



Terms and Conditions

Octopus Choice

October 2020

Section A – General Terms and Conditions

The Agreement

These Terms and Conditions set out the terms on which we will provide the Octopus P2P Service and constitute our agreement with you as a P2P Lender. The service is provided to you by Octopus Co-Lend Limited which is authorised and regulated by the Financial Conduct Authority with firm reference number 722801.

If you wish to use the Octopus P2P Service as a P2P Lender, you must comply with these Terms and Conditions.

Capitalised terms shall bear the meaning in the Glossary at the end.

How to become an Octopus P2P Lender

You must register as an Octopus P2P Lender by completing a Lender Application on the Website to create your Online Account. We also allow you to complete a Lender Application in paper form. If you wish to do so, you can make a request through the Website for a paper form to be sent to you. Our use of the personal details you provide through the registration and investment process is subject to the terms of our Privacy Policy and clause 26.

You can use the Lender Application to lend money through the Octopus P2P Service for the first time or through an existing Online Account with us. The minimum investment and minimum account balance of cash and loan capital on your account is £10. If your account drops below this level, we may, at our discretion, close the account and pay the proceeds to you. If you have not provided us with a valid Nominated Bank Account into which such proceeds should be paid and we are unable to contact you within 28 days, we may pay such balances to a charity of our choice (provided your account has been dormant for at least 6 years). We may increase the minimum account balance at any time upon providing you with one month's prior written notice.

Your Lender Application will provide us with details of the P2P Portfolio you would like us to build for you. If we accept your application, we will provide you with your Online Account details.

You must provide us with the account details of the bank account from which you intend to make and receive payments (your Nominated Bank Account). Your Nominated Bank Account must be in the same name as the person who is registered with us and must be held with a bank or building society ("Credit Institution") that is acceptable to us. We may accept or reject applications to create an Online Account at our absolute discretion.

If you want to add funds to your P2P Portfolio, sell all or part of your P2P Portfolio or request us to move money between your Octopus Client Account and your Nominated Bank Account, you can do this through your Online Account.

You may designate any part of the cash or loan capital on your account as being held in the account on behalf of a person under the age of 18. Any cash or loan capital designated in that way remains your property and does not become the property of the person it is held for.

The Services

The Octopus P2P Service is a discretionary loan portfolio management service which enables you to view the breakdown of your cash and investments held on the Platform. The Website and these Terms and Conditions describe the basis on which Octopus Co-Lend may add and remove P2P Loans to and from your P2P Portfolio from time to time and by accepting these Terms and Conditions, you authorise Octopus to transact in P2P Loans on that basis as your agent.

Your money will be used to fund individual P2P Loans, which will be transferred to you and held within your P2P Portfolio. We take steps to achieve diversification as set out in these Terms and Conditions.

As part of the Octopus P2P Service, we shall manage your P2P Portfolio on a discretionary basis including re-allocating your loans and therefore diversifying your portfolio as we see fit in order to give you exposure to a range of Borrowers as new opportunities arise.

Funding your Online Account

You will be able to add funds to your P2P Portfolio by electronic transfer, debit card payment or direct debit when you set up your Online Account. You therefore authorise us to send instructions, to the financial institution that issued your card, to take payments from your card account in accordance with these Terms and Conditions. You can update your Online Account preferences in respect of any un-invested cash at any time. If you wish to add funds to an existing P2P Portfolio, we will apply the same diversification criteria across the whole P2P Portfolio, although the Personal Rate you achieve may change over time in line with market conditions and changes to the Target Rate, as described in clause 12.

We may also agree to you adding funds to your P2P Portfolio using cheque payments however, we will only recognise such payments once funds have cleared in full into the Octopus Client Account. Please contact us by phone on **0800 294 6848** or by email at support@octopuschoice.com if you would like to fund your P2P Portfolio using cheque payments.

Re-investment of interest

Unless you switch off the 're-invest your interest?' option through your Online Account we will automatically re-invest interest proceeds into new P2P Loans, that will be held within your P2P Portfolio in the same way as new funds added pursuant to clause 4 above. If your preference is to receive interest you will need to switch off the "re-invest your interest?" option, then once interest is received it will be paid automatically into your Nominated Bank Account on a monthly basis.

Selling P2P Loans

You will have your P2P Portfolio diversified across P2P Loans with different maturity dates.

If, at any time, you wish to sell some or all of your P2P Portfolio, you may request to do so through your Online Account. You will not be able to sell individual P2P Loans, but will be able to request to sell all or a specified proportion of all P2P Loans within your P2P Portfolio.

If you request to sell all or a proportion of your P2P Portfolio, we will attempt to realise your P2P Portfolio by finding replacement Lenders (which may be one of our affiliates) to transfer your P2P Loans to. We cannot guarantee that it will be possible to find a buyer for your P2P Loans, which will depend on market

conditions, so you may have to wait until some or all of your P2P Loans expire and the Borrower repays you. The maximum P2P Loan term is twenty five years.

Requests from more than one P2P Lender to sell interests in P2P Portfolios containing P2P Loans relating to the same Borrower will be processed in the order we receive the requests.

Requests to sell part of your P2P Portfolio shall be effected in a manner that maintains the Personal Rate you achieve on your P2P Portfolio.

In order to protect the interests of new Lenders, we will not sell any component of your P2P Portfolio which is a Non-Performing Loan.

