HM Revenue & Customs

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Dame Meg Hillier
Chair of the Treasury Committee
House of Commons
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9 April 2025

Dear Dame Meg,

Thank you for your letter of 25 March regarding the Lifetime ISA (LISA).

My team has had a useful discussion with the Clerks where they explained that while there are some elements HMRC can provide and others which will be available by 1 May 2025, some cannot be provided within the timelines of your inquiry. The response below provides the information which can be supplied now and explains the situation for the remaining information.

We have also included some additional information which may inform the Committee's inquiry and provided an overview of the Lifetime ISA as an annex. Before I report our responses, I wanted to set out some background about our administrative data and the research we have commissioned to expand the evidence base.

Background to the evidence

Administrative data

Data on Lifetime ISAs (LISAs) is reported monthly online by LISA providers via the Lifetime ISA Application Programming Interface (API). The data we require providers to report is limited to what is necessary for administering the tax system and to avoid unnecessary burdens on providers/customers. Providers use this API to create or make changes to LISA accounts and manage transactions. It provides data on the number of people who have withdrawn money from LISAs for house purchases and withdrawals that incur a charge. It also provides data on the market value of each LISA account and the amounts subscribed in each tax year.

We take an extract of this API data to produce the National Statistics publications and related policy analysis. The extraction process runs through a number of data cleansing and

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alignment steps that quality assure the data. Any analyses that seek breakdowns not already extracted would require new data cleansing and lengthy matching and alignment processes. This means that for a subset of the requests the Committee has made, we would not be able to generate and quality assure the results within the timeline of the Committee Report.

The quality of the API data provided by LISA providers is much lower in the first two years of the LISA scheme, reflecting the soft launch of the product and the introductory period for providers operating the innovative API digital process which supports LISA. Subsequent years are much higher quality and we use the latter internally. We have included data from the first two years because some of this has been released through Freedom of Information requests (where there is no legal bar on quality) but we strongly advise caution in using figures from 2017-18 and 2018-19.

HMRC also collects ISA account information data from ISA managers through the annual completion and submission of the ISAComm100 return. This provides HMRC with the ISA type, the market value and the amounts subscribed to each ISA account that a provider manages. LISAs can be identified in this dataset through the ISA type variable, but it is not compulsory for providers to report on LISAs in the ISAComm100 return so the data is not complete for this source.

The ISA14A is an annual statistical return where ISA providers submit aggregate information for all the ISAs they manage. This includes the total market value of all Cash and Stocks & Shares accounts, the number of accounts that have received a subscription, and the total amounts subscribed during the financial year. LISA market value is not reported separately in this return, however the total amounts subscribed to LISAs and the number of LISA accounts that have received a subscription are included.

Social research

HMRC has recently commissioned social research on the LISA to supplement internal data. Over 2023-2024, HMRC commissioned quantitative and qualitative research with LISA holders and eligible non-holders to better understand the profile of these populations, and to provide a detailed understanding of their motivations and decision-making in relation to the LISA. Following standard practice, once complete, the findings from both strands of the research will be published.

Response to the Committee's request

The rest of the document provides responses to each of the Committee's questions in turn.

Individual Savings Account tables

1.a. For each tax year since 2017-18, please can you provide the data or estimates currently in Tables 9.6 to 9.12 in the spreadsheet 'Individual Savings Account (ISA) tables: September 2024', for the LISA only.

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Table 9.6 contains information on ISA market value which is derived from the annual ISA14A return made to HMRC by ISA managers. LISA market value is included in the overall total market values for Cash ISAs and Stocks and Shares (S&S) ISAs in the table. The LISA market value is not reported separately in this statistical return, therefore we cannot provide the information requested.

Tables 9.7 to 9.12 are produced by matching the individual ISA data in the ISAComm100 dataset with HMRC's Survey of Personal Incomes (SPI). The SPI data is a representative sample of the population. The matched SPI data is weighted to provide a reasonable representation of the whole ISA population. It is not possible to disaggregate the LISA from the existing analysis as the results would be incorrectly weighted and would not provide a meaningful representation of the LISA population. To produce a bespoke weight for LISA would take considerable resource and would generate results that would exceed the timeline for the Committee's inquiry.

HMRC has been able to extract the market value of LISA accounts as reported by providers via the monthly LISA API and the annual ISAComm100 return. We have separated out the data below for transparency. The figures paint a slightly different picture, as it is not compulsory to report on LISAs in the ISAComm100 return. The LISA API data is more complete, and the market values are systematically larger.

The table below shows the total market value of all reported LISAs on 5 April from the tax year 2017 to 2018 to the tax year 2022 to 2023. These figures are given according to the two different data sources and are rounded to the nearest £1,000,000.

Table 1: LISA market value by tax year

Tax year	Market value on 5 April (£ million)	
	LISA API returns	ISAComm100 returns
2017 to 2018	218*	121*
2018 to 2019	1,427*	1,160*
2019 to 2020	2,123	1,921
2020 to 2021	3,774	3,454
2021 to 2022	4,325	3,307
2022 to 2023	5,520	[not available]

*The figures for the tax years 2017 to 2018 and 2018 to 2019 are unreliable due to data issues and adjustments made to the scheme in its first year. The figures are likely to be underestimates.

