lendology cic

Certified B Corporation

Our Impact in 2022/23

apse

Responsible Finance

UKSIF UK Sustainable Investment and Finance Association

Trustpilot

Social Enterprise Silver Mark

Somerset Chamber of Commerce Connect | Influence | Grow

Carbon Neutral Britain Carbon Neutral Business 2022

Cyber Essentials Plus

Mental Health First Aider MHFA England

Dementia Friends An Alzheimer's Society initiative

Armed Forces Covenant

A Word from our CEO

Whilst I am thrilled to share our Social Impact Report for 2022-2023, it's fair to say that this has been one of the most volatile years for the finances of households across the UK. I think we have only just started to see the impact of the cost of living crisis and the outlook for 2024 is challenging.

In tough times, the CDFI sector need to work together to ensure financial inclusion becomes less niche and more mainstream. We have been working closely with Responsible Finance this year to support their drive to raise awareness of the sector, making us lenders of first choice not last resort.

Even in the CDFI space, Lendology is unique given our focus on homeowner loans for essential home repairs and energy efficiency measures. I am often asked why homeowners would need a council backed loan scheme, but with over 65% of households being owner occupied in 2021-22 and financial exclusion on the rise, the need for fair finance for homeowners is becoming clearer.

With the Bank of England anticipating "around four million households" being "exposed to [mortgage] rate rises over 2023"*, its clear that homeowner budgets are not going to get stronger any time soon.

But when a boiler is broken, a roof is leaking or windows are single glazed and hugely inefficient, a homeowner needs affordable finance to ensure a warm, safe and dry home.

Being expert and dynamic to support a broad range of homeowners everyday is tough if our team are not feeling supported. Our Board of Directors have worked hard to ensure that our team feel safe and secure in their roles, and are fairly rewarded alongside having a good work/life balance.

Our **Community Impact Report** highlights our team member schemes and incentives to model our Values across the team.

Emma Lower
CEO Lendology

*https://lordslibrary.parliament.uk/through-the-roof-housing-and-the-cost-of-living/#:~:text=In%20the%20'English%20housing%20survey,impacted%20the%20broader%20housing%20market.

