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P2P default rates near zero after pandemic year

KATHRYN GAW | INDUSTRY NEWS NEWS | ASSETZ CAPITAL CROWDPROPERTY, EASYMONEY, KUFLINK, LENDINGCROWD, PROPLEND, REBUILDINGSOCIETY |

Default rates for the majority of peer-to-peer lending platforms fell dramatically in 2020, with several platforms reporting zero losses on their loans since the start of the pandemic.

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New data analysis by *Peer2Peer Finance News* found that bad debt and default rates both dropped to near zero last year, as many platforms ceased new lending and offered forbearance schemes to borrowers.

Read more: [Bounce back loan defaults to be lower than expected](#)

Proplend saw zero defaults in 2020, with no lender losses. This compared with five loan defaults in 2019.

EasyMoney reported no actual defaults for loans originated in 2020. The platform also reported a zero per cent default rate for loans originated in 2018 and 2019.

CrowdProperty has a projected default rate of one per cent but has reported zero losses since inception, while Kuflink had an actual default rate of 0.4 per cent in 2020 – down from 22.6 per cent in 2019. However, in both years its actual percentage of write-offs was zero.

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LandlordInvest had an expected default rate of between 0.28 per cent on its least risky A loans, to 4.48 per cent on its higher risk D loans. The actual default rate on its A, B and D loans was zero per cent, while the default rate was 3.91 per cent on its C-rated loans.

Meanwhile, Rebuildingsociety has reported no bad debt on its business loans for 2020, compared with a bad debt rate of 1.27 per cent in 2019. And Ablrate has a projected default rate of four per cent per annum, but its actual default rate has been zero per cent since the start of 2020.

Among those platforms which offered government-backed loans, default rates were similarly low. For the whole of 2020, Funding Circle has estimated that its projected bad debt rate will fall within the 1.4 per cent to 2.4 per cent range.

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The image is a promotional graphic for Kuflink's IF-ISA. It features a dark blue background with a satellite in space. The Kuflink logo is in the top left. The text 'IF-ISA' is in the top right, with '£10,000 transfer' below it. The main offer is 'up to £4,000 CASHBACK*'. Below this are four bullet points: '✓ Earn up to 7.44% gross pa†', '✓ Kuflink invests up to 5% with you', '✓ Secured against UK property*', and '✓ Secondary market available'. At the bottom, it says '*Capital is at risk. T&C's apply. †Based on compound'.

Read more: [Payment holidays for unsecured loans hit 12-month high in March](#)

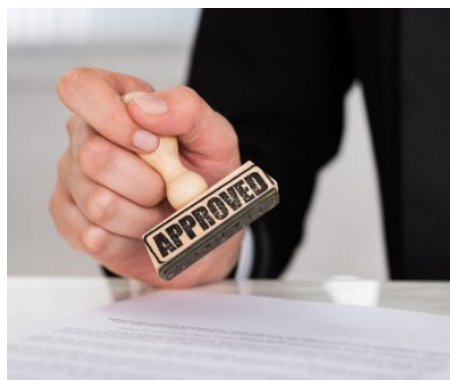
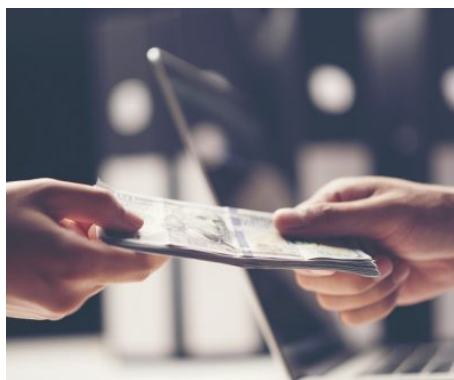
Assetz Capital recently told *Peer2Peer Finance News* that its default rate on government-backed loans was expected to be very low. In 2020, Assetz' default rate was 1.4 per cent.

LendingCrowd's actual default rate was between 1.02 per cent (on its lowest risk A+ loans) and 5.63 per cent (on its highest-risk C+ loans). This was significantly lower than its expected default rates of between 2.77 per cent on A+ loans and 10.6 per cent on C+ loans.

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Strong foundations

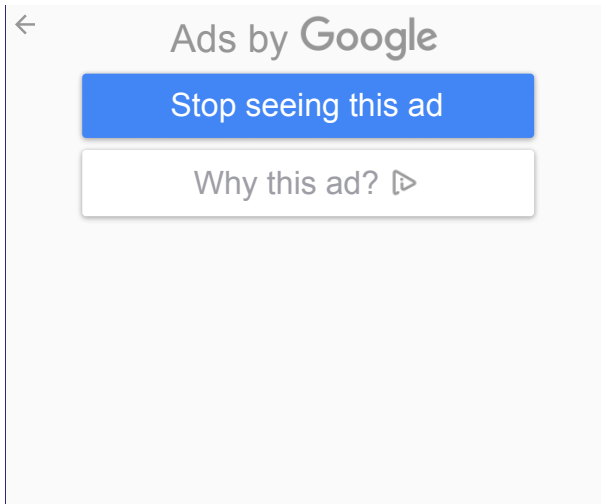
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