1.b. Please could Table 9.4 also be updated, for the LISA data, with estimates into the current tax year. Where available, please split all data into cash LISAs and stocks and shares LISAs.

The latest year that has been published in HMRC Annual Savings Statistics 2024 Tables 9.4 & 9.6 is tax year 2022 to 2023 and the latest year that has been published in Tables 9.7 to 9.12 is tax year 2021 to 2022.

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HMRC intends to publish the next iteration of the Annual Savings Statistics in Summer 2025. The precise date will be published on GOV.UK more than 4 weeks in advance of the publication, in line with the Code of Practice for Statistics (Edition 2.1, May 2022). Tables 9.4 and 9.6 will include data up to 2023 to 2024 and Tables 9.7 to 9.12 will include data up to 2022 to 2023.

This will not differentiate between Cash or S&S LISAs because the data in Table 9.4 comes from the annual ISA14A statistical return made to HMRC by ISA managers which does not contain that information.

Data for the 2025 publication has not yet been fully loaded and quality assured. The Code of Practice for Statistics says "the circulation of statistics ahead of their publication should be restricted, in line with the rules and principles on pre-release access set out in legislation for the UK and devolved administrations".

2. Estimates for the current tax year currently in 'Lifetime Individual Savings Account Tables 2024' for tables 1.a and 1.b.

HMRC intends to publish data relating to tax year 2024 to 2025 in Tables 1a and 1b in Summer 2025. The precise date will be published on GOV.UK more than 4 weeks in advance of the publication, in line with the Code of Practice for Statistics.

Data for the 2025 publication has not yet been fully loaded and quality assured. The Code of Practice for Statistics says "the circulation of statistics ahead of their publication should be restricted, in line with the rules and principles on pre-release access set out in legislation for the UK and devolved administrations".

Subscriptions, bonuses and withdrawals

3. Total number of individuals that hold cash LISAs and stocks and shares LISAs, whether subscribed to that year or not

HMRC holds information on the number of open LISA accounts in each tax year and the number of LISAs newly opened in each tax year, derived from the data received via the LISA API. The figures provided are for the number of accounts. An individual may open a new LISA in successive years provided they only subscribe to one in a tax year. Therefore, the number of LISA accounts is not equivalent to the number of individual LISA savers.

The number of LISA accounts opened includes the number of LISAs that have been transferred to a different provider because the account number changes when the LISA is transferred. A transferred account will appear as a newly opened LISA in the data.

The table below shows the number of open and newly opened LISA accounts in each tax year from 2017 to 2018 to tax year 2022 to 2023. These figures are given according to the LISA API data source and are rounded to the nearest 1,000.

Table 2: Number of LISA accounts open and newly opened in each tax year

Tax year	Number of LISA accounts open	Number of LISA accounts opened
2017 to 2018	63,000*	63,000*
2018 to 2019	257,000*	197,000*
2019 to 2020	457,000	237,000
2020 to 2021	705,000	286,000
2021 to 2022	886,000	260,000
2022 to 2023	1,060,000	266,000

*The figures for the tax years 2017 to 2018 and 2018 to 2019 are unreliable due to data issues and adjustments made to the scheme in its first year. The figures are likely to be underestimates.

Information on the number of individuals that hold Cash and S&S LISAs in each tax year is not held in our statistical extracts. Generating this information would require significant data extraction, linkage and validation, which would result in producing outputs later than the Committee's timeline for this inquiry.

4. A table for each month, of the number of individual bonuses paid, by size, banded in £500 increments that month

The data provided below is for tax year 2022 to 2023 and has been extracted from the LISA API data source. Data for tax years 2018 to 2019 to 2021 to 2022 will be provided by 1 May 2025, as agreed with the Clerks to provide the data on an annual basis.

Table 3: Number of bonuses paid in tax year 2022 to 2023
The figures have been rounded to the nearest 1,000.

	£0-£500	**£500 to £1,000**
Bonuses paid in 2022-23	303,000	481,000

5. Number of subscriptions made by someone other than the LISA holder, if known

ISAs (including LISA) are Individual Savings Accounts. The Regulations provide that only the individual account holder may subscribe to the account (regulation 4(1B)(c)) and the individual, in opening an account, must make a declaration to that extent.

6. Number of LISAs that received more than one subscription after the LISA had been used for a home purchase

This information is not held in our statistical extracts. Generating this information would require significant data extraction, linkage and validation which would result in producing outputs later than the Committee's timeline for this inquiry.

7. Number of individuals who made the following numbers of unauthorised withdrawals: 1, 2-10, 10+

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This information is not held in our statistical extracts. Generating this information would require significant data extraction, linkage and validation which would result in producing outputs later than the Committee's timeline for this inquiry.