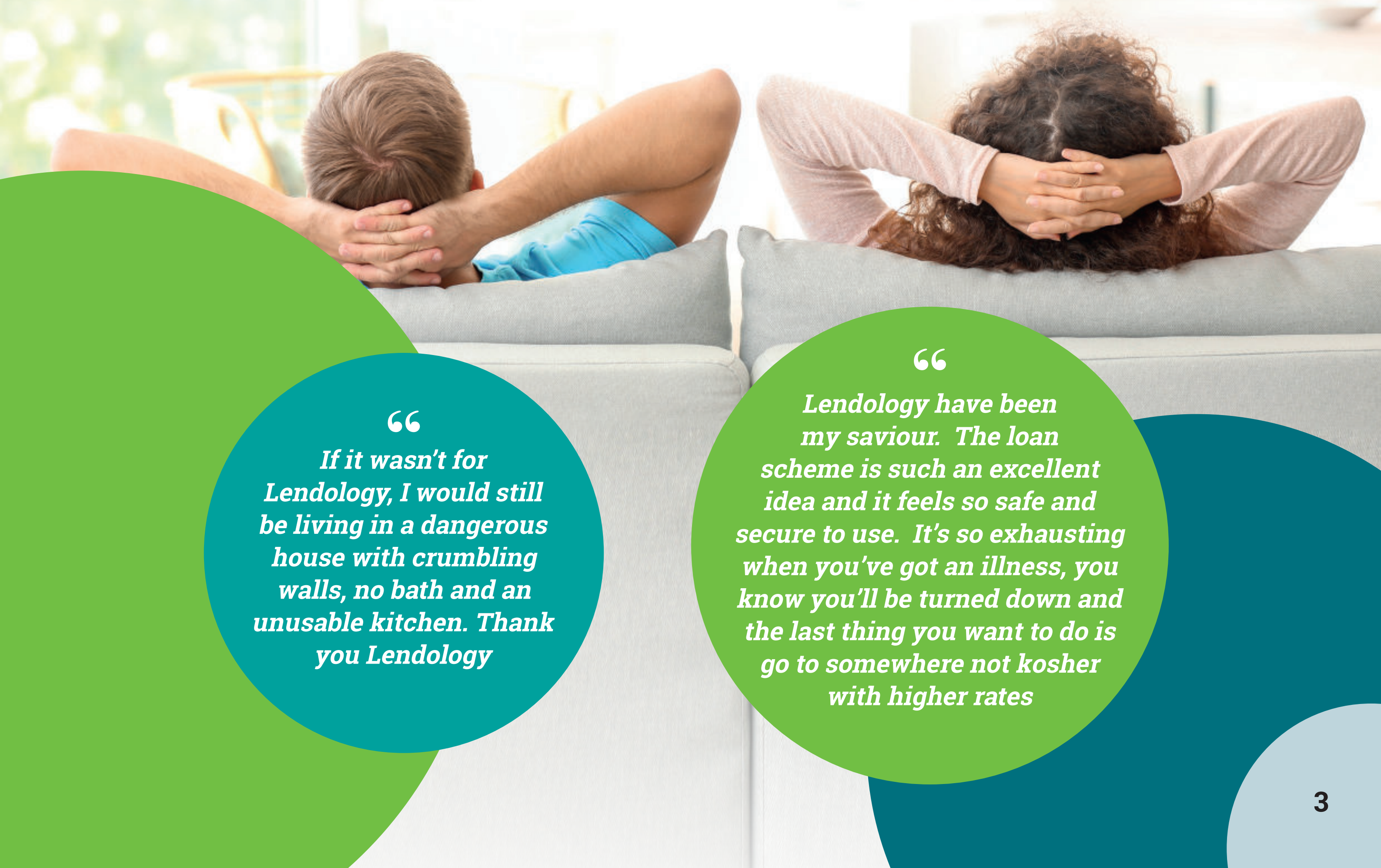
Our Lending in 2022-2023

Across the year, Lendology approved:

218 loans which have supported **456** people to live in warm, safe, homes, with **98** of these homes housing families with under **18**s

Our average loan size was **£8,407** and our total lending totaled **£2.45million**

As well as supporting owner occupiers, our lending also brought **16** homes back into use and improved **20** properties in the private rental sector.



“If it wasn’t for Lendology, I would still be living in a dangerous house with crumbling walls, no bath and an unusable kitchen. Thank you Lendology

“Lendology have been my saviour. The loan scheme is such an excellent idea and it feels so safe and secure to use. It’s so exhausting when you’ve got an illness, you know you’ll be turned down and the last thing you want to do is go to somewhere not kosher with higher rates

Generating social impact

Lendology is more than just a lender. By helping improve the homes and lives of its customers, these outcomes also generate additional value that can be measured in pounds and pence.

£0.38 million of operational costs

+ **£2.45 million** of lending in 2022/23

= £2.83 million total investment

Resulting in a total of **£6.73 million** worth of social impact being generated – that can be broken down as:

£0.14 million of energy efficiency improvement

£0.26 million of physical improvements

£0.78 million of financial health benefits

£5.55 million of health and wellbeing benefits

This means that every **£1** **invested** by Councils generates **£2.38** **in social impact**

Calculating social impact

Social impact measurement provides a method for placing a value (in pounds and pence) on outcomes related to people's wellbeing. The Financial Inclusion Centre (FIC) designed the structured questions within the customer survey in order to translate to the outcomes provided by the Housing Associations' Charitable Trust (HACT) social value bank. Using the 77 survey responses, 402 positive reportable changes were identified relating to 15 individual HACT outcomes across 4 categories:

- Energy efficiency
- Property improvements
- Individual financial health
- Health and wellbeing

The relevant financial proxy figures for each outcome (based on the respondents age) were applied to the 402 changes with 'deadweight' reductions applied to counter the 'would some of it happened anyway' argument. Based on the survey results, this provided a total social impact figure of £2,380,730 with average social impact per person figure for each of the 4 categories able to be calculated based on the number of survey responses.