The sale price for a loan will be equal to the outstanding capital and interest due on the loan at the time of sale

Using the Octopus P2P Service through an Intermediary

We do not provide any investment advice, tax advice or personal recommendations in respect of your P2P Portfolio or in relation to your decision to invest through the Octopus P2P Service. We shall not be liable for any losses you suffer or incur as a result of acting or deciding to act on the advice or recommendation of any third party (including your Intermediary) in relation to the Octopus P2P Service.

You acknowledge that it is your responsibility (or the responsibility of your Intermediary) to keep your financial circumstances, objectives and appetite for risk under review, and to assess whether investing in P2P Loans through the Octopus P2P Service is suitable for your needs.

Clauses 2.2 to 2.6 apply if you are introduced to the Octopus P2P Service by an Intermediary who operates your Online Account and deals with us on your behalf as your agent.

We have no responsibility for monitoring any on-going service which may be provided to you by your Intermediary.

We will treat your Intermediary as your agent for the purposes of providing the Octopus P2P Service and we will act on any instructions from your Intermediary as if they were instructions from you pursuant to these Terms and Conditions.

If your Intermediary's ongoing service comes to an end (for example, because you choose to cancel the service or your Intermediary chooses to terminate its

relationship with you or goes out of business) we will continue to hold the cash and investments in your account for your benefit, but you will not be able to control your account unless you notify us about the change in circumstances and prove your identity. We shall be entitled to continue to rely on any authority you have provided us to pay adviser charges that are outstanding and due to the Intermediary.

If the relationship between you and your Intermediary comes to an end, you may appoint a new Intermediary to ensure that investing through the Octopus P2P Service remains suitable for you. The new Intermediary will need to register with us in order to have authority to operate your Online Account.

You should notify us if your relationship with your Intermediary comes to an end and we shall be entitled to deal with your Intermediary until such time as we have received a valid notification of the change in circumstances.

We may contact and deal directly with you notwithstanding the fact you have appointed an Intermediary, for example and without limitation, where we know or suspect that your Intermediary has come to an end.

Investing through a Pension Fund

If you are investing via a pension fund, we will treat the lender as the legal entity constituting the said pension fund. Any withdrawal request should be raised via the pension fund provider and will be paid to the named account of the relevant pension fund.

If there are any conflicts of interest identified, then sadly we would not be able to offer our product (see clause 24).

Origination and transfer of loans

In order to ensure that your P2P Loan commitments can be deployed quickly, we originate loans through the Liquidity Provider before transferring the Liquidity Provider's rights to P2P Lenders in the form of individual P2P Loans. This means that when you commit money towards your P2P Portfolio, there is already a loan agreement in existence. The Borrower and you provide us with authority to enter into a Contract of Transfer, which creates a direct P2P Agreement between the Borrower and you.

Once the underlying loans are in place we may then arrange for each one to be transferred to a P2P Lender. We (acting as agent for the First Loss Lender) will always fund part of the First Loss Proportion in

accordance with clause 10 below. For the avoidance of doubt, the Liquidity Provider is not under an obligation to transfer its interests under a loan.

The transfer process may occur several times during the course of you lending to the same Borrower.

Security and first-loss co-lending

We will carry out credit assessments on all Borrowers before approving their loan application. The Borrower will provide security in respect of each loan by granting a first legal charge over property of sufficient value as is necessary to meet our lending requirements. We may also seek personal or corporate guarantees, where appropriate. The Security will be held on trust by the Security Trustee for the benefit of the Lenders and for our own benefit.

In the event that a Borrower defaults under a P2P Loan and we are unable to recover the full amounts due from the Borrower in respect of interest and capital, the First Loss Lender will repay to Octopus Co-Lend Limited all interest it has received prior to enforcement and this will be added to the P2P Lender Proceeds. For the avoidance of doubt, any interest already paid to the Lenders as at the date of enforcement and any Borrower Fees already received by us will not be repayable in this manner.

In the event that we are unable to recover the full amounts due from the Borrower, the proceeds of recovery, net of any necessary third party costs associated with such recovery (as further detailed in clause 21) will be separated between the Liquidity Provider (the Liquidity Provider Proceeds), the P2P Lenders and the First Loss Lender (the P2P Lender Proceeds). Any interest repayable by the First Loss Lender will form part of the P2P Lender Proceeds and not the Liquidity Provider Proceeds.

The Security Trustee shall apply the P2P Lender Proceeds in the following order:

- first, for the benefit of P2P Lenders in paying any capital due under the P2P Agreements;
- second, for the benefit of the First Loss Lender in paying any capital due on the First Loss Loan, less the interest it has received to date;
- third, for the benefit of the P2P Lenders in paying any interest due under the P2P Agreements;
- fourth, for the benefit of the First Loss Lender, in respect of any interest due from the Borrower on the First Loss Loan;

- fifth, for the benefit of Octopus Co-Lend Limited in respect of any Borrower Fee and to the extent that there are any P2P Lender Proceeds remaining, for its own benefit in defraying the costs of enforcement, as described in clause 21 below

The effect of clause 10.4 is that if the Borrower defaults a P2P Loan, the P2P Lenders will recover their loan commitment capital before the First Loss Lender recovers its capital contribution and the P2P Lenders will recover their interest before the First Loss Lender receives any interest. In order to reflect the increased risk the First Loss Lender takes, the first loss strip will attract higher interest rates than those available to Lenders. This does not affect the calculation of the Target Rate that we will seek to achieve for you.

