

The complaint

Mr G complains Assetz SME Capital Limited has unfairly introduced a Withdrawal Fee from his peer-to-peer (P2P) lending account. He is also unhappy about another fee introduced on his account for making an ISA transfer. He requested that it should revise the fees so that he can make more withdrawals and transfers without incurring a fee.

What happened

Mr G first opened a P2P lending account with Assetz in 2016. He opened an Innovative Finance ISA sub account in 2018. The accounts were used to invest in loans in return for interest on top of a return of his lent capital.

In December 2022, Assetz announced that it had decided to close its retail platform and conduct a solvent wind-down of its retail loan book. Assetz says this was due to the substantial rises in bank interest rates which led to lenders withdrawing from the platform. As part of the wind-down process, Assetz announced that it was necessary to introduce a Lender Fee. As part of the wind-up, lenders like Mr G were unable to exit from the loans they were invested in and had to wait for the repayment of capital and interest from loans that repay in the future.

In January 2024, Assetz contacted lenders to inform them it would be introducing two further fees. One was a Withdrawal Fee of £1 which applied to investors looking to withdraw funds from their accounts and an ISA Transfer Fee for investors looking to transfer funds from their ISA accounts. Assetz allowed one free withdrawal every 90 days for investors looking to withdraw rather than transfer. This fee went live in March 2024.

The ISA Transfer Fee was set at £35 and Assetz said this fairly reflected the costs of providing the service. Despite making investors aware of the fee in January 2024, it wasn't introduced until August 2025.

Mr G complained in April 2024 about these fees. In respect of the Withdrawal Fee, he felt by only allowing one free withdrawal a quarter, Assetz were encouraging investors to build up large balances for 90 days. He acknowledged there may be a cost to process withdrawals but said the Lender Fees paid should allow for one free withdrawal per month and saw this as a fair compromise. In respect of the ISA Transfer Fee, he again acknowledged costs were incurred by Assetz but felt it should allow one free transfer per year as this would give investors the ability to take advantage of the flexibility within the ISA product and avoid the penalty of a transfer fee.

Assetz responded to the complaint but didn't uphold it. In summary it said:

- It closed its retail platform because of a sudden change to market conditions and an extended demand to withdraw cash from the platform. Without new loans being written there were no borrower fees to fund the platform, despite the significant ongoing operational costs which needed to be supported. To ensure a solvent run off, a Lender Fee was introduced.
- Introducing these fees ensures the cost of withdrawals and transfers is borne by

those who directly created it. This means it is treating customers fairly and ensuring the financial viability during the wind-up.

- A free withdrawal every 90 days was included to seek a fair balance of apportioning cost and not increasing the platform-wide Lender Fee.
- The ISA Transfer Fee was not yet in place, but it had been managing investors' expectations. It had taken into account its responsibilities to treat customers fairly and as only about 43% of all investors with funds on the platform (approximately 6,000) had an ISA account, rather than raising the Lender Fee slightly, which would have meant the costs were borne by all investors, it considered it was fairer to apply a specific, quantifiable charge to each individual ISA transfer. This would only affect those who are directly creating the cost rather than applying the servicing cost to every investor.
- By utilising this flexible features of the ISA, investors were able to perform fewer larger transfers out instead of multiple smaller ones - keeping any ISA Transfer Fees to a minimum.
- The terms and conditions (T&Cs), relevant to when Mr G opened his account contain a section that explains Assetz reserve the right to charge for the direct cost of transferring monies back to lenders. And the ISA terms show Assetz's reserved the right to charge a fee in relation to ISA transfers out to cover the cost of providing the service.

Mr G didn't agree with the response and referred his complaint to this service for an independent review.