These average figures were then extrapolated across the whole loan book to provide the estimate of social impact for all 218 Lendology borrowers in 2022/23 of £6,734,377.

Finally, the ratio of investment to social impact was then produced, using the following details:

- Staffing / admin costs = £382,355
- Lending = £2,446,451
- Total = £2,828,806

This can be split across the 4 categories using their proportional contribution towards the total social impact.

> *"The Lendology loan enabled me to extricate myself from bridging finance providing huge relief from the stress I was facing. I've been able to complete the renovations to a high standard and have let two properties to local people, helping to benefit the community*

Generating social impact

Our lending decisions are made by people, for people. This means that we do not make our decisions based on credit scores or auto-decision engines. Our holistic assessments embed conversations at their core.

We adjust our application process based on the needs of each individual, meaning our customers can self-serve online, call us up, or request a home visit for extra support.

Across the year, our youngest customer was **24 years old** and our oldest customer was **97**

The average customer age was **59**

Lending into retirement means that our assessments look at what's happening now and what is predicted to happen into the future as standard.

Income source does not exclude homeowners from applying for a Lendology home improvement loan, and last year

99 homeowners were in receipt of **State Benefits**

We worked with Inbest to launch a free **benefits calculator** on our website, and in 2024 will embed this into our application process.

With over **8 million households** missing out on claiming **£16 billion in benefits**

every action we take can help build more buoyant budgets.

“I have been warmer since upgrading my boiler and having new windows installed - I didn’t realise how draughty they were until they were replaced. I have seen a change in my bills as well, thank you

“Lendology helped me out at a really desperate time, when I had a serious leak in my roof during winter. I had no idea how I was going to fix it and the situation caused me a lot of stress – mentally I was exhausted. Borrowing from Lendology gave me room to breathe and provided so much relief, knowing that I had an option to keep my kids and myself safe, warm and dry.

What did our loans fund?

As ever, roof repairs and replacements remained our most popular type of works in 2022-23, representing over

£0.25 million of our lending

Replacement windows, boilers and central heating systems also remained popular, being essential in

improving the energy efficiency of a home

> *"I feel much happier that the energy efficiency rating of my home has been improved and that I am helping the environment.*

A wide range of works were funded including new doors, electrics, plumbing, kitchens, damp and sound proofing, drainage works, structural repairs and anything else that kept a home functioning and in good repair.

Nearly £100,000

was borrowed to support disability adaptations in the home. Such lending often "tops-up" a Disabled Facilities Grant (DFG) issued by the local council. Alternatively, Disabled Adaptations Loans can be used where a household is not eligible for a DFG or elects to self-fund.

We saw a growth in lending across the

renewable energy space

with over £180,000 financing

solar panels, air source and ground source heat pumps.

Our survey results show that

60% of customers lived with the property issues for **at least 3 years**

before borrowing from Lendology and

30% for 5 or more years.

Delaying funding repairs can lead to increased costs, and we need support from the finance and community sector to raise awareness of the local council backed loans scheme, operating across the South West since 2005.

88% of respondents reported that their loan had

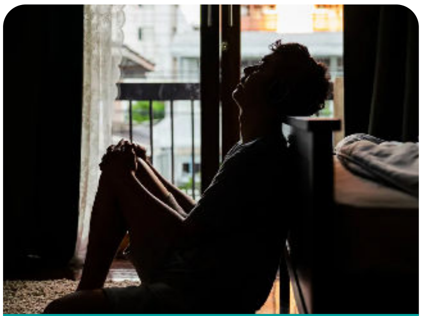
improved the energy efficiency of their home.

What impact did our loans have on our borrower households?

By improving their homes, Lendology helps realise various financial benefits and health and wellbeing improvements for supported households.

