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NOVEMBER
22
2021

Kuflink maintains its losses at zero

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KUFLINK, NATTALIE WEEKS |

Kuflink is one of the few peer-to-peer property lending platforms which has managed to keep its investor's losses at zero, while offering returns of more than seven per cent to investors.

By following an incredibly detailed credit checking process, and by taking action at the earliest possible stage, the platform is able to ensure that not a single investor has lost money since the company was founded in 2016.

According to Nattalie Weeks (pictured), head of loan management at Kuflink, it all comes down to attention to detail and respect for the platform's borrowers and investors.

"We are putting these loans out to our investors, and we need to be as sure as we can be that we understand the risk," she says.

"We have to explain that risk so that our investors can make a choice based on the information they have. If we think it's a slightly higher risk, we will explain that to the investors, and obviously the reward to them will be higher. And then it's their choice. But we always endeavour to understand fully our borrowers, their reasons and the exit plan. Once we know that, we can explain it to our investors so that everybody is clear and they understand what this loan is."

The Financial Conduct Authority defines a default as a loan that remains outstanding 180 days after the due date. Weeks says she would never wait that long.

"We call default as soon as a loan is in default," she says. "So if you're one day past the date you are due to pay us, you are in default with us, and we will start having those conversations with our borrowers to see why they missed their payment or they haven't exited."

Weeks' aim is always to ensure that the borrower can achieve a realistic exit. For instance, if a borrower applies for a six-month term with an exit on a refinance, Kuflink will push back "because most tier one or tier two lenders are not going to lend unless you've actually owned that property for six months," she explains. "So they probably need at least nine months to achieve an exit." If the borrower won't accept a longer term, then the loan will not be approved.

"We're not a company that sets people up to fail," Weeks says. "If they've given us an exit plan and we can see a good reason why they may not be able to achieve that exit, we need to help them to get to where they need to be."

This is one of the ways that Kuflink sets itself apart from its competitors. Its role does not simply involve lending money – it also manages its borrower relationships.

Kuflink's underwriting and loan management teams are constantly performing due diligence on the platform's borrowers – even after the loan has been distributed.

"We always make contact as soon as the loan is written," Weeks explains. "Then we make contact regularly throughout the term to see if they're still on plan to achieve the exit.

"We very heavily relationship manage our loans because we want these people to achieve the exit. It's in nobody's interest to end up in a place where we have to recover."

After five years of lending, this process has become very streamlined, but it relies on the experience of its underwriters and their attention to detail.

"We try to be as open and honest with our customers as possible," Weeks says.

"I've always said if you underwrite properly, you collect more successfully because everybody understands what they're getting into and our customers are clear on what we require from them."

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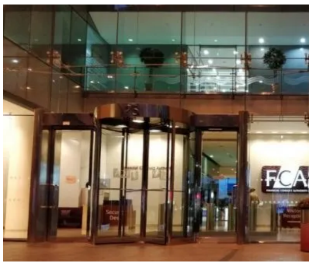

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