Portfolio Management

By completing a Lender Application and indicating your agreement to these Terms and Conditions, you grant us full authority to act as your agent in entering into Contracts of Transfer, on a periodic basis in order to effect P2P Agreements and build your P2P Portfolio. You also grant us authority to manage the P2P Loans in your P2P Portfolio and without prior reference to you, provided that such management activities are undertaken in accordance with the provisions of these Terms and Conditions.

In entering into a Contract of Transfer on your behalf, we may at our discretion vary the original interest rates charged to each Borrower, in such a way that the average interest rate across all Borrowers determines the Target Rate we quote on the Website from time to time. This means that we may enter into a P2P Agreement with an interest rate below the target, but where we do so, we shall try to match it with a corresponding P2P Agreement that balances out the rate. We will only do this where we believe it desirable to increase the diversity of your P2P Portfolio and where lower rates can be complimented with higher rates.

Subject to a minimum total commitment of £100 under these Terms and Conditions, we shall use our reasonable endeavours to achieve diversification by ensuring that no more than 10% of your total P2P Portfolio is lent pursuant to a single P2P Loan. If your total commitment is less than £100, there shall be no restriction on the proportion lent to any one Borrower or in the way in which your money is allocated amongst P2P Loans.

The Target Rate and your Personal Rate

The Target Rate reflects the indicative return that Octopus Co-Lend Limited expects to be able to achieve for P2P Lenders in light of current market Lending Conditions. The Target Rate can change throughout the day and is continuously quoted on the Website. Because the Target Rate can change over time and because it is based on a specific portfolio size, the Personal Rate you achieve on your P2P Portfolio may be different to the Target Rate you see before you apply to invest. You will be notified of the Personal Rate you have achieved when we confirm your application.

Any change to the Target Rate will not affect the Personal Rates being accrued by P2P Lenders in respect of existing P2P Loans in their P2P Portfolio.

Your money

You will be required to transfer your loan commitments into the Octopus Client Account in order to enter into any P2P Loan. You can fund the Octopus Client Account by electronic transfer, direct debit or by debit card payment. We reserve the right to refuse to accept any particular funding transaction or to disable any particular funding method without notice in our sole and absolute discretion.

We may transfer P2P Loans to you before the amount you transfer has been received by us. We may do this by either pre-funding your Online Account or by paying the Liquidity Provider directly in consideration for the transfer. Where we pre-fund your account, we will withdraw an equivalent amount when your payment clears.

Payments will remain with your payment services provider until received by us in cleared funds. If the amount does not clear in full and is therefore not received into the Octopus Client Account within the standard clearing timeframes associated with the payment method you have used, we will re-transfer to other Lenders the P2P Loans that had been transferred to you and we will deduct from your account any associated interest paid to you.

We will claim and account for all repayments, interest and other payments or entitlements received and due to you and pay them into the Octopus Client Account. We will not mix money in the Octopus Client Account or the Trust Account with our own money, other than fees and charges that are due to us out of your P2P Portfolio. The name of the Octopus Client Account and the Trust Account shall make it clear that they are held

for the benefit of our clients and that the proceeds of the account should not be paid out to our general creditors in the event of our insolvency.

No interest will be payable on your money held in the Octopus Client Account.

Any fees, charges or taxes will be deducted before paying the net proceeds of any amounts due to you into your Nominated Bank Account. Where we make a tax deduction (or any payment required in connection with that tax deduction) which is required under the relevant tax law (including withholding of the basic rate of income tax), we will provide you with a statement (or other reasonably satisfactory evidence) that such tax deduction has been made or an appropriate payment has been made to the relevant taxing authority.

After termination of your Online Account, we will repay all sums due to you into your Nominated Bank Account. If we are unable to trace you to make such payment within 6 years, having made reasonable attempts to do so, we may pay your money to a registered charity of our choosing.

If you wish to change your Nominated Bank Account, you may only do so to another account in your name with a bank or building society based in the UK.

Interest payments

In order to enable you to receive consistent returns, interest will always be paid to your account on a monthly basis and on the same day of the month. We will be able to enter into loans under which the Borrower repays on a different day of the month, under which the Borrower only pays interest at the end of the loan term (Rolled-Up Interest) or under which the Borrower pays all interest at the beginning of the loan term (Retained Interest).

Where the Borrower pays interest before it becomes due to you under the terms of the P2P Loan Agreement (including for Retained Interest loans), we will hold the money on trust for you. This money will not be subject to the FCA's client money rules. When the money becomes due to you, we will either pay it into your Nominated Bank Account or re-invest it in new P2P Loans in accordance with instructions you have provided in your Lender Application and through your Online Account.

Where the Borrower pays interest under a Rolled-Up Interest loan, we will pre-fund the interest on a monthly basis by purchasing your right to the Rolled-Up Interest

from you at par and crediting the purchase price to your account in the same way as monthly interest is paid.

Cooling Off Period

You will have a cooling off period which will end 14 days after the date on which you enter into your first P2P Agreement. Within this cooling off period you may cancel your registration as a P2P Lender.

If you would like to cancel your registration as a P2P Lender within this period then please email support@octopuschoice.com.