Health and wellbeing

92% reported that the improvements to their property had a positive effect on their health and wellbeing



81% reported that the issues with their property had caused them stress, depression or anxiety

78% saw a reduction in their level of stress, depression or anxiety after completing their home improvement works

Feeling in **good health:**

40% → 60%
before after

Feeling in **control** of their situation:

48% → 96%
before after

Financial benefits

“Your loan has been a life saver for my mental health

Struggling to manage financially

14% → 3%
before after

Maintaining their finances well

55% → 62%
before after

Enough money to keep home in a decent state of repair

35% → 78%
before after

Our Loan Products & Key Features

Our unique funding partnerships with local councils means that unlike other lenders, every customer pays the same fixed interest rate of 4%.

There are no early repayment charges, and customers can make lump sum reductions of £100 or more at anytime.

We have a range of loan products to suit a range of needs and our Capital Repayment Loan remains the most popular product, offering a **repayment term of up to 15 years.**

For homeowners over 55 years of age, an interest only loan could be an option. Again, with interest fixed at 4% and no fixed term, homeowners with limited incomes may benefit from this product.

Where a capital repayment or interest only loan is not affordable or appropriate, an interest roll-up loan may be available, offering no monthly repayment commitment but the flexibility to set up a direct debit or make overpayments at any time.

> ***"Our entire involvement with Lendology has eased life stress, made us more financially stable and increased our quality of life.***

Representative Example
(4% fixed interest rate, Representative 4.2% APR).

Loans are subject to status and are typically protected by a Title Restriction. Borrow £5,000 over 60 months, £92.08 monthly repayments. Total amount repayable = £5,544.96, including £20 fee for registering the Title Restriction against your property at the Land Registry. The £20.00 fee is only payable if a loan is agreed by Lendology and you decide to proceed with a loan. We do not charge interest on the fee. A Title Restriction means that you may not be able to sell your home without our permission unless the loan is fully repaid.

This is a financial promotion approved by Lendology CIC.

Missing payments could affect your credit rating and ability to obtain credit in the future.