One of our investigators looked into the complaint. They didn't uphold it. In summary they said:

- They did have some concerns about the fairness of the terms Assetz was seeking to rely on to introduce the fees, particularly as they aren't specific as to when, and for what reason, new charges might be introduced. But it did say that fees would only be raised to cover the direct costs of withdrawals and costs of transfers, so this limited the open-endedness of the terms.
- They were satisfied that it was fair and reasonable for Assetz to move forward with the wind-down plan they chose, based on the forecasting of the cost of the wind-down. Due to the financial situation of the platform not being as favourable as the projections, Assetz did need to increase the Lender Fee. And the level of withdrawals and transfer requests has been greater than anticipated, leading to the introducing of the fees. Assetz has chosen to levy the fees per transaction, so that those making the greatest number of withdrawals and transfers take a greater share in the cost – and this was a fair position to take. It also gave one free withdrawal every 90 days to minimise the negative impact on investors' returns and highlighted how flexibility of the ISA allowed investors to reduce the number of transfers required. This supports that customers interests were being considered.
- The terms say the fees will be used to cover the costs of transactions. Assetz provided an explanation on how it reached the figure for both fees. Overall, they were satisfied Assetz had provided a reasonable explanation showing that the fees weren't arbitrary and do reflect the costs.

Mr G didn't accept the investigator's findings and asked for an ombudsman to reach a decision on his complaint. In summary he said:

- The terms relating to the Withdrawal Fee refer to direct costs. A direct cost should not include anything else other than the amount that Assetz are being charged by the payment provider to process the transfer – so it should only charge the detailed bank

charge of 0.52p. The extra charges it refers to make up the £1 fee are not direct and should not be borne by investors.

- Regulatory guidance encourages firms to make investors aware of their balances which are not earning interest and urge them to transfer them into an interest bearing account as soon as possible. By allowing one free withdrawal every 90 days, Assetz is acting in contradiction to this guidance. And he again proposes, Assetz allowed for one free withdrawal every 30 days then this will mitigate the impact to the majority of investors.
- Assetz delayed the implementation of the ISA Transfer Fee. It blames the delay on the technical work required to implement the collection of the fee. This suggests a very lacklustre approach to address what it says is a serious financial concern and suggests the argument of “needing” to charge falls away. If this fee was really needed to avoid insolvency, then Assetz could have applied the fee manually but instead the fee collection has been repeatedly delayed, which as a consequence has cost it a considerable amount of extra money but appears to have not had any negative effect on the company. The implementation delay demonstrates it has some capacity to allow one fee free transfer per year and are penalising ISA investors unfairly.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Do Assetz's terms and conditions allow it to introduce the fees Mr G's complains about?

In respect of the Withdrawal Fee, Assetz relied on the following term in the relevant main lender T&Cs, which were applicable when Mr G opened his account:

“10.4. Upon request the Assetz Agent will instruct Assetz SME Capital that any funds in your client account that are not committed to Loans be transferred to the bank account from which the original monies were transferred into your client account. The Assetz Capital Companies reserve the right to deduct from any such payment a charge to cover their direct costs of the funds transfer..”

Assetz said that it was entitled to introduce the ISA Transfer Fee, relying on Term 7.3 in the ISA T&Cs:

“7.3 There is currently no fee charged for this service, but we reserve the right to do so in future based on the costs related to providing the service. Any future changes will be reflected within an update to these Terms & Conditions as required.”

I do have some concerns about the fairness of the terms used to introduce the fees. This includes the fact neither is specific in what circumstance a fee would start to apply. While there is a reference to the possibility of a charge to cover the direct costs of a withdrawal to a bank account and the costs of providing an ISA transfer service, they don't give any indication what could lead to this imposition or allow for lenders to exit without penalty if they don't accept the proposed fees.

Arguably, the nature of the platform itself made it impractical for investors to always be able to exit if they objected to changes, particularly as the secondary market closed permanently by the time these fees were introduced. Despite these concerns, I don't find them sufficient to reach a finding this complaint should be upheld.

I think the context of Assetz's decision to wind-up its platform is relevant to my overall

consideration of this complaint about the introduction of the fees. So, I will summarise the background to this before commenting specifically on each fee.