Termination of your Online Account

Your agreement with us pursuant to these Terms and Conditions shall come into effect on the date you register as an Octopus P2P Lender (by submitting a Lender Application and opening an Online Account) and will continue until you notify us via the Online Account or in writing, or we notify you in writing in accordance with clause 25.1, that your Online Account is to be closed. Such notification will take immediate effect, subject to the terms of this clause. You shall not be charged any fees or charges for closing your Online Account.

You will not be capable of closing your Online Account at any time when you have an existing P2P Portfolio. Termination of these Terms and Conditions will not entitle you to withdraw from the P2P Loans to which you are committed unless we are able to sell your P2P Portfolio in accordance with clause 6 on your behalf.

We may, at any time and at our discretion, prevent you from committing funds to new P2P Loans.

We may, where we believe it to be desirable for legal or regulatory reasons or upon giving you at least 30 days' written notice for any other objective reason, attempt to wind up your existing P2P Portfolio by selling your P2P Loan commitments to alternative Lenders in accordance with clause 6.

After all outstanding transactions (including in relation to Non-Performing Loans) have been completed we will provide you with a closing statement detailing the interest paid on your loans in the current tax or calendar year. Our responsibility for managing your Online Account and your P2P Portfolio will then cease entirely.

Termination will not affect accrued rights or any contractual provision intended to survive termination.

Complaints and Compensation

We endeavour to deliver a first-class service to our clients, but we recognise that there may be occasions when we fail to meet your expectations. If you have a complaint, then you can contact us through your Online Account or by phone on **0800 294 6848** by post at: Octopus Co-Lend Limited, 33 Holborn, London, EC1N 2HT or by email at **support@octopuschoice.com**. If we are not able to resolve the complaint to your satisfaction, you may have rights to refer the complaint to the Financial Ombudsman Service. Further details are available from the Financial Ombudsman Service, at **www.financial-ombudsman.org.uk**. You may request a copy of our complaints-handling procedure at any time.

Peer-to-peer lending is not covered by the Financial Services Compensation Scheme. However, if the credit institution holding your money in the Octopus Client Account or the Trust Account becomes insolvent, you may be able to claim compensation from the Financial Services Compensation Scheme. In such an event, we will inform you of the identity of the credit institution to enable you to pursue such claim. The maximum amount of compensation in respect of a UK credit institution is £85,000. Further details are available from the Financial Services Compensation Scheme, whose address is 7th Floor, Lloyds Chambers, Portsoken Street, London, E1 8BN and telephone contact details are **0800 678 1100** or email **enquiries@fscs.org.uk** or **www.fscs.org.uk**.

Fees and Charges

Our fees are paid by Borrowers and we do not currently charge you for your use of the Octopus P2P Service. However we may introduce charges for exceptional transactions, provided that no such charges will be introduced retrospectively in relation to P2P Portfolios that were created before such charges were notified to you.

Any such charges due on your P2P Portfolio may be deducted from the interest and repayments received into your Octopus Client Account or Trust Account and you authorise us to make such deduction from the money held in your account on a monthly basis. If there are insufficient monies available to meet our charges, then we may at our discretion elect either to roll this up to be deducted on a later occasion when sufficient monies may be available to cover such amount (interest will not accrue on the rolled-up charge) or, at our complete discretion, to sell any of the P2P Loans in your P2P Portfolio in order to meet such charges.

Reporting

You will be able to log in to your Online Account and view details of your P2P Portfolio. Your Online Account will show information including the number of loans made, amounts outstanding, interest payable and repayment dates.

Intermediary fees and commissions

Should you choose to employ the services of an Intermediary, your Intermediary is responsible for agreeing with, and disclosing to, you their fees that relate to the advice or service that they gave to you in respect of your lending activities and your decision to create a P2P Portfolio.

We may, where you authorise us to do so, facilitate the payment of your Intermediary's fees. We will pay such fees from cash held in your Octopus Client Account. Where there are insufficient funds in your Octopus Client Account to cover your Intermediary's fees in full or in part, we will not be able to facilitate the payment, which you will need to cover directly. We will notify both you and your Intermediary if this happens.

Missed payments and enforcement

In the event of missed payments on a P2P Loan, the Security Trustee may take the administrative steps set out in the P2P Agreement on your behalf, although we will determine in our discretion how best to pursue the debt in the circumstances so that we may act outside and/or ahead of those processes to pursue missed payments on P2P Loans (whether or not in formal default) where we consider this to be in the best interests of Lenders across all P2P Loans with the Borrower. We may recover our reasonable costs from any amount recovered.

We have put in place collection and arrears procedures with the objective of treating both Borrowers and Lenders fairly at all times, and so where possible, we may consider accepting reduced payments or extending payment terms where we, in our discretion, believe that non-enforcement of strict contractual terms against Borrowers is commercially appropriate in the circumstances.

If a Borrower misses a payment or only partially pays the amount due to you, we will contact the Borrower to inform it that it is in arrears, and we will reattempt to collect the outstanding payment in respect of all P2P Loans it has entered into. If the Borrower continues to be in arrears, then the P2P Loans may be placed into

default and passed to the Security Trustee to deal with in accordance with clause 10.4.

The Borrowers' obligations under its P2P Agreements will be secured by the Security. In the event of default by a Borrower, or where a Borrower fails to meet any material obligations under the P2P Loans, we will instruct the Security Trustee to enforce the security for the benefit of the Lenders and with the Lenders' authority. The Security Trustee will hold a legal mortgage in respect of each Borrower to secure all monies due from that Borrower to Lenders and the First Loss Lender. If the Security Trustee is still unable to collect the debt and the security held in respect of the Borrower is not sufficient to recover all of the debt, it may transfer your P2P Agreement to itself in order to pursue the debt on your behalf. This will give the Security Trustee standing to take action directly against the Borrower.