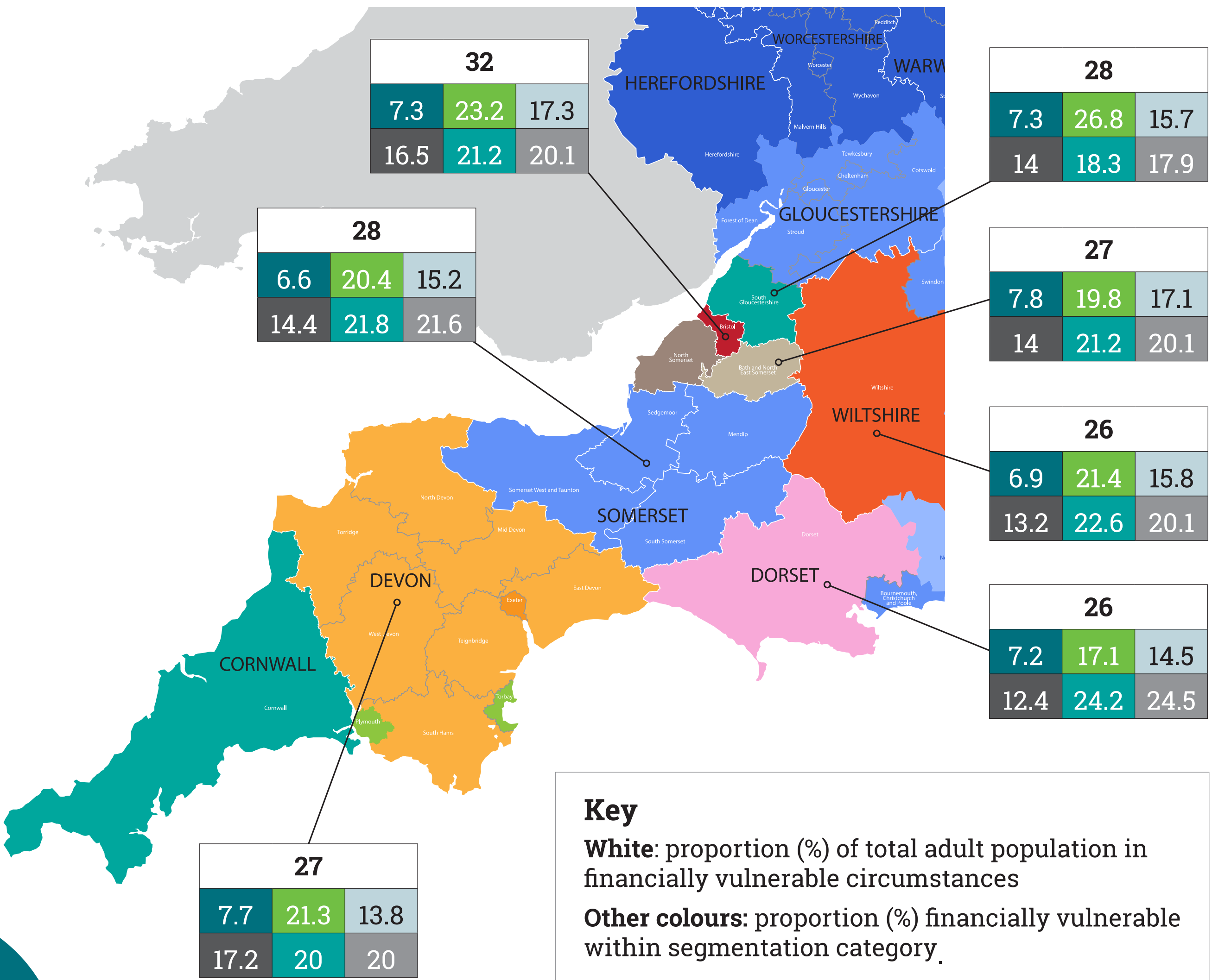
Understanding Financial Circumstances

We worked with fair4all finance this year to utilise their financial segmentation data.

The map below and table opposite highlight the different segmentations developed by Fair4All and how these are mapped out across our current partnership areas.

In 2024, we will work with Fair4All Finance to map our existing customers to understand how their financial circumstances may be changing and the support they may need from us and our partners.

Adults in financially vulnerable circumstances across Lendology's area of operations



Key

White: proportion (%) of total adult population in financially vulnerable circumstances

Other colours: proportion (%) financially vulnerable within segmentation category.

Adults in financially vulnerable circumstances - segment types

Unsteady starters	Squeezed and sliding	Credit crisis families	Difficult debts	Forgotten families	(Un)golden years
Demographics					
Younger people with flexible incomes establishing their home, work or financial lives. They often use shorter-term credit in smaller amounts	People with less certainty around their finances and increasingly squeezed. Most are just about managing their debts, but some are using their savings or borrowing more to make ends meet	Families who are in a cycle of juggling and struggling with everyday bills and debts; finding as much credit as they can in all forms	Reasonable income, renting families. They are burdened with repayments on higher, longer-term debt levels from multiple sources	People with very low income and low savings, with many living in poverty. They have lower levels of debt, potentially explained by fewer options to access credit, or attitudes to credit	Older people, many with health issues. They have better financial circumstances than other groups but having limited ability to earn means they are worried about the future
Age Range 18-34	**Age Range 25-44**	**Age Range 25-44**	**Age Range 35-44**	**Age Range 25-54**	**Age Range 45+**
Renting (private or a room from friends/family)	Mortgaged and renting families	Social housing	Private rented, some mortgaged	Social housing	Social housing, some homeowners
Household income £25k +	Household income £30k +, inc £50k +	Household income <£25k	Household income £25k-£50k	Household income <£20k, many <£10k	Household income <£30k
Zero hours contracts or part time work	Salary plus child benefits	Benefits and some part-time or zero hours	Salary plus child benefits	Reliant on benefits, some carers	State pension (some private pension), some still in work
Likely source of debt					
• Arrears; • Overdraft (unarranged); • Credit card	• Credit card; • Overdraft; • Buy Now Pay Later	• Arrears; • Owe friends/ family; • Credit card; • Overdraft; • Catalogue debt	• Credit card; • Overdraft; • Personal (unsecured) loan	• Arrears; • Credit card; • Owe family/ friends; • Catalogue debt; • Benefits overpayment	• Credit card repayments
Debt severity					
Debt has increased over last 12 months	Debt has increased over last 12 months	I am struggling to repay the debt I owe	I have been in debt the last 12 months	I am struggling to repay the debt I owe	I'm struggling to save anything for my funeral
Debts £500 - £5k	Mixed savings and debts	Debts range from <£1k up to £10k	Debt levels £2k-£20k	Low debt levels either due to attitudes or access	Low debt levels but little in savings
Where they go for help or advice about money					
Friends & family, online forums, local services (eg job centre)	Online forums, bank or building society, info websites (Moneysavingexpert)	Debt advisers or council services	Online forums, info websites (Moneysavingexpert)	Debt advisers or council services	TV programmes about money, bank or building society, info websites (Moneysavingexpert)

