



KEY FEATURES OF THE HARTLEY INNOVATIVE FINANCE ISA

Provided and managed by Hartley Pensions Limited, administered by Hartley-SAS Limited

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Please read the following document carefully to ensure that a Hartley Innovative Finance ISA is the correct product for your investment needs. If you require any more information or clarification before you make your decision, please do not hesitate to contact us.

What is an Innovative Finance ISA?

An Innovative Finance Individual Savings Account or ISA (sometimes referred to us as a Hartley Innovative ISA) is a savings vehicle through which you can hold loan repayments, interest and gains from peer-to-peer loans, without being subject to tax. An Innovative Finance ISA allows lenders to be matched with borrowers so that each party enjoys better rates within the regulations. This investment may be suitable for those who are prepared to expose their portfolio to a high level of risk for potentially higher returns than can be expected from the stock market.

Your commitment

We expect you to read our Hartley-SAS Limited Terms and Conditions, this Key Features Document and any other documentation which we provide you with, very carefully. All of our terms and forms are on our website: www.hartleypensions.com

You should be aware of the risks attached to a Hartley Innovative Finance ISA and be comfortable with the fact that the value of your investments could drop as well as rise. You cannot contribute any more than the annual ISA allowance in any given year. **We are not authorised to give you any financial or tax advice or guidance, including advice or guidance in relation to your choice of ISA or your choice of investment/s.** We recommend that you seek advice from an FCA-authorized financial advisor or qualified tax advisor, if necessary. It is also prudent to review your ISA on a regular basis to ensure that it is the correct product for your investment needs. By choosing to open a Hartley Innovative Finance ISA, you are agreeing to be bound by our Terms and Conditions and to make fee payments as and when requested by us.

Risk

Investments can fall as well as rise, and you may find that the value of your Hartley Innovative Finance ISA does not meet your investment expectations. Past performance of investments is not necessarily an indication of future performance.

You should also consider how long you are required to hold a particular investment and if this is suitable for your lifestyle and investment aims. You should also be aware that the investment/s you choose may pose a liquidity risk eg. you should consider the timespan of your investment/s and how easily you can disinvest should you wish to do so. As discussed above, we do not give financial or tax advice. We may be asked to pass on information to you from a particular investment platform; this information should not be construed as us giving advice or recommendations of any sort. Your ISA investments shall be registered in the name of a Nominee Company on your behalf, Hartley ISA Trustee Limited (company number 10392834). Although this company is the legal owner of the investments, you as the investor remain the beneficial owner of the investments. This structure is used for safe custody of your investments. Any bank accounts within your ISA are designated to your ISA, this means that they are segregated from all other ISA clients and any accounts relating to Hartley as a business. You should be aware that it may not be possible to sell or trade peer-to-peer agreements at market value on a secondary market. The loans must be available for purchase by more than one prospective purchaser. Any purchase would need to be of loans made openly available to any prospective lender. All loans must be made using cash held by you, and must:

- be entered into for general commercial reasons
- not be part of a scheme or arrangement where the main purpose, or one of the main purposes, is tax avoidance.

Peer-to-peer loans held outside of the ISA wrapper can't be sold, and repurchased inside an Innovative Finance ISA. The exception is where the loans are sold and are made available for purchase, using cash held by you, at the same price, by any lender in the open market.

Who can open a Hartley Innovative Finance ISA?

Any person over the age of 18 who is resident in the UK and does not already subscribe into an existing external Innovative Finance ISA can open a Hartley Innovative Finance ISA.



What does a Hartley Innovative Finance ISA cost?

We charge a one-off establishment fee of £150 plus VAT and an annual administration fee of £200 plus VAT.

When will my Hartley Innovative Finance ISA formally open?

You can check the opening or 'commencement' date in your welcome pack.

What is a subscription?

HMRC have termed adding money to your ISA as 'subscriptions', as referred to within this document, on our website and on all other documentation.

Can I subscribe to two Innovative Finance ISAs in the same year?

No. If you have subscribed to a different, external Innovative Finance ISA in the same tax year, you cannot subscribe to ours.

How much can I subscribe in a year?

If you have subscribed to a cash ISA or a stocks and shares ISA, you can still subscribe to a Hartley Innovative Finance ISA, as long as the total amount of subscriptions across your ISA portfolio does not exceed the applicable annual limit, currently £20,000 for the 2017-2018 tax year.

What investments can I choose?

Qualifying investments that you may purchase, make or hold in an Innovative Finance ISA, are:

- peer-to-peer loans
- cash
- crowdfunding debentures

Can I buy peer-to-peer loans that I already hold outside of my Hartley Innovative Finance ISA?

No. Peer-to-peer loans held outside of the ISA wrapper can't be sold, and repurchased inside an Innovative Finance ISA. The exception is where the loans are sold and are made available for purchase, using cash held by you, at the same price, by any lender in the open market.

Can I transfer my existing investments into a Hartley Innovative Finance ISA?