Third party fees associated with taking recovery action, including third party administrator, receiver or legal counsel fees, will be deducted from the amount recovered from the Borrower. The remaining proceeds will be distributed to the Lenders and the First Loss Lender in accordance with clause 10.

We may instruct third parties, such as solicitors, in order to pursue the debt. We may refer the missed payment(s) to a debt collections agency to attempt to collect the money on your and any other Lenders' behalf. We will notify you through your Online Account if you have not received any payment due to you under a P2P Loan and will keep you up to date with the progress of efforts to collect missed payments.

Arrangements to administer loans in the event of platform failure

If the Platform were to fail or become insolvent or otherwise cease to operate, Octopus Co-Lend has made arrangements with a view to ensuring that your Loans will be unaffected by managing the orderly run-down of Octopus Choice. Collections and distributions of all payments from Borrowers would continue in accordance with the terms of the Offer Letter.

We reserve the right to use a back-up servicer prior to insolvency where such action is in the best interests of all of the Lenders.

The arrangements in place provide for the service to be provided at no cost to Lenders, but we reserve the right to change this if the current provisions prove inadequate or if the back-up servicer charges an additional special

situation fee. In such circumstances, a fee may be required to be borne by the Lenders as prescribed from time to time on the Website.

Delegation

Any of our functions under these Terms and Conditions may be delegated to an associate or competent (and if relevant, appropriately regulated) third party of our choosing to perform such functions. We will use reasonable skill and care in our selection, monitoring and use of agents.

Collections can be outsourced by us or the Security Trustee to any third party.

Conflicts of interest

This clause constitutes our conflicts policy. In the event that any conflicts arise which we could not effectively manage, we would not be in a position to provide our services to you.

You agree that we or any of our associates may effect transactions for you in which we or an associate has directly or indirectly a material interest or a relationship of any description with another party which involves or may involve a potential conflict with our duty to you. In particular, the First Loss Lender will lend to Borrowers on a first-loss basis, which means that, P2P Lenders will rank ahead of the First Loss Lender in the event that the proceeds of enforcement proceedings against a Borrower are insufficient to repay the P2P Lenders and the First Loss Lender in accordance with clause 10. The First Loss Lender will receive a higher rate of interest from Borrowers than other Lenders to reflect the increased risk.

The Liquidity Provider may also be an associate of ours and will receive interest on all Borrower loans that have not been transferred to P2P Lenders. As the Liquidity Provider does not benefit from the first loss provisions in clause 10, it will generally receive a higher interest rate than P2P Lenders.

Subject to the terms of this conflicts policy neither we nor any of our associates shall be required to account to you for any profit, commission or remuneration made or received from or by reason of such transactions. It is possible that the Borrowers will be entities: in which Octopus, its associates or their clients have financial interests; or to which Octopus or its associates provide services. Accordingly, we or any member of our group (including any associate) may be entitled to gains, profits or fees from or in relation to such companies and entities.

Variation and transfer

We may, at any time, change these Terms and Conditions by giving you written notice. Such amendment will take effect on the date specified in the written notice. For the avoidance of doubt, these changes may impact our fees and charges or the level of service provided. Any amendment that adversely affects you will not apply to sums already lent out.

We may amend these terms if we believe it necessary in order to respond proportionally to changes in law and regulations.

We may also amend these Terms and Conditions to reflect changes to our systems, administrative processes and procedures, market practice or client requirements and to reflect other legitimate cost increases (or reductions) associated with providing the Octopus P2P Service.

You will be given at least 14 days' notice in respect of changes to these Terms and Conditions, unless the specific circumstances require a shorter or longer period. Any amendments will comply with any applicable laws and regulations.

A variation to the Target Rate shall not constitute an amendment to these terms. Changes to the Target Rate will be published on the Website. A change in the Target Rate will not affect your Personal Rate on existing loans, but is likely to affect the rate you receive on re-allocation or re-investment.

Data protection

You will be required to provide personal details and a password to register as a P2P Lender. These registration details and password are unique to your individual Online Account and are not transferable.

Your registration details and password are how we identify you and so you must keep them secure at all times. You are responsible for all information and activity on the Platform by anyone using your details. If you authorise an agent, family member, employee or sub-contractor to use your Online Account, you will be responsible for their activity on the account. Any breach of security, loss, theft or unauthorised use of your security details must be notified to us immediately. We reserve the right not to act on your instructions where we suspect that the person logged into your Online Account is not you or we suspect illegal or fraudulent activity or unauthorised use.

You agree not to adapt or circumvent the systems in

place in connection with the service, nor access our systems other than by using the credentials transferred to you and by following the instructions that we have provided for that type of connection.

Our use of your data will be subject to our Privacy Policy, which is available to view here:

octopuschoice.com/privacy

Liability

You agree and acknowledge that we shall take on no liabilities, obligations or rights under any P2P Loan as a result of our authority to act on your behalf and you agree that you will continue to be solely liable for and responsible for the rights and obligations under any P2P Loan agreement and any Contract of Transfer.

We shall not be obliged to pay on to your P2P Loan repayments, interest or other sums due to you from Borrowers or other third parties unless we have received them.

