



eMoneyHub Ltd

## Rainy-Day Pot (Provision Fund)

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Date effective from	<i>October 2019</i>
Date last amended	<i>October 2019</i>
Review date	<i>October 2021</i>

# Record of versions

Date	Version	Summary of changes
Oct 2019	1.0	Original document for PS 19-14

## 1 Introduction

- 1.1 eMoneyHub Ltd (EMH) serves borrowers and lenders and for the purposes of this document they are both referred to as customers unless specified.
- 1.2 For the provision of Unsecured Loans only, we have established a 'Contingency Fund', which is funded by the borrowers for the lender's protection. This Fund is referred to as the Rainy-Day Pot with further information available at: <https://www.justus.co/rainyday/>
- 1.3 All monies are held in trust within a 'ringfenced' Barclays Bank PLC account. The Protected Client Call Account is a protected account and ring fenced from our day to day activities.
- 1.4 The purpose of the Fund is to protect the lenders in the event of loan payment default. In the event of a client not making a Loan repayment, we will put a claim in, on behalf of the Lenders, to the Fund, to make up that month's monthly interest payment. **No capital is covered by the Fund.**
- 1.5 The Fund DOES NOT cover late property loan interest repayments or guarantor loan interest repayments.
- 1.6 **The contingency fund we offer does not give you a right to a payment so you may not receive a pay-out even if you suffer loss. The fund has absolute discretion as to the amount that may be paid, including making no payment at all. Therefore, investors should not rely on possible pay-outs from the contingency fund when considering whether or how much to invest**

## 2 Where do the funds come from?

- 2.1 Contributions are made to the Fund on creation of a new loan and thereafter, monthly from the same loan until the agreement ends.
- 2.2 The fund is NOT an insurance policy and it is NOT Covered by The Financial Services Compensation Scheme.

## 3 How is the Fund governed?

- 3.1 We have discretion to call upon the Fund on behalf of lenders, should the monthly loan payments due on an unsecured loan, to individual lenders, not be collected from the borrower within 21 days past the specific trigger date.
- 3.2 From each Unsecured Loan's monthly payment received from a borrower, a contribution to the fund will be made from the interest payable. The contribution is determined by the borrower's risk rating and is a percentage of the loan balance outstanding and calculated monthly.

33 The table in Appendix 1 shows the breakdown by risk grade of the contingency cover, borrower contribution and anticipated bad debt rates.

#### **4 Who does the money held in the fund belong to?**

41 The Fund is administered under eMoneyHub Ltd.'s Debt Administration Permission.

42 If upon the annual anniversary of the creation of the Fund, our auditors determine that there is a surplus, 75% of such surplus will be retained for any future claims and 25% will be paid to the Lenders based on the amount of money that each individual Lender has lent, the risk profiles and Loan periods of monies lent.

43 Any interest earned in the Protected Client Called Account will be added to the Fund.

#### **5 How are the funds allocated and who makes that decision?**

51 Lenders do not need to concern themselves about the administration of making a claim to the fund for missed payments is this done automatically.

#### **6 Are there always sufficient funds held in the Rainy-Day Pot?**

61 The Fund is topped up by eMoneyHub Ltd, using a risk-weighted portion of the platform fees paid by unsecured borrowers, and is maintained at a level sufficient to cover our expected rate of arrears on these borrowers.

62 For clarity, if the Fund runs out of cash, then no interest payments will be made to lenders and as a result financial loss may be encountered by the lenders.

63 Information relating to the current status of the Fund is available at:  
<https://www.justus.co/rainyday/>

#### **7 Who has discretion over the funds held in the Rainy-Day Pot?**

71 The Fund is not a guarantee and should not be treated as such by investors.

72 Payments from the fund remain at the discretion of the directors of eMoneyHub Ltd.

**8 The process for deciding whether to make a payment from the fund.**

81 Each case will be treated individually on its merits.

82 Once there have been 3, consecutive missed payments by an individual borrower, the case will be assessed by the directors of eMoneyHub Ltd, to establish whether it is suitable for support by the Fund, whilst recovery is addressed under the appropriate policy.

83 Where a case is deemed appropriate, the Fund will be called upon by the directors and equivalent interest payments will be made, 21 days following the trigger date.

84 Payments will not run indefinitely. We will endeavour to recover losses under the appropriate policy to ensure that the Fund is not used excessively.

**9 How the fund is treated in the event of eMoneyHub becoming insolvent.**

91 Please refer to the Wind-Down Plan document available here: <https://www.justus.co/wind-down-plan/>

## Appendix 1

### Breakdown by risk grade of the contingency cover, borrower contribution and anticipated bad debt rates

<b>Risk Grade</b>	<b>Anticipated Bad Debt Rate</b>	<b>Borrower Contribution p.a.</b>	<b>Excess Cover p.a.</b>
<b>A1</b>	2.0%	2.5%	0.5%
<b>A2</b>	2.5%	3.0%	0.5%
<b>A3</b>	3.0%	3.5%	0.5%
<b>B1</b>	4.0%	4.5%	0.5%
<b>B2</b>	5.0%	6.0%	1.0%
<b>B3</b>	6.0%	8.5%	2.0%
<b>C1</b>	10.0%	15.0%	5.0%
<b>C2</b>	12.0%	19.0%	7.0%
<b>C3</b>	15.0%	25.0%	10.0%