Assetz has explained that it decided to commence a solvent wind-up of the platform (including introducing a Lender Fee) as a result of a variety of unanticipated events, including substantial economic factors which conspired to raise interest rates in historic fashion in the autumn of 2022. It has provided this service with information to support the options it considered and why it felt the impact on lender returns through an insolvent wind-down was significant, in support of the plan it followed over the alternatives.

I'm satisfied from my understanding of the situation from other complaints this service has reviewed that Assetz gave due and careful consideration to the potential outcomes for lenders. It examined the data it had available, as well as the forecasts it was able to produce, in order to conclude that of all the options the one it took would likely provide the best overall outcome for its lenders. In other words, I'm satisfied that Assetz did have regard for its lenders' interests as it is obliged to under the FCA's principles, and that looking at the circumstances as a whole, it has treated its lenders fairly.

Assetz has explained its aim at the time was to ensure a solvent wind-up of the platform. So, I've considered the reasons given by Assetz for needing to introduce a these fees, bearing in mind it had already introduced a fee as part of the platform wind-up just over a year earlier. Assetz has provided an explanation to justify why it needed to do this – particularly as it knew that there would be costs associated with withdrawals and transfers when setting the Lender Fee.

In respect of the Withdrawal Fee, it says there is a cost associated with each withdrawal that, if not accounted for individually, would have to be borne by all lenders, via the Lender Fee, regardless of how many withdrawals they made. It says it had seen a significant increase in withdrawal requests but had noted an imbalance between some lenders making many withdrawals and some none at all. It says in order to treat customers fairly and make the process financially viable into the future, it decided to apply a fee to each individual transaction rather than use a vague estimate of future costs incorporated into the Lender Fee. And it says this more focused fee will only affect those who are directly creating the cost rather than applying the servicing cost to everyone.

In respect of the ISA Transfer Fee, although the introduction of this fee was not specifically targeted at facilitating the solvent wind-down of the platform, it exists to cover Assetz's costs that would otherwise, by Assetz's submission, be covered by an increase in the Lender Fee itself. Assetz says that as only around 43% of all investors with funds on the platform (approximately 6,000) have an ISA sub-account, rather than raising the Lender Fee slightly, it considered it was fairer to apply a charge to each individual ISA transfer.

Mr G has raised a point about the fact there was a delayed implementation of the ISA Transfer Fee. He questions if this fee was really needed to avoid insolvency, then Assetz could have found a way to apply it. But he thinks the delay demonstrates there is some capacity to allow one fee free transfer per year.

Assetz has explained the delay was due to the lack of available technical resource within the business. So, its ability to build the required technical infrastructure and linking this to the third-party ISA processing systems, took longer than it hoped. It also said the costs of transfer were covered by the funds collected from the Lender Fee during the delay, but this was unsustainable due to the number of transfers being requested and also unfair to the lenders who did not have an ISA.

I appreciate why Mr G raises the delay in implementation. But I don't think Assetz's explanations are out of kilter with the broader reasons it has given for deciding to implement a transfer fee and how this links to the solvent wind-up. I will cover this in more detail below, but I haven't found that the delay in implementation is sufficient to reach a finding Assetz justification for the fee is diminished.

Assetz has explained that, in deciding to introduce the ISA Transfer Fee, it considered whether it would be fairer to alternatively increase the Lender Fee. It says that it decided it wouldn't have been in the best interest of its non-ISA investors to fund the increased costs of processing ISA transfers out. I think this is a fair and reasonable consideration for Assetz to make and I think it demonstrates that Assetz has weighed up the impact of the introduction of the ISA Transfer Fee has had on its ISA investors against the impact of increasing the Lender Fee for its entire investor population.

On balance, I'm satisfied there were reasonable grounds for why Assetz felt it was fair to introduce these fees, despite not previously charging Mr G to remove money from the platform or make an ISA transfer. The principle of charging those who use the service the most doesn't in itself suggest unfairness. Assetz also says part of its aim was to encourage investor behaviour that supports the solvent wind-up of the platform.

