

The complaint

Mr M complains about the way Assetz SME Capital Limited (“Assetz”) has used its terms and conditions to introduce an ISA Transfer Fee on his peer-to-peer (“P2P”) lending account.

What happened

Mr M has held a P2P lending account with Assetz since 2019 and began investing within an Innovative Finance ISA (“IFISA”).

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.

Assetz wrote to lenders on 15 December 2022 to explain the following:

“The ceasing of new retail lending means a significant drop in our income for the retail part of the business. We are in the process of reducing overheads to match this new permanent state and in the meantime, have calculated the following Lender Fees to be applied to cover the anticipated costs of adjusting the business to a run-off footing then managing the loan book through run off and returning capital to investors.

- *Through to end of June 2023 - 2.9% pa of performing loans*
- *July to December 2023 - 1.4% pa of performing loans*
- *January 2024 onward - 0.9% pa of performing loans*

(This equates to an average fee level of 2.15% for the first 12 months and a 5-year effective fee of 1.15% pa)

These are estimated fees and subject to review over time. They would be applied to interest received by investors (i.e.: on performing loans only), commencing once software updates are implemented.”

Assetz also explained in this notice that it was closing its secondary market, a tool which allowed lenders to sell their loans to other lenders on the platform. As such, lenders like Mr M 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 introduced two new 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 IFISA accounts. Assetz allowed one free withdrawal every 90 days for investors looking to withdraw rather than transfer.

Assetz explained that following the platform closure, they’d seen an increase in the number of transfer requests in its IFISA, from approximately 60 per month to around 400 per month.

So it decided to introduce the ISA Transfer Fee to cover the costs associated with providing the IFISA transfers. Assetz said that it was entitled to introduce the ISA Transfer Fee, relying on Term 7.3 in the ISA terms and conditions:

“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.”

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 M complained to Assetz about the ISA Transfer Fee in February 2024. In summary, he said:

- The introduction of the ISA Transfer Fee is a clear contravention of the Consumer Rights Act 2015 as it represents an unfair variation of the original terms and conditions.
- Assetz has regulatory responsibilities to treat customers fairly and to not cause undue financial burden, which the ISA Transfer Fee contradicts.
- The ISA Transfer fee is inconsistent with industry standards, and he gave an example of another P2P firm that doesn't levy a fee for similar transfers.
- The ISA Transfer Fee has profoundly impacted his investment decision as it limits his flexibility in managing and transferring his IFISA funds.

Assetz looked into Mr M's concerns and issued a final response letter in March 2024. In this, it explained:

- Assetz's ISA terms and conditions when Mr M opened his account provided a provision for it to introduce a fee for transferring out of his IFISA.
- 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 IFISA 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 IFISA transfer.
- It said that, in doing so, this would only affect those who are directly creating the cost rather than applying the servicing cost to every investor.
- Assetz had conducted industry research which revealed that other P2P platforms levied a similar fee and its fee was not out of kilter with the industry.
- It suggested there was a work-around for investors to avoid paying the ISA Transfer Fee multiple times as its IFISAs are 'flexible'. It said that this would allow cash funds, that are not earning any interest, to be moved temporarily into an interest-bearing environment outside of Assetz's platform and then be replaced back into their Assetz IFISA, within the same tax year. This would allow a transfer out to another ISA provider, which would allow the tax-free status of the funds to be maintained.
- It said that by utilising this flexible feature, investors were able to perform fewer larger transfers out instead of multiple smaller ones - keeping any ISA Transfer Fees to a minimum.

Mr M didn't accept Assetz's findings as he said Assetz's response did not provided a sufficient rationale for the fee amount, nor did it acknowledge the cumulative financial burden placed on investors.

One of our investigators considered Mr M's complaint but didn't uphold it. In summary, they said:

- Term 7.3 is a 'variation clause' that allows Assetz to make changes to the terms of the contract and so they considered the Financial Conduct Authority's ("FCA") guidance on the fairness of variation clauses in this type of contract (FG18/7).
- Whilst they had some concerns around the fairness, they noted that clause did say that fees would only be raised "*based on the costs related to providing the service*", so this limited how open-ended the term was.
- They felt Assetz had fairly considered the impact the ISA Transfer Fee would have on investors and felt it had fairly weighed up the alternative of increasing the Lender Fee.
- They were persuaded by Assetz's explanation showing that the £35 fee isn't arbitrary and does reflect the actual costs associated with the IFISA transfers.

Mr M didn't accept the investigator's findings and so the complaint has been passed to me to decide.

Since referring the complaint to decision, Assetz has provided the following further information regarding the position of Mr M's IFISA:

- Mr M has not instigated an IFISA transfer since Assetz started charging the ISA Transfer Fee from August 2025.
- As of 10 November 2025, he has no cash available to transfer and £5,244.48 in funds still lent out to borrowers.
- It provided a spreadsheet of all of Mr M's existing loans, and it was noted that one loan has the oldest contractual repayment date of 24 months from November 2025.
- Some loans have a negative term remaining due to them passing their contractual repayment date, which are currently undergoing recovery action with an indeterminate length of time until Mr M can expect repayment.

