

**Lendy Limited ('Lendy'), Saving Stream Security Holding Limited and Lendy Provision Reserve Limited ('the Companies')**

**Phillip Sykes, Damian Webb and Mark Wilson ('Administrators') of RSM Restructuring Advisory LLP ('RSM') were appointed Administrators of the Companies on 24 May 2019.**

**We have prepared this document to help all investors and creditors to understand what is happening.**

## **FREQUENTLY ASKED QUESTIONS**

**Date 24 May 2019**

### **Sections**

- 1. Insolvency and the Companies**
- 2. Contact information**

Lendy Limited, Saving Stream Security Holding Limited and Lendy Provision Reserve Limited ('the Companies') (in Administration) – FAQs.

## **SECTION 1 – INSOLVENCY AND THE COMPANIES**

NB This Q&A document has been prepared at the time of our appointment. As events and information develops we will update it. References to 'we' refer to the Administrators.

### **1. What is Administration?**

When a company is experiencing financial difficulties, it can be placed into administration. An administration is an insolvency process and under insolvency law, the affairs, business and property of a company in administration (such as the Companies) are managed by the Administrators. The Administrators have to be independent of the Companies.

The Administrators of the Companies are at an early stage of their work, but obviously a key part of their role is to safeguard the loans made through the Companies to the various borrowers.

### **2. Who are the Administrators / RSM Restructuring Advisory LLP?**

Damian Webb, Phillip Sykes and Mark Wilson ("the Administrators") of RSM, were appointed by the Court following an application by the directors of the Companies.

Whilst the director of the Company made the application for the appointment of Administrators, the FCA was consulted and consented to the appointment of the named Administrators.

The Administrators are all qualified insolvency practitioners, regulated by The Institute of Chartered Accountants in England & Wales. The Administrators act independently of the Company and the directors for the benefit of all creditors and stakeholders. Their primary concern and mandate is to ensure that they maximise the return to creditors. In the particular case of the Companies we are also mindful that it is in the best interest of all stakeholders to maximise the return to investors on loans facilitated by the Companies.

RSM have previously reviewed the Companies' systems as part of a stand by contingency planning service. Accordingly, RSM are well placed to facilitate an orderly wind-down of the book. We have taken legal advice on the existing relationship and are comfortable that adequate safeguards have been put in place to manage any potential conflict issues.

RSM is a leading audit, tax and consulting firm to the middle market with nearly 3,500 partners and staff operating from 35 locations throughout the UK. For the year ending 31 March 2017, RSM generated revenues of £319m. RSM UK is a member firm of RSM International - the sixth largest network of audit, tax and consulting firms globally. The network spans over 120 countries, 800 offices and more than 43,000 people, with a fee income of more than \$5bn.

### **3. What was the business?**

Lendy is a peer to peer investor, crowd funding loans secured on UK properties. The Companies raised substantial sums from retail investors and the loan book currently stands at £150m with creditors and investors of Lendy estimated to number up to 24,000 individuals.

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#### **4. Why have the Companies entered into administration?**

The director of the Companies filed the applications for an administration order on 24 May 2019 because it had become insolvent.

The Companies' difficulties have been well documented in the media and online and investors are aware that certain loans have not performed in line with expectations. In addition, the business has been subject to FCA special measures since November 2018.

The rationale for the administration appointment is that there is a real risk that liquidation would fundamentally damage the value of the Companies' assets and undermine the return to creditors. Management believed that liquidation would lead to the cessation of key operational IT systems and the loss of key staff which would undermine asset realisation and significantly increase the costs of recovery.

Taking these issues into account, the FCA provided their consent to our appointment as Administrators.

#### **6. When will I get something back, and how much will it be?**

It is too early for the Administrators to say how much money they will be able to return to the creditors and to the investors, and when any payments will be made to them.

The Administrators are now evaluating the Companies' current financial position and working to maximise recoveries either in the short or longer term. The Administrators will continue to update the creditors with the progress that they are making with their investigations.

#### **7. I have read some of the press articles about the Companies. What are you doing about the issues raised?**

As Administrators, we are obliged by law to undertake various investigations. We are aware of the issues raised but are not in a position to comment at this stage.

We will update creditors as appropriate, including by way of updates to this FAQ document, and in the forthcoming Administrators' proposals document.

However, if you have any specific matters or concerns you wish to raise about the conduct or operation of the Companies, please write to us setting out your information.

#### **8. Are you in contact with the FCA?**

Yes, we are in regular contact with the FCA, and the FCA consented to us being appointed as Administrators of the Company.

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### **9. Are you in contact with the Companies' management?**

We are now responsible for the management of the Companies' and are working with the Companies' staff who are continuing to assist us.

The management are also providing information and assistance to the administrators.

### **10. Where can I get further information from?**

The Administrators will be writing to all creditors of the Companies within 7 days of our appointment.

Within 8 weeks of appointment, the Administrators will be contacting creditors with details of the Administrators' Proposals. This document will set out the Administrators' plans for managing the Administration. Creditors will receive a letter with access to a website portal from where they will be able to download the Administrators' Proposals. The Administrators' Proposals will contain essential updates for the creditors.

Please also note that the Administrators' plan to issue updates to all concerned parties on a continuous basis by updates on the Company's website.

As it is only the start of the Administration, our answers are likely to be necessarily brief on certain details although these answers will develop as regards further detail over the coming weeks.

### **11. What has happened to the Companies' staff**

Some of the Company's staff continue to be employed by the Companies and are under the control of and assisting the Administrators.

### **13. I am a borrower. What will happen to my loan?**

The Administrators will be contacting all borrowers directly and are assessing their ability to repay, at the appropriate maturity dates, or earlier, the monies loaned facilitated by the Companies.

The Administrators continue to work with all relevant parties to determine the optimal strategy to enable creditors and investors to receive as much back as possible and as soon as possible. The Administrators also have to have regard to the terms on which the loans have been made to the borrowers.

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## **GDPR Fair Processing Notice**

As part of our role as Administrators, we may need to access and use data relating to individuals. In doing so, we must abide by data protection requirements.

Information about the way that we will use and store personal data in relation to insolvency appointments can be found at <https://www.rsmuk.com/ideas-and-insights/the-general-data-protection-regulation>. If you are unable to download this, please contact the Administrators and a hard copy will be provided free of charge.

It is important that you read this Fair Processing Notice so that you are truly aware of how and why we are using your data. This Fair Processing Notice supplements any other notices the Company may have served on you and is not intended to override them.

To the extent that you hold any personal data on the Company's data subjects provided to you by the Company or obtained otherwise, you must process such data in accordance with data protection legislation. Please contact us if you believe this applies.

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## **SECTION 2 – CONTACT INFORMATION**

### **Email us:**

If you wish to contact us, please email us at:

[lendy.restructuring@rsmuk.com](mailto:lendy.restructuring@rsmuk.com)

### **Call us:**

We have set up a dedicated telephone line which currently has recorded basic information, however, this will be manned during next week to receive creditor calls. The number is 0203 858 9653.

### **Website:**

The following website will be updated (including with this FAQ document):

<https://lendy.co.uk/>

The FCA will also be updating their website with information.

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