Did Assetz fairly communicate the introduction of the ISA Transfer Fee?

Assetz has provided our service with the communications it had with investors regarding the introduction of the fees. This includes the initial notification in January 2024, setting out the basis for each of the fees. It gave 30 days' notice of the changes and said that it expected the Withdrawal Fee to be in place later in Q1 and ISA Transfer Fee to go live in Q2 of 2024. While confirmation of the Withdrawal Fee commencing in March 2024 was given shortly afterwards, I acknowledge there was a fairly lengthy delay in the ISA Transfer Fee being implemented.

I note that Assetz sent quarterly updates to all investors to inform them of the progress on the ISA Transfer Fee – including updates sent in July 2024, October 2024, January 2025, April 2025 and July 2025 explaining that the ISA Transfer Fee had not yet gone live but managed investors' expectations regarding when it would be introduced. I note that Assetz made investors aware in its August 2025 update that the ISA Transfer Fee was going live on or after 18 August 2025.

Considering all of the communications, I'm persuaded Assetz did fairly communicate the fees and managed expectations throughout.

Are the fees in line with Assetz's fee calculations?

Firstly, in respect of the Withdrawal Fee, I've considered the justification given for the level of Withdrawal Fee that Assetz set - £1 per transaction. As noted above, the term Assetz seeks to rely on says that the potential charge will be based on the direct costs of the transaction.

I note Mr G has questioned whether the fee should be as high as £1 – in his view it should only charge the detailed bank charge of 0.52p. He doesn't agree the additional components Assetz refers to make the £1 fee are direct costs, so he doesn't think they should be borne by investors.

Assetz has provided a breakdown of the direct costs it says it incurs as a result of processing each withdrawal – to explain how the fee quantum was arrived at. The majority (over half the costs) relate to bank charges. It also says it factored in the costs for the work its finance team completes and the technical costs of implementing the withdrawal. It does

include a smaller amount for contingency for variance in these costs. I've also reviewed a breakdown provided by Assetz to show the actual costs it faced for each withdrawal in hindsight using real life data – which indicates that the costs were actually slightly more than the £1 per transaction it charges.

I acknowledge Mr G doesn't see all of the costs Assetz claim are direct costs. But I don't agree that the direct costs can only be limited to the bank charges as there are other factors involved in completing a transaction. While, the contingent element of the direct cost is somewhat ambiguous, this is a small proportion of the overall cost. I don't think this is sufficient to reach a finding Assetz is treating Mr G unfairly with the amount it is charging for withdrawals. There is some evidence to show that the actual cost to Assetz was above its estimation, indicating the contingency was needed. So overall, I'm satisfied that fee Mr G was to be charged was in line with the direct costs Assetz faced when completing withdrawals.

Secondly, looking at the ISA Transfer Fee, Assetz says the £35 fee reflects the benefit received and the marginal cost is set at a level intended to only recover its estimated average cost per transfer, not to generate a profit. It also said that, on the current lower transfer volumes, the underlying cost per transfer is at or above £35, meaning ISA investors continue to receive good value for the service.

It would appear from Assetz's explanation that the majority of the costs associated with processing ISA transfers are due to its third-party ISA processing partner costs. And it's essentially using the ISA Transfer Fees to cover these. I have not been provided with anything to suggest that these costs, along with Assetz's internal costs, are not accurate.

The FCA doesn't require Assetz to set fees that align only with the direct cost of providing a service and so Assetz had flexibility in the way that it set the fee for providing the ISA transfer service. But I'm also conscious Assetz still needs to show it is meeting its regulatory obligations and providing fair value.

