



## RateSetter completes debt sale

**Wednesday 21 December 2016**

Peer-to-peer lending platform RateSetter has completed a sale of £2.1m worth of non-performing debt to 1st Credit, a debt purchaser. The sale is believed to be the first of its kind for a UK peer-to-peer lender.

The debt sold comprises non-performing loans worth £2.1m written between 2010 and 2015, where RateSetter believes that it stands a low chance of making a recovery. Typically, these are loans where RateSetter has not been able to contact the borrower for a long period of time, or where it has not been possible to put in place a debt management plan with the borrower.

RateSetter pioneered the concept of a Provision Fund, made up of risk-weighted borrower contributions. In the event of a missed payment from a borrower, as long as it is sufficiently capitalised, the Provision Fund steps in to ensure that the lender receives his or her expected capital and interest. If a borrower defaults, the Provision Fund takes ownership of the loan and begins a recovery process, making every reasonable effort to restart payments.

The value of the Provision Fund is in excess of £20m and to date it has ensured that no individual RateSetter lender has ever lost a penny, although this is not a guarantee for the future.

The proceeds of the debt sale have been paid into the Provision Fund, and are reflected in a small reduction in the Provision Fund usage for the years 2010-2015, which can be seen at [www.ratesetter.com/statistics](http://www.ratesetter.com/statistics). The price is not being disclosed for commercial reasons.

Ryan Marais, Operations Manager at RateSetter, commented:

“RateSetter has consistently achieved very low default rates, but when a loan doesn’t perform according to plan, we aim to maximise recoveries for the Provision Fund and have a built up a strong track record of making recoveries ourselves.”

“We undertook this debt sale to secure some value for the Provision Fund from loans where we’d exhausted the other options available to us. We always strive to ensure that RateSetter borrowers are treated fairly and that is why we specifically chose to partner with 1st Credit as they are a progressive, responsible debt purchaser.”

### Notes to editors

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**RateSetter** is one of the UK’s largest marketplace lenders, and has lent more than £1.5bn to UK individuals, businesses and property developers.

The platform offers a ground-breaking proposition that allows investors to lend at interest rates set in an open market. RateSetter's Provision Fund has ensured that no individual investor has ever lost a penny since RateSetter launched in 2010 - a unique feat amongst the major platforms in the industry. All borrowers pay into the Provision Fund, which repays investors in the event that a borrower misses a payment. RateSetter is not covered by the Financial Services Compensation Scheme and capital is at risk.

In 2014, RateSetter became the first marketplace lender to launch with a retail licence in Australia. In November 2016, the platform won Best Peer-to-Peer Lender in the FT and Investors Chronicle Wealth Management Awards for the third year running. RateSetter was the highest-rated platform by Which? readers in both 2015 and 2016.

RateSetter is authorised and regulated by the Financial Conduct Authority.

More info is available at [www.ratesetter.com](http://www.ratesetter.com)

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