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Time to consider P2P as a sensibly considered option

CONTRIBUTOR | FEATURES, JOINT VENTURES AND PROMOTED CONTENT | KUFLINK, NARINDER KHATTOARE

Narinder Khattoare, chief executive of Kuflink, explains why peer-to-peer lending presents an attractive investment opportunity in the current climate

The stock market continues to defy the economic downturn caused by the pandemic and the property sector has recovered to move into positive territory, helped in part by the stamp duty holiday and also by pent up demand from the lockdown.

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Yet while there is no disputing the facts about the poor returns that savers are receiving from bank and building society accounts, the personal finance narrative rarely looks at likely investment alternatives that could be considered.

Savers have been facing dwindling returns on investments held in deposit accounts for too long. Frustration at those poor returns is understandable, but apathy and/or the fear of losing valuable capital in higher risk investment vehicles have led to understandable inertia.

While investments in peer-to-peer lending are not covered by the Financial Services Compensation Scheme (FSCS), schemes like Kuflink's, where investment is directly secured against property* on which loans are granted by a team which understands the viability of building or renovation projects, allied to a realistic assessment of property value, have provided returns of up to 7.2 per cent per annum and historically no investor losses*.

Since the lockdown has started to ease, inflows of new investment have been steady. Much of it has come from previous customers who are returning because of their positive experience with Kuflink. Talking to them, the main reasons for returning were the ease with which they can engage, the return and the professionalism behind the proposition.

Of course, faith in the property market's upward trajectory could be premature, however Kuflink's reputation for picking projects with strong collateral* security is now part of the brand identity among returning investors. When added to the chancellor's stamp duty 'amnesty', the case for carefully chosen property backed P2P projects is a strong one.

New investors to Kuflink are sensibly looking for the kind of capital appreciation they can't get by having money on deposit in a negative interest rate environment. They have weighed up the risk:reward balance and looked for one of the diminishing number of P2P providers still keen to accept personal investment, of which Kuflink is one.

The phrase 'unprecedented times' can be overused and we are all navigating in seas where there is no map, however the fundamentals of choosing the right projects to put on our platform, backed by good property as security, remain the guiding stars in which our investors put their faith.

*Capital is at risk, and Kuflink is not protected by the FSCS. Securing investments against UK property does not guarantee that your investments will be repaid and returns may be delayed.

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