Assetz says it used anonymised market data from its third-party service provider for administration of the ISA account to establish, whether or not there were other ISA providers that charged a fee for transfers out. It says it found that there were, and £35 represented good value relative to the fee levied by other providers. Therefore, I'm satisfied Assetz has provided evidence that its charging structure for the ISA transfer service, is broadly in line with other firms that provide similar services. While fees and the exact nature of services vary, having considered this information, I can't say that Assetz is out of kilter with other firms that provide a similar service.

The term Assetz is relying upon to charge the ISA Transfer Fee clearly states that any fee would be "*based on the costs related to providing the service*". Therefore, I think it would be fair and reasonable for Assetz to consider the costs associated with providing the ISA transfer service when setting the price of the ISA Transfer Fee. While it is difficult to quantify every task undertaken, I'm satisfied Assetz has provided sufficient information to show that the ISA Transfer Fee is reflective of the costs associated with providing this service.

I do have some concerns regarding how Assetz is apportioning these costs to individual transactions. I say this as the third-party costs are determined by a percentage of the amount of funds under management by Assetz, plus a fixed monthly licence fee. Apportioning these costs on a per transaction basis, when the number of transactions vary each month and the costs are realised from a flat fee it pays, does cause some confusion when setting the amount of the ISA Transfer Fee. Where an investor withdraws during a month where the amount of transfer requests is lower than the 200 anticipated by Assetz, that investor technically would get a good deal in the price they are paying by way of the fee,

as the costs associated from it would be higher than £35. On the other hand, if there were more than 200 transfer fee requests that month, by Assetz's apportioning of the costs, the fee would be higher than the related costs of providing the service.

Despite these concerns, I'm mindful that Assetz's decision to apportion the costs in this way is a commercial decision it is entitled to make and by looking at the current amount of transactions Assetz is completing, the true cost of each transaction is much higher than included in Assetz's assumptions – due to the amount of transactions being much lower than anticipated. As such, I'm not persuaded that Mr G is being financially disadvantaged by Assetz's decision to set the ISA Transfer Fee at £35.

I'm mindful that the purpose of the Lender Fee, which Assetz introduced prior to the fees subject to this complaint, was to cover the costs associated with the solvent wind-down of its retail platform. Our service has already considered the fairness of this fee, and it wouldn't be appropriate for this decision to comment on this, especially considering this complaint is in relation to the Withdrawal and ISA Transfer Fees only. I reference the Lender Fee only to say that Assetz has previously told our service that this was the mechanism by which it looked to ensure the solvent wind-down of its retail platform. However, I'm conscious that the ISA Transfer Fee does, in effect, help facilitate the solvent wind-down as it covers Assetz's costs that would otherwise be covered by an increase in the Lender Fee. Assetz has explained that, in deciding to introduce the ISA Transfer Fee, it considered whether it would be fairer to alternatively increase the Lender Fee. It says that it decided it wouldn't have been in the best interest of its non-ISA investors to fund the increased costs of processing ISA transfers out. I think this is a fair and reasonable consideration for Assetz to make and I think it demonstrates that Assetz has weighed up the impact of the introduction of the ISA Transfer Fee has had on its ISA investors against the impact of increasing the Lender Fee for its entire investor population.

Having considered Assetz's fee calculations and the assumptions it has made, I think it has carefully balanced the need for it to cover its costs (in order to avoid the need to increase the Lender Fee) with ensuring investors are treated fairly and has appropriately set the fee at a price which reflects its costs in providing the ISA transfer service.

While Mr G has requested a free transfer annually, Assetz has said it can't facilitate this due to the need to cover the transactional costs of each transfer out. But it has said it will continue to review the fee during the run-off to make sure it remains sustainable and proportionate to the transactional costs involved in each ISA transfer out. I agree it is very important that this fee is reviewed as the run-off progresses to ensure that Assetz is treating Mr G fairly.

Do the Fees cause any foreseeable harm?

Whilst I think Assetz was able to introduce both of these fees and it has demonstrated that each fee is reflective of the costs associated with providing the services, I have also carefully considered whether the fees cause any foreseeable harm and whether Assetz has mitigated this.