Our service also contacted Assetz for further information regarding the amount of IFISA transfers it has completed since the announcement of the ISA Transfer Fee and implementation. In response, Assetz provided the following key information:

- During the period between making investors aware of the ISA Transfer Fee, but not applying it, the amount of monthly IFISA transfers instigated were, on average, between 400 to 500.
- This reduced to below 100 transfer each month following Assetz applying the ISA Transfer Fee.
- The IFISA transfer costs between January 2024 and August 2025 were covered by the Lender Fees collected between January 2023 and December 2024.
- The Lender Fee collection stopped in December 2024 as it was forecasted that the fees collected up to that point would, hopefully, cover the remaining costs of the solvent wind-down of the retail platform. Additional IFISA transfer costs were not part of this fee calculation.
- The delay from the ISA Transfer Fee announcement to implementation was due simply to the lack of available technical resource within the business. After the platform closure, its technical team was greatly reduced and so its ability to build the required technical infrastructure, integrations into its operations and links to its third-party ISA processing systems took longer than it had hoped for.

Our service also contacted Assetz for further information regarding its calculations in determining the ISA Transfer Fee amount. In response, Assetz provided its rationale from

January 2024 (when notification of the fee was provided), its revised position in June 2025 and its current position.

January 2024 rationale:

- It looked at worst and best-case scenarios and found that the average of the two scenarios came out at £3.08 per ISA transfer for Assetz's finance team costs in dealing with the transfers.
- It was paying its third-party ISA processing partner around £6,000 per month for processing IFISA transfers and at the time it was processing around 400 to 500 transfers out per month – suggesting a cost of £12 to £13 per transfer.
- It confirmed that this cost is not transactional and is instead based on a percentage of its funds under management, plus a fixed £1,000 per month licence fee. So it pays the same third-party costs regardless of the frequency of transfers.
- Given that it was reasonable to believe that the introduction of the ISA Transfer Fee would affect the habits of investors, it worked on the basis of a reduced number of transactions per month at around the 200 level, which gave a £30 third-party costs per transaction.
- Assetz's technical work cost was estimated to be around £30,000 and so it divided this by an estimated 9,600 Transfers out (200 per month over four years) to reach a cost of £3.13 per transaction. However, there was some overlap between this work and other fees, so it reduced this to £2 per transaction.
- As such, it reached an ISA Transfer Fee of £35.

Revised June 2025 rationale:

- Assetz estimated there to be around 200 transfers per month once the ISA Transfer Fee was introduced - due to effect of the fee on customer behavior versus the average of 400 to 500 per month (between January 2024 to June 2025) prior to the fee being in place.
- The third-party ISA processing partner invoice for June 2025 was £4,240 – reducing due to its funds under management reducing.
- Third-party costs were estimated to be £21.20 (£4,240 divided by 200 transactions).
- Assetz's finance team costs were estimated to be £2.60 per transaction.
- Assetz's technical work costs were estimated to have increased since the original rationale to £6.50 per transaction.
- Assetz's technical overhead costs were estimated to be £1.73 per transaction.
- Assetz's third-party bank charges were 54 pence per transaction.
- It estimated the overall cost to be £32.57 per transaction, so it felt £35 was fair as it reflected the costs and allowed for some disparity in its estimations.

Current position:

Assetz clarified that the current position has changed due to its third-party costs steadily falling, as the funds under management have reduced. These costs are now around £3,600 per month, however, as the number of IFISA transfers have now fallen to below 100 per month, this now gives a current increased third-party cost per transfer out to around £45 per transfer. Assetz says it will continue to review the number of transfers versus its third-party costs into the future, so as to continue to make sure the fee remains fit for purpose.

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.

Having done so, I'm persuaded Assetz has acted fairly by introducing the ISA Transfer Fee. I'll explain why.

Does Assetz's terms and conditions allow it to introduce the ISA Transfer Fee?

Assetz has relied upon Term 7.3 for the terms and conditions for ISA accounts to introduce the ISA Transfer Fee. This explains:

"Section 7: Transfers Out

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."

Assetz says the above term allows it the right to charge a fee in relation to IFISA transfers in the future and points out that it can do so based on the cost of providing that service.

It's not for me to decide whether this term is fair or not – that is something only a court can decide. But as a regulated financial business, Assetz is under an obligation to treat its customers fairly. And the obligation I am under is to consider what is fair and reasonable in all of the circumstances – which includes having consideration for the relevant law and regulations, regulators' rules, guidance and standards, codes of practice; and (where appropriate) what I consider to have been good industry practice at the relevant time.

The term is a 'variation clause' in that it allows Assetz to make changes to the terms of the contract. In December 2018, the FCA published guidance that outlines the factors financial services firms should consider under the Consumer Rights Act 2015 when drafting and reviewing variation terms in consumer contracts. I consider this to be relevant guidance to help me decide whether Assetz has treated Mr M in a fair and reasonable way when it introduced the ISA Transfer Fee.

Factors that are typically considered when determining the fairness of variation clauses include things like whether the term creates a significant imbalance in the parties' rights and obligations, to the detriment of the consumer and whether customers are free to exit the contract if they don't accept the changes.

