

EdAid Lenders Risk Statement

Important: Your capital is at risk.

Lending through EdAid involves risks to your money. You could lose some or all of the money you lend. Loans made through EdAid are **not covered by the Financial Services Compensation Scheme (FSCS)** or the Financial Ombudsman Service (FOS). You should only lend money you can afford to lose.

About EdAid

- EdAid is a trading name of EdAid Ltd, which is authorised and regulated by the Financial Conduct Authority (Firm Ref: 673376).
 - EdAid facilitates **zero-interest loans** between individual lenders and student borrowers under individual Loan Contracts.
 - EdAid is **not a party** to those Loan Contracts. Our role is to administer them in line with the EdAid Principles and our Terms of Business.
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Key Risks

1. Risk of non-repayment

- You lend directly to individual student borrowers.
- If a borrower does not earn sufficient income, loses employment, or defaults, you may not receive repayments in full or on time.
- There is no guarantee that you will be repaid the full amount you lend.

2. No interest or inflation adjustment

- Loans carry no interest and no inflation protection. Repayments are limited to the principal you lend.
- Inflation may reduce the real value of your repayments over time.

3. No FSCS or FOS protection

- Loans made through EdAid are **not protected by the FSCS**.

- You will not have recourse to the Financial Ombudsman Service if a borrower defaults or if EdAid fails.

4. No security

- Loan Contracts are unsecured. Borrowers do not provide collateral.
- In the event of default, recovery may depend on debt collection processes and may result in partial or no recovery.

5. Dependence on borrower circumstances

- Repayments may be linked to a borrower's net monthly income.
- If a borrower earns less than expected or stops working, repayment timelines may extend significantly.
- Additional borrowing by the same borrower may lengthen repayment periods further.

6. Operational risk

- Although EdAid does not hold client money, we rely on third-party payment providers (e.g. Stripe) to process repayments.
- Failure of these providers may disrupt or delay repayments.

7. Winding-down risk

- In the event that EdAid ceases trading, we have arrangements in place to ensure the continued administration of Loan Contracts.
- However, repayment timelines may still be disrupted.

Due Diligence and Suitability

- Before releasing funds, EdAid conducts identity, fraud, and (where possible) credit checks, and also assesses affordability using the borrower's monthly income and course of study.
- These checks reduce but do not remove the risk of borrower non-repayment.
- Lending through EdAid is suitable only for investors who understand and accept these risks.

Summary of Lender Protections

- **No FSCS protection.**
- **No FOS recourse.**
- **No guarantee of repayment.**
- **No interest or inflation protection.**
- **Unsecured lending.**

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