

# Family Loan Structure Analysis

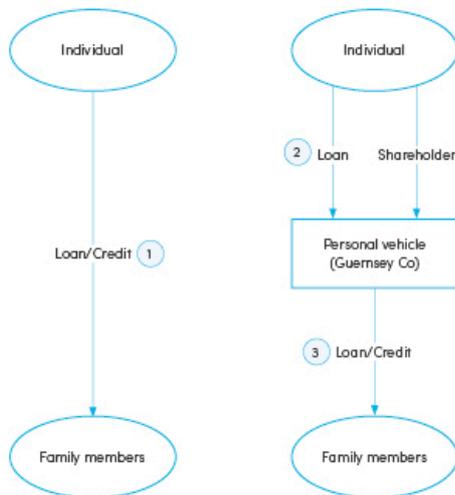
**Briefing Summary: Definitions:** "LCF Law" means The Lending, Credit and Finance (Bailiwick of Guernsey) Law, 2022. "Notice" means the Guernsey Financial Services Commission's *Notice with respect to the disapplication of the requirement to hold a licence under section 40 of the Lending, Credit and Finance (Bailiwick of Guernsey) Law, 2022*.

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**Content Authors:** Matthew Brehaut, Tom Carey

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## Legal Team



Matthew Brehaut  
PARTNER, LONDON  
+44 (0)20 7614 5620

EMAIL MATTHEW



Tom Carey  
PARTNER, GUERNSEY  
+44 (0)1481 741559

EMAIL TOM

## 1. Loan from an individual to a family member

This might be subject to both:

- Part II of the LCF Law, as credit business; and
- Part III of the LCF Law, as "lending" (and thereby constituting "financial firm business").

However, the following exemptions apply:

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## **Part II**

- **Credit to family members.** Part II of the LCF Law is disapplied under paragraph I of the first section of the Notice (as this is person which extends credit to family members).

## **Part III**

- **Lending to family members.** Part III of the LCF Law is disapplied under paragraph I of the second section of the Notice (as this is a person which carries out lending to family members).

This exemption applies regardless of the purpose of the loan.

Note that "family members" differs slightly as between these exemptions (for Part II, the definition of "family members" is set out at Appendix 1 to the Notice (originally set out as part of the States of Guernsey Guidance on Housing)); for Part III, "family members" includes "close relatives" of a person, as defined in The Regulation of Fiduciaries, Administration Businesses and Company Directors, etc (Bailiwick of Guernsey) Law, 2020, and the "extended family" of a person, the meaning of which is provided in the States of Guernsey Guidance on housing).

## **2. Loan from an individual to his personal vehicle.**

This might be subject to Part III of the LCF Law, as "lending" (thereby constituting "financial firm business").

However, the requirement for a licence under Part III of the LCF Law is disapplied under paragraph III of the second section of the Notice, which exempts "Registered directors, registered partners, registered shareholders, or beneficial owners who carry out lending to associated entities".

## **3. Loan from an individual's personal vehicle to a family member**

This might be subject to both:

- Part II of the LCF Law, as credit business; and
- Part III of the LCF Law, as "lending" (and thereby constituting the personal vehicle a "financial firm business").

However, the following exemptions apply:

### **Part II**

- **Credit to family members.** Part II of the LCF Law is disapplied under paragraph II of the first section of the Notice (as this is an entity which extends credit to family members, where that entity is wholly owned by related family members (whether or not that credit is extended to the owners of that entity)).

### **Part III**

- **Lending to family members.** Part III of the LCF Law is disapplied under paragraph II of the second section of the Notice (as this is a person carry out lending to family members, where that entity is wholly owned by related family members (whether or not that credit is extended to the owners of that entity)).

This exemption applies regardless of the purpose of the loan.

Note that "family members" differs slightly as between these exemptions (as above).

*Please note that this briefing is intended to provide a very general overview of the matters to which it relates. It is not intended as legal advice and should not be relied on as such. © Carey Olsen (Guernsey) LLP 2026*