Yes. You can transfer your existing ISA investments to your Hartley Innovative Finance ISA by completing our simple transfer-in form and asking your existing ISA provider to make the transfer. Our form can be found at: www.hartleypensions.com

How can I withdraw money from my ISA?

You can withdraw funds at any time by alerting us. We can arrange a one-off payment or regular payments to be made into a bank account in your name.

Do you charge for withdrawals?

No.

Can I make regular payments into my Hartley Innovative Finance ISA bank account?

Yes – you can set up a direct debit to come out of your personal bank account on the 1st of every month at a frequency of your choice. We can then make a one-off payment or regular payments to the platform/s of your choice.

Can I withdraw my money before the peer-to-peer agreement has expired?

No.

Where do interest or gains from my investments go?

On the application form, you can choose between automatic re-investment of any gains, to take regular payments or hold payments in your ISA bank account which we will set up for you.

Can I replenish my ISA when I withdraw money?

No. A Hartley Innovative Finance ISA is not a 'flexible' ISA, which means that you cannot replenish the amount that you have taken out of your ISA, subject to the maximum allowance.

Do I have to apply each year?

No. The Hartley Innovative Finance ISA is offered on a continuous application basis which means that as long as you have subscribed during the tax year, you do not have to fill out an application form every year in order to make subscriptions.

When do I pay the annual fee?

Your Hartley Innovative Finance ISA annual fee is due on the anniversary of your ISA, payable in the manner indicated on the account opening forms; either by disinvestment or by direct debit from an external bank account in your name. We will invoice you in advance of the anniversary date to let you know that the fees are due. If this fee is not settled, we reserve the right to disinvest your portfolio. We are not responsible for any charges you may face from your investment provider/s, nor are we responsible for any lack of growth that your portfolio may suffer in the event of disinvestment.

If I leave the UK to live abroad, what happens to my ISA?

If you move abroad but are still deemed to be a UK resident by HMRC, you can still subscribe into your Hartley Innovative Finance ISA. If you cease to be a UK resident, your ISA does not need to close but you cannot make any subscriptions. If you require information about this, please contact us using the contact information at the end of this document.

Do I pay any tax on any dividends or capital gains resulting from my Hartley Innovative Finance ISA investments?

No.



What happens if the lender defaults on his/her loan repayments?

The particular platform you choose may be able to compensate you. Alternatively, the loan may be 'paid up' or purchased from the lender, where the loan is taken on by you or a debt collection specialist.

How do I check if the potential borrower is reliable?

The platform you choose will run a check of the borrower's creditworthiness but ultimately it is your decision whether or not to lend to a particular borrower.

Where can I get a valuation of my ISA?

We will send you a statement once every year. In addition, the investment platform you choose may allow online access as part of the service that they offer to enable you to keep up-to-date with the value of your portfolio.

What happens if I do not subscribe within a tax year?

You must make at least one subscription per year. If you do not, your ISA will not be closed but you will need to notify us and we will send you the relevant form to complete and return to us before we are able to continue accepting subscriptions.

Is my money protected in any way?

Whilst your money is being held in an ISA bank account which we set up for you, it is covered by the FSCS's UK deposit recovery scheme up to the current maximum limit of £85,000. When your money is invested on a particular platform/s it will **not** be covered by the FSCS. This is a risk you must consider when deciding if an Innovative Finance ISA is the right investment product for your needs. For more information, please visit: www.fscs.org.uk

What happens to my ISA if I die?

Once we are advised of your death, we will take steps to close your ISA as it stops being tax-exempt from the date of death. We will liaise with the executor of your estate regarding the sale of any investments still held in your account (as it no longer benefits from the ISA "wrapper"). Tax will accrue on any gains from your investments from the date of death and payment of any tax on these gains will be overseen by the executor or administrator of the estate. The assets held will form part of your estate and are potentially liable to inheritance tax.

Who can I contact if I have any further questions?

We are happy to answer any questions you may have in relation to your ISA. Please write to us at:

ISA Team
Hartley-SAS
5th Floor, 25 Marsh Street
Bristol
BS1 4AQ

Or telephone us on:
01173 169 991

Can I change my mind?

Yes. You have a legal right to cancel your Hartley Innovative Finance ISA, within 14 days of you receiving the welcome pack. Please notify us in this instance.

What happens if I want to make a complaint?

We pride ourselves on our dedication to customer care. However, if you feel that you wish to make a complaint regarding our service, you can write to us at:

ISA Complaints
Hartley SAS
5th Floor
25 Marsh Street
Bristol
BS1 4AQ

If you are unsatisfied with our response, you can contact the Financial Ombudsman at:

Financial Ombudsman Service
Exchange Tower
London
E14 9SR

Can I transfer all or part of my Hartley Innovative Finance ISA to another ISA provider?

Yes – please contact us in this instance.

Can Hartley close my ISA?

Yes, we reserve the right to close your ISA and would give you 14 days notice in this instance.

Law

Hartley ISAs operate under the laws of England and Wales. Any disputes would be subject to the English Court system exclusively. This Key Features Document is correct at the time of writing.

Business language

All communications will be in English.

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Hartley Pensions Limited

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