lenders' investments, and the loans facilitated on the Lendy platform, were showing on Lendy Ltd's balance sheet. After discussion with the firm's auditors, it was proposed that these corresponding investments and loans would be removed from the firm's accounts for the period ended 31 December 2018, with the comparative position in the 2017 accounts being restated accordingly. The firm's accounts for the year ending 31 December 2018 had not been filed at the point the firm entered administration, and the accounts for the year ending 31 December 2017 have not been restated. Therefore those filed still show the loans and investments on balance sheet.

***To ask Her Majesty's Government whether they or the Financial Conduct Authority have monitored rates of return projected by peer-to-peer lenders over the last two years; and whether such returns were assessed as to the (1) reasonableness of the projection, and (2) business record and experience of those managing the lending platform***

As we noted in our [press release of 4 June 2019](#), when the FCA set its first rules for P2P we committed to keep these under review as the sector evolved. Over the last few years, P2P investors have been attracted by the potential to receive returns significantly in excess of those available through other investment types. Following consultation with industry stakeholders, the new rules we introduced in June 2019 are designed to help better protect

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<sup>1</sup> <https://www.fca.org.uk/publication/correspondence/lord-myners-lendy-ltd.pdf>

investors and allow firms and fundraisers to operate in a long-term, sustainable manner. This includes a greater emphasis on risk management and pricing and, importantly, its related disclosure. Our supervisory work will also continue to consider the relative risks and returns offered by P2P platforms. The experience of the senior managers of any firm, including a P2P firm, is considered as part of our authorisation process, and also assessed as part of the subsequent supervision of that firm.

**To ask Her Majesty's Government what steps they took to stop Lendy from declaring dividends to pay capital to that firm's owners when Lendy was under review by the Financial Conduct Authority (FCA); and whether the FCA intends to compensate any lenders who did not receive full remediation payments as a result of a shortfall in capital**

We are carrying out an Enforcement investigation into the circumstances that led to the administration of Lendy, and it would therefore be inappropriate to comment further on those matters under investigation. Our primary focus remains the protection of investors. The FCA will not be compensating lenders for any shortfall in the firm's remediation plan.

I hope that this is helpful.

A handwritten signature in black ink that reads "Andrew Bailey". The signature is written in a cursive style with a prominent loop at the end of the name.

**Andrew Bailey**  
**Chief Executive**