We do not provide tax or investment advice. If you are unsure about the tax or investment implications of the Octopus P2P Service, you should seek advice from an appropriately-qualified adviser.

We shall not be responsible for any losses to the extent arising from any information provided by you being untrue, inaccurate or incomplete.

We shall not be liable for any consequential, indirect, special, incidental, punitive or exemplary loss, liability or cost which you may suffer or incur arising out of our acts or omissions regardless of how that loss, liability or cost is caused and regardless of whether it was foreseeable or not.

We will act in good faith and with due diligence in managing your loans in accordance with these Terms and Conditions. Subject to clause 27.5, we accept responsibility for loss to you only to the extent that such loss is due to our negligence, wilful default or fraud.

For the avoidance of doubt, nothing in these Terms and Conditions shall exclude or restrict any liability we have to you under any applicable law or regulation.

Interpretation

These Terms and Conditions shall be governed by, and construed in accordance with, the laws of England and Wales, and the appropriate Court of Law in England is to have non-exclusive jurisdiction in relation to all matters, claims and disputes arising out of or in connection with these Terms and Conditions. No other

documentation or literature can be used as part of the Terms and Conditions.

It is not intended that any term contained in these Terms and Conditions shall be enforceable, whether by virtue of Contracts (Rights of Third Parties) Act 1999, common law or otherwise, by any person who is not a party to these Terms and Conditions save that third parties referred to in it, including the Security Trustee and the Liquidity Provider, may rely on any authority granted to them under these Terms and Conditions, including the ability to accept our instructions to carry out functions on your behalf in accordance with these Terms and Conditions. Any group company of ours shall be entitled to enforce terms on our behalf.

If any part of the wording of these terms shall become or is declared to be illegal, invalid or unenforceable for any reason, such part or wording will be deleted and shall be divisible from the rest of these terms, which will continue in force.

Our failure to exercise or delay in exercising a right or remedy provided by these terms or by law does not constitute a waiver of other rights or remedies.

The Terms and Conditions are supplied in English, and we will only be required to communicate in English during the course of our relationship with you.

Notices

We may send any communications to you through the Online Account and/or at the email address which you provide to us in the Lender Application (or to any updated email address that you may notify to us in writing from time to time). Any original documents will be sent to the last postal address you have notified to us. It is your responsibility to ensure that the contact details we hold for you are accurate and up-to-date contact. You must notify us of any changes to your email or postal address.

You may communicate with us by email at support@octopuschoice.com. If we require information to be sent to us by post, this should be sent to: Octopus Co-Lend Limited, 33 Holborn, London EC1N 2HT. Notice sent by first class post to such address is deemed to have arrived on the second business Day after posting. Notice sent by email or hand delivered is deemed to be delivered immediately (or on the next business day if sent after 5pm on a business Day or on a non-business day). Our telephone number is: **0800 294 6848**. Telephone calls may be recorded or monitored for our mutual protection.

Section B – Octopus Choice IFISA Terms

This Section B of the Octopus Choice Lender Terms and Conditions contains the Terms and Conditions that will apply, together with Section A and the ISA Application Form, if you have chosen to hold some or all of your Octopus Choice peer-to-peer loans in an IFISA. To the extent there is any conflict or inconsistency between Section A and Section B, Section B shall take precedence in relation to the provision of the Octopus Choice IFISA.

Our Status

Octopus Co-Lend Limited, the company which runs Octopus Choice is an ISA manager and has been approved by HMRC to act as an ISA manager in respect of the Innovative Finance component of an ISA. We will manage your ISA in accordance with the applicable rules.

We will manage the Octopus Choice IFISA as an Innovative Finance ISA in accordance with the ISA Regulations. We currently only offer the Innovative Finance ISA and do not offer a stocks and shares ISA or cash ISA.

Subscribing to an Octopus Choice IFISA and further payments

If you subscribe to an Octopus Choice IFISA you may not subscribe to another Innovative Finance ISA in the same Tax Year with another provider.

You are responsible for ensuring that you are eligible to subscribe to an Octopus Choice IFISA and must complete the Octopus Choice IFISA Application Form. By completing the Octopus Choice IFISA Application Form you must declare that:

- you are a resident in the United Kingdom for tax purposes; or,
- if not so resident, are Crown Employees.

You must inform us if any of these declarations no longer apply.

The Octopus Choice IFISA cannot be opened as a joint account or by a corporate customer.

Please ensure that you don't exceed your maximum allowance in any relevant Tax Year. It is your responsibility

to monitor the amount that you invest in the Octopus Choice IFISA. Other than where required under the ISA Regulations, we will not monitor your compliance with the investment limits that relate to your Octopus Choice IFISA. Should you invest more than the maximum allowance in any Tax Year, this may make your Octopus Choice IFISA void and we will have to hold some of your investment outside of your Octopus Choice IFISA.

The minimum investment and account balance for your Octopus Choice IFISA is set out in clause 2.2. Your Octopus Choice IFISA may comprise a combination of either:

- an initial subscription of such amount as does not exceed the maximum allowance in the relevant Tax Year; and/or
- the transfer of all or part of your existing ISA(s) from another ISA manager(s) in cash.

Because the rules on taxation can change, we cannot guarantee that the UK tax treatment of your Octopus Choice IFISA will continue during the lifetime of your investment. We do not provide any investment advice or tax advice. If you are uncertain about this or any aspect of how an investment may relate to your tax position, please seek professional advice.