Investors, such as Mr G, hold P2P accounts where their capital is not held in a single 'liquid' cash balance, but instead is tied up across multiple loans, each having their own loan term and repayment schedule. The consequence of this is that investors are unable to withdraw or transfer their entire invested funds until all of the loans are repaid, or they are determined as having no possibility of repayment (in the event of default and unsuccessful recovery action). Prior to the announcement of the solvent wind-down of Assetz's retail platform,

investors were able to sell their outstanding loans to other investors by way of Assetz's secondary market. However, investors no longer have this option.

Despite this, I'm satisfied Assetz's introduction of these fees doesn't materially impact Mr G's ability to withdraw funds or transfer out his ISA funds. I'll explain why.

In respect of the Withdrawal Fee, Assetz did take some steps that it felt it could to support its customers' interests in how it sought to apply the Withdrawal Fee. For example, it did allow for a free withdrawal every 90 days. So, this did provide some capacity to avoid or limit the amount of fees Mr G would be required to pay. Although I acknowledge it does mean he would potentially be leaving uninvested money on the platform not earning returns if he wanted to avoid the fee completely.

Mr G has raised a point and referred to regulatory guidance encouraging firms to make investors aware of their balances which are not earning interest and urge them to transfer them into an interest-bearing account as soon as possible – he says by only allowing one free withdrawal every 90 days, Assetz is acting in contradiction to this guidance. I understand the purpose of the point Mr G makes here and think there is some merit in his suggestion that more frequent 'free withdrawals' should be considered. There is a compromise to be struck between Assetz allowing Mr G the ability to access his funds when he wants without a fee and the purpose behind it needing to charge the fee. This is a finely balanced issue, but I don't think it has treated him unfairly by not agreeing to increase the frequency of the 'free withdrawals' when taken in the context of the circumstances that led to the fee being introduced.

When considering ISA transfers, one option Mr G had was to wait until the end of the loan terms (or for the outcome of recovery action) in order to have all of his funds available to transfer out of his ISA in one go. Whilst I appreciate he may wish to invest the funds elsewhere, he does have this option if he doesn't want to incur the ISA Transfer Fee more than once.

A second option is to make multiple transfers out as and when loan repayments are received, until he has fully transferred the entirety of his invested funds, Whilst, in doing so, after August 2025, Mr G would incur multiple ISA Transfer Fees, this option affords an investor to choose when they would prefer to reinvest their funds and can decide when its affordable to do so when balancing the amount being transferred against the level of the ISA Transfer Fee. In doing so, investors can avoid the ISA Transfer Fee outweighing the amount of funds being available to transfer.

I'm also aware that Assetz has provided a third option in which an investor can take advantage of the ISA being 'flexible'. Assetz says an investor can temporarily move cash funds, that are not earning any interest, into an interest-bearing environment outside of Assetz's platform and then be replaced back into their Assetz ISA, within the same tax year. This would allow a transfer out whilst maintaining the tax-free status of the funds. I'm satisfied this is another way for an investor to keep any ISA Transfer Fees to a minimum.

Taking into account all of the above, I'm satisfied that whilst these fees can cause some foreseeable harm, investors, such as Mr G, have options available to mitigate these. As such, I'm persuaded Assetz is able to charge the fees despite these concerns.

Summary

Taking into account all of my considerations, I'm satisfied that, despite having some concerns regarding the clarity provided in Assetz's terms and conditions, it is fair and reasonable for it to introduce the fees. This is especially considering the need for Assetz to

cover the costs associated with providing the service, whilst maintaining the solvent wind-down of the retail platform (which in turn seeks to protect investors' returns from loans still under management). I'm also satisfied that the fees fairly reflect the costs associated with the withdrawing funds and the ISA transfer service. And investors, like Mr G, have options available to mitigate the costs associated with withdrawing and transferring out.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 9 March 2026.

Daniel Little
Ombudsman