I think there are issues with the term which do touch on things that might suggest unfairness. This includes the fact the term relied on isn't specific as to when the new charge might be introduced, as well as how often it could be charged. It also doesn't make investors aware of how much any change would cost them. However, the term does say that fees would only be raised "*based on the costs related to providing the service*", so this limits how open-ended the term is, and it could be argued that investors, such as Mr M, had some reassurance that the costs wouldn't be extensive.

I also acknowledge that the term creates an issue with regards to an investor's ability to exit without penalty. However, arguably the nature of the platform itself made it impractical for investors to always be able to exit if they objected to changes to the terms and conditions, as selling their loans on the secondary market was never guaranteed. I'm also aware that the term was drafted prior to the commencement of the solvent wind-down of the retail platform and the secondary market permanently closing.

Whilst I do have concerns regarding the fairness of the term, I've thought carefully about the introduction of the ISA Transfer Fee in the context of the financial situation of Assetz and

with our service's broader remit of determining what is fair and reasonable in the circumstances. And in doing so, I feel the introduction of the ISA Transfer Fee provides a fair balance between the legitimate interest of Assetz and Mr M's interests.

Assetz has previously explained to our service that, given the significant and sudden rise in interest rates, its P2P loans were no longer as attractive to new and existing lenders and new loans stopped being originated. It says that this meant its fee structure which operated under normal circumstances was no longer suitable or sustainable. It says that without new loans being written there were no origination fees to fund the platform. It says the platform still had significant ongoing costs which were necessary to support the existing loan book and to ensure maximum returns for existing lenders.

I think it's worth explaining at this point that it's not my role to determine whether Assetz could decide to close its retail platform. I consider that to be a legitimate business decision that Assetz could fairly make. Our service has previously considered the Lender Fee which Assetz introduced in December 2022 and determined the fee was necessary to facilitate the solvent wind-down of Assetz's retail platform.

Although the introduction of the ISA Transfer 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 IFISA account, rather than raising the Lender Fee slightly, it considered it was fairer to apply a charge to each individual IFISA transfer. I'm persuaded this is a fair and reasonable approach to take and, in doing so, it ensures that the solvent wind-down of the retail platform can continue, whilst not charging a fee to those investors who don't have an IFISA account.

So taking into account all of the above, I'm satisfied that Assetz's terms and conditions allow it to introduce the ISA Transfer Fee and its actions support the need to continue with the solvent wind-down of the retail platform, which in turn seeks to protect investors' returns from loans still under management.

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 ISA Transfer Fee. I note that Assetz sent quarterly updates to all investors to inform investors of the progress on the ISA Transfer Fee. The first update that mentioned the ISA Transfer was provided in January 2024 which explained that it had reviewed the costs associated with each IFISA transfer and determined that a fee of £35 was sufficient to cover its costs. It gave 30 days' notice of the change and said that it expected the ISA Transfer Fee to go live in quarter two of 2024. Assetz then provided further updates to all investors in July 2024, October 2024, January 2025, April 2025, 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 and it gave 30 days' notice of this.

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

Is the amount of the ISA Transfer Fee reasonable?

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 IFISA 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 IFISA 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 IFISA 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 IFISA account to establish, whether or not there were other IFISA providers that charged a fee for transfers out. Is 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 IFISA 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 IFISA 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 £1,000 per month 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 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 M 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 ISA Transfer Fee, 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 ISA Transfer Fee 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-IFISA investors to fund the increased costs of processing IFISA 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 IFISA 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 IFISA transfer service.

Does the ISA Transfer Fee cause any foreseeable harm?

Whilst I think Assetz was able to introduce the ISA Transfer Fee and it has demonstrated that the fee is reflective of the costs associated with providing the service, I have also carefully considered whether the fee causes any foreseeable harm and whether Assetz has mitigated this.

Investors, such as Mr M, 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 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 the ISA Transfer Fee doesn't materially impact an investor's ability to transfer out their IFISA funds. I'll explain why.

One option an investor has is to wait until the end of the loan terms (or for the outcome of recovery action) in order to have all of their invested funds available to transfer out of their IFISAs. Whilst I appreciate that investors, may wish to invest their funds elsewhere, they do have this option if they don'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 they have fully transferred the entirety of their invested funds, Whilst, in doing so, an investor will incurring 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 IFISA 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 IFISA, within the same tax year. This would allow a transfer out whilst maintaining the tax-free status of the funds

Taking into account all of the above, I'm satisfied that whilst the ISA Transfer Fee can cause some foreseeable harm, investors, such as Mr M, have options available to mitigate these. As such, I'm persuaded Assetz is able to charge the ISA Transfer Fee 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 ISA Transfer Fee. This is especially considering the need for Assetz to cover the costs associated with providing the service, whilst maintain 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 ISA Transfer Fee fairly reflects the costs associated with the IFISA transfer service and that investors, like Mr M, have options available to mitigate the costs associated with 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 M to accept or reject my decision before 5 March 2026.

Ben Waites
Ombudsman