You can make a lump sum and/or monthly payments to your Octopus Choice IFISA through your Online Account.

All applications to the Octopus Choice IFISA are accepted on a rolling basis, which means that if you wish to subscribe to an Octopus Choice IFISA in subsequent Tax Year you will have to re-apply for a new ISA using your Online Account. This is an optional arrangement and you are under no obligation to make further investments with us.

Cash balances in your Octopus Choice IFISA

In accordance with the ISA Regulations, your Octopus Choice IFISA must invest into qualifying peer-to-peer loans. Cash may also be held in your Octopus Choice IFISA. The qualifying peer-to-peer loans will be and must remain in your beneficial ownership. We will hold

the records of all documentation that constitutes your portfolio of peer-to-peer loans from time to time in accordance with the General Lending Terms and Conditions.

All uninvested cash received or held for the account of your portfolio shall be treated by us under the FCA rules as 'client money' on the basis set out in the General Lending Terms and Conditions.

Where cash is held in your Octopus Choice IFISA, no interest will be paid on this money as set out in the General Lending Terms and Conditions.

We will notify you if, by reason of any failure to satisfy the provisions of the ISA Regulations, your ISA has, or will, become void.

Delegation

We reserve the right to delegate any of our functions or responsibilities under these Octopus Choice IFISA terms to another person and you authorise us to disclose to that person such information about your Octopus Choice IFISA as is necessary for this purpose. We will satisfy ourselves that any such person is competent to carry out such functions or responsibilities.

ISA charges

Charges relating to your Octopus Choice IFISA will be taken directly from your Octopus Choice IFISA and will not be taken from any other account which we may maintain for you.

Withdrawals and transfers

Withdrawals from your Octopus Choice IFISA

You may request for your peer-to-peer loans and cash to be held by us outside the Octopus Choice IFISA at any time. You can make such a request through your Octopus Choice Online Account

You may withdraw cash from your Octopus Choice IFISA (in which case it will, unless clause 7.2 applies, lose its ISA status) by also making a request via your Online Account.

Should it be possible to sell all or part of your peer to peer loans, we will pay the cash sum (subject to the deduction of fees, if any) in to your Octopus Choice IFISA. You may then request to withdraw the cash from your Octopus Choice IFISA as outlined in clause 6.2 above.

The Octopus Choice IFISA is **not** a "flexible ISA" as defined in the ISA Regulations. This means that any money you withdraw from the ISA will still count towards your annual subscription limit.

Transfers into the Octopus Choice IFISA

We do not currently accept the transfer of any cash or investments held in an ISA with another ISA manager.

Transfers Out of the Octopus Choice IFISA

You may instruct us to transfer any cash held in your Octopus Finance IFISA to another ISA manager. However, you cannot transfer any peer-to-peer loans held within Octopus Choice to an another ISA manager. You would first need to sell (all or part of) your rights under peer-to-peer loans held in an Octopus Choice IFISA under the General Lending Terms and Conditions. Once you have sold a peer to peer loan, the cash that you receive can then be transferred from your Octopus Choice IFISA to another ISA manager through your Online Account. The sale of (all or part of) your rights under peer-to-peer loans is governed by the General Lending Terms and Conditions.

We will transfer the cash sum (subject to deduction of fees, if any) to another ISA manager that accepts the transfer within such reasonable time as you stipulate, provided that the transfer process may take up to 30 days from the later of the date you sell your rights under the relevant peer-to-peer loans and the date you notify us of the transfer request. You may be liable to pay the fees and charges of third party administrators and/or custodians arising from any transfer.

When we transfer the cash realised from your Octopus Choice IFISA to another ISA manager, all rights and obligations of the parties to the ISA are transferred with it to the new ISA manager. Your new ISA manager may require you to complete a ISA transfer application form.

We may use a third party ISA transfer specialist to process a request from you to transfer your ISA to another ISA manager. You consent to us sharing your details with the ISA transfer specialist for the purpose of effecting the transfer of your ISA. We will process any personal data in accordance with our Privacy Policy (details of which can be found at: octopuschoice.com/privacy).

Terminating your ISA

The termination provisions in clause 16 of the General Terms and Conditions apply to the Octopus Choice IFISA.

We may also terminate your Octopus Choice IFISA at any time where we reasonably believe that it is in breach of the requirements set out in the ISA Regulations. In these circumstances, you may lose some or all of your tax exemptions and any cash or

peer to peer loans will be held by us outside of an Octopus Choice IFISA in accordance with our General Terms and Conditions.

Cooling Off Period

You will have a cooling off period of 14 days from the date on which you agree to this Section B of the Octopus Choice Lender Terms and Conditions. Within this cooling off period you may cancel your subscription to the Octopus Choice IFISA.

If you would like to cancel your subscription to an Octopus Choice IFISA within this period then please email support@octopuschoice.com.

