

Lifetime ISA example

Investor A has an ISA with manager X who is declared in default on 30 August 2017 when the account balance (including interest) was £3,500.

Subject to the timing rules described, Investor A can make a single defaulted cash account subscription of up to £3,500 to either a new or existing Lifetime ISA provided:

- the Lifetime ISA payment limit of £4,000 is not breached by the subscription
- the investor is eligible to make subscriptions to a [Lifetime ISA](#)
- the subscription does not breach the 'one Lifetime ISA only per tax year' rule

Cash ISA example

Investor A has a cash ISA with manager X who is declared in default on 30 August 2017 when the account balance (including interest) was £6,250.

Investor A can make a single defaulted cash account subscription of up to £6,250 to either a new or existing cash or stocks and shares ISA without it counting towards the ISA subscription limits. He does not have to wait for any compensation if he has other savings available, but if he subscribes less than £6,250 he cannot make a later defaulted cash account subscription to make up any shortfall.

The defaulted cash account subscription must be made within 180 days of 30 August 2017.

Investor A uses existing savings to make a single subscription of £5,000 with stocks and shares ISA manager Y. He must show manager Y evidence of his account balance with manager X on the date of default (30 August 2017), and provide details of the amount of any subscriptions made to manager X in 2017-18 and the date of the first of those subscriptions.

The evidence investor A could show to manager Y might include:

- his ISA statement for 2017-18 accompanied by information showing the later monthly payments
- a copy of a passbook
- a letter from FSCS confirming the account balance at the date of default