Addressing Local Need

To understand the challenges faced across the housing sector, we also mapped the property landscape across the South West.

Housing Stock

1,053,548 owner-occupied

306,172 private rented

= **1,359,720** total [1]

Climate Change Targets

834,059

properties with an Energy Performance Certificate (EPC) rating of D-G – the least energy efficient and below the recommended Band C [8]

Housing Demand Pressures

63,854

households on local authority housing waiting lists [6]

Poor Quality Housing Stock

207,381 non-decent properties

(136,961) owner occupied

(70,420) private rented [2]

54,750 properties with a damp problem

(21,071) owner occupied

(33,679) private rented [2]

Long-Term Empty Properties

11,715

long-term empty properties (empty longer than 6 months) [7]

Financial vulnerability

754,097

people in financially vulnerable circumstances [3]

176,549

households in fuel poverty [4]

51.2%

of adults have no emergency savings [5]

Celebrating Success for Homeowners

We understand that borrowing can be scary, especially in turbulent times. We also understand that talking about finance is extremely personal. This is why across 2023 we have focused on collecting a broad range of stories from our customers, ranging from people who have invested in solar panels, replaced costly and historic thatches, or removed asbestos, or brought a property back into use to house Ukrainian refugees.

Read our customer stories here:

Report references

[1] **Subnational estimates of dwellings by tenured, England**
www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/subnationaldwellingstockbytenureestimates

[2] **English Housing Survey 2021 to 2022: Headline report**
www.gov.uk/government/statistics/english-housing-survey-2021-to-2022-headline-report/english-housing-survey-2021-to-2022-headline-report#section-2-housing-stock

[3] **Data from Fair4All Finance**

[4] **Sub-regional Fuel Poverty England 2023**
www.assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1153252/sub-regional-fuel-poverty-tables-2023-2021-data.xlsx

[5] **Financial Vulnerability Index** www.opinium.com/fvi

[6] **Number of households on local authority housing waiting lists**
www.gov.uk/government/statistical-data-sets/live-tables-on-rents-lettings-and-tenancies

[7] **England long-term empty homes**
www.actiononemptyhomes.org/Handlers/Download.ashx?IDMF=609327f4-6c3e-4aea-8d82-ebd7c4f40577

[8] **Energy performance of buildings data: England and Wales**
www.epc.opendatacommunities.org/login

Trustpilot

Our Partners

With special thanks for our funders
for continuing to invest in our loan scheme.

We also support Stop the Loans Sharks campaigns to drive illegal lending out of the landscape.

Lending with Heart and Mind

Lendology CIC is a community interest company limited by guarantee, registered in England, company number 4512225.
Registered address: Heatherton Park Studios, Bradford on Tone, Taunton TA4 1EU.
Lendology CIC is authorised and regulated by the Financial Conduct Authority (675263) for credit regulated activities.