Glossary

In these Terms and Conditions, unless the context otherwise requires:

“Borrower” means the borrower under a P2P Agreement that we have entered into as your agent pursuant to a Contract of Transfer;

“Borrower Fee” means the fee(s) due from the Borrower to us pursuant to, and as specified in, the Welcome Letter;

“Contract of Transfer” means the contract that creates a direct P2P Agreement between the Borrower and you;

“Crown Employees” means individuals that perform duties which, by virtue of Section 28 of Income Tax (Earnings & Pensions) Act 2003 (Crown employees serving overseas), are treated as being performed in the United Kingdom, or individuals that are married to, or in a civil partnership with, a person who performs such duties;

“FCA” means the Financial Conduct Authority, which regulates firms operating electronic systems in relation to lending;

“First Loss Lender” means Octopus First Loss Limited, a limited company registered in England with company registration number 09977535, whose registered office is at 33 Holborn, London, EC1N 2HT, or such other person from time to time providing the functions described in these Terms and Conditions associated with the First Loss Lender;

“First Loss Loan” means a loan from the First Loss Lender to the Borrower, the amount of which is equal to the First Loss Proportion;

“First Loss Proportion” means, from time to time, the proportion of the Borrower’s total borrowing which is funded by the First Loss Lender, which proportion will be stated on the Website;

“HMRC” means Her Majesty’s Revenue and Customs;

“Innovative Finance ISA” means an innovative finance ISA opened and managed in accordance with the ISA Regulations;

“Intermediary” means any adviser or other professional intermediary that may have introduced or directed a P2P Lender to a P2P Loan or the Octopus P2P Service;

“ISA” means an individual savings account opened and managed in accordance with the ISA Regulations;

“ISA Regulations” means the Individual Savings Account Regulations 1998;

“Lender” means a lender on whose behalf we enter into a P2P Agreement with a Borrower or, as the context dictates, a person who has applied to become such a lender, which term may include the Liquidity Provider, but not the First Loss Lender;

“Lender Application” means the online application Lenders are required to complete in order to create an Online Account or to make commitments to a P2P Portfolio;

“Lending Conditions” means the standard lending and mortgage conditions booklet, setting out the Terms and Conditions on which Loans will be offered to Borrowers, which is available upon request through the Online Account;

“Liquidity Provider” means Octopus Administration Services Financial Limited, a limited company registered in England with company registration number 09667541, whose registered office is at 33 Holborn, London, EC1N 2HT, or such other person from time to time providing the functions described in these Terms and Conditions associated with the Liquidity Provider;

“Liquidity Provider Proceeds” means the proportion of the proceeds of recovery from a Borrower in default, net of third party fees and charges, that corresponds to the outstanding loan commitment of the Liquidity Provider as against the total amount of loan commitments arranged through Octopus Co-Lend Limited in respect of that Borrower;

“Nominated Bank Account” means the bank account you nominate to receive the proceeds of your P2P Portfolio;

“Non-Performing Loan” means a P2P Loan: (i) in respect of which a Borrower has missed more than one repayment; or (ii) we determine an event of default, under the Lending Conditions, has occurred;

“Octopus Client Account” means a client account held by us on trust for P2P Lenders in accordance with FCA rules;

“Octopus P2P Service” means the discretionary loan portfolio management service provided by us to you in accordance with these Terms and Conditions;

“Offer Letter” means the specific terms of the loan offered to the Borrower, the main terms of which are available upon request through the Online Account;

“Online Account” means the secure online account we open for each P2P Lender, through which P2P Lenders can view details of each of their P2P Portfolios;

“P2P Agreement” means the documentation constituting the agreement in respect of a P2P Loan between a P2P Lender and a Borrower, comprising the Lending Conditions, the Offer Letter the Welcome Letter, the Security, the Lender Application and the Contract of Transfer;

“P2P Lender” means the Lenders excluding the Liquidity Provider;

“P2P Lender Proceeds” means the proportion of the proceeds of recovery from a Borrower in default, net of third party fees and charges, that corresponds to the outstanding loan commitments of the P2P Lenders and the First Loss Lender as against the total amount of loan commitments arranged through Octopus Co-Lend Limited in respect of that Borrower;

“P2P Loan” means a loan to a Borrower which is transferred to P2P Lenders in accordance with clause 3;

“P2P Portfolio” means the loan portfolio you create through Octopus pursuant to these Terms and Conditions, comprising uninvested cash and the benefit of each P2P Loan we have entered into on your behalf and subject to any fees, charges or taxes due on the portfolio;

“Personal Rate” means the current weighted average annual interest rate of all P2P Loans in your P2P Portfolio and as reported to you through your Online Account;

“Platform” means the Octopus Choice platform;

“Security” means the security, such as a legal mortgage and/or guarantee(s) provided by the Borrower in respect of any P2P Loan, and available upon request through the Online Account;

“Security Trustee” means the person we appoint to take security over the assets of Borrowers under secured P2P Agreements, as may be varied from time to time and which currently means Octopus Co-Lend Limited;

“Target Rate” means the weighted average annual interest rate currently available to a P2P Lender acquiring a new P2P Portfolio of a specified amount as published on the Website from time to time and updated throughout the day;

“Trust Account” means the account we establish at a UK credit institution for the purposes of receiving and holding Rolled-Up Interest on trust for you before it has become due to you;

“Welcome Letter” means the letter that a Borrower receives to notify them that their P2P Loan is financed through crowdfunding, which is available upon written request; and

“Website” means www.octopuschoice.com.

Get in touch

You can write to us at: Octopus Investments Limited, 33 Holborn, London EC1N 2HT
or call us on 020 7710 2800.



0800 316 2295
investorsupport@octopusinvestments.com
octopusinvestments.com



Octopus Investments
33 Holborn
London EC1N 2HT