8. The number of LISAs that were closed

The table below shows the number of closed LISA accounts in each tax year from 2017 to 2018 to tax year 2022 to 2023. These figures are estimated from the LISA API data source and are rounded to the nearest 1,000.

This table has been derived from Table 2. These figures are likely to be over-estimates as the number of closed accounts includes the number of LISAs that have been transferred to a different provider.

Table 4: Number of LISA accounts closed in each tax year
The figures have been rounded to the nearest 1,000.

Tax year	Number of LISA accounts closed
2017 to 2018	0
2018 to 2019	3,000
2019 to 2020	37,000
2020 to 2021	38,000
2021 to 2022	79,000
2022 to 2023	92,000

Home purchases

9. Total number of homes bought using a LISA

HMRC publishes data on the number of individuals withdrawing for a house purchase in its annual LISA statistics in Table 1a up to tax year 2023 to 2024. Where couples are purchasing a house together, funds from each of their LISAs can be used, provided it is for the purchase of a first home whose purchase price does not exceed £450,000. This is recorded as a separate authorised withdrawal from each account. HMRC receives some details of the property being purchased such as the postcode but does not receive details of whether the property is being purchased by a couple with funds from their separate LISAs. To require that information would place additional burdens on LISA managers, conveyancers and HMRC.

10. Regional data on where homes were bought using LISAs

HMRC receives details of the postcode of the property being purchased. We will provide regional data on house purchase transactions for tax years 2018 to 2019 to 2023 to 2024 by 1 May 2025.

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11. Average prices of homes that were bought using LISAs, in intervals of £50k, by region

HMRC receives details of the house price of the properties being purchased via the LISA API data source. However, the data is incomplete and therefore may be misrepresentative of the population data. We would need to create a new process to extract house prices by region, which would take an extended period to develop, and this may not produce meaningful results due to low coverage of house prices recorded in our data (currently around 25 per cent coverage).

12. Breakdown of the ages of individuals who have bought a home with a LISA, in intervals of 5 years

The age of LISA holders is not held in our statistical extracts. To identify the age of LISA holders, we would need to match the LISA API data to the Survey of Personal Incomes (SPI) data. The SPI data is a representative sample of the population which means not all LISA holders have a matching record and therefore we would need to calculate weightings to scale up the estimates for the entire LISA population. The complex data matching and the process of re-calculating the weightings required to produce these breakdowns would result in producing outputs later than the Committee's timeline for this inquiry as this is not an existing process.

Additional information that could be of interest

Outside of the specific requests in your letter of 25 March, HMRC has included additional information below that may be relevant to the Committee's work.

Table 5: Number of invested LISA accounts on 5 April, tax year 2022-23, broken down by market value.

An invested LISA account is an account that has a non-zero market value.
The figures are rounded to the nearest 10.

Market Value	Number of Invested LISA Accounts
£0.01-£4,999	430,870
£5,000-£9,999	176,020
£10,000-£14,999	105,360
£15,000-£19,999	59,340
£20,000-£24,999	26,800
£25,000-£29,999	13,760
£30,000-£34,999	10,800
£35,000-£39,999	3,930
£40,000-£44,999	600
£45,000-£49,999	150
£50,000-£59,999	90
£60,000+	60

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Table 6: Average market value of invested LISA accounts on 5 April, tax year 2022 to 2023.

The figures are rounded to the nearest £10.

Cash LISAs	Stocks & Shares LISAs	All LISAs
£6,920	£6,640	£6,670

Table 7: Number of individuals incurring withdrawal charges due to unauthorised Lifetime ISA withdrawals in the tax year 2022 to 2023, broken down by banded withdrawal charges.
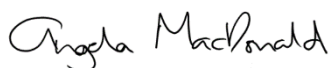
Withdrawal Charge	Number of Individuals
£0.01-£999	62,230
£1,000-£1,999	9,840
£2,000-£2,999	3,640
£3,000-£3,999	1,310
£4,000-£4,999	340
£5,000-£5,999	460
£6,000-£6,999	250
£7,000-£7,999	110
£8,000+	40

Estimated LISA take-up rate

Around 6% of the population who have <u>ever been eligible</u> for a LISA (adults aged 18-46) have held one (as of January 2024).

This is estimated using the total number of LISA subscriptions since April 2017 held by HMRC and government population estimates for adults aged 18-46 in England & Wales, Scotland, and Northern Ireland

Yours sincerely,

ANGELA MACDONALD
DEPUTY CHIEF EXECUTIVE & SECOND PERMANENT SECRETARY

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Annex: Background about the Lifetime ISA

The LISA was designed as a targeted long-term savings product which encourages younger people to save for their first home or for later life. The Government provides a 25% bonus on savings of up to £4,000 each year, provided the savings are used for the scheme's purposes. LISA funds, including any Government bonus, can be withdrawn for the purchase of a first home whose purchase price does not exceed £450,000, in the case of terminal illness or from age 60. Any unauthorised withdrawals are subject to a 25 per cent charge on the amount removed. This charge recoups the Government bonus, any interest or growth arising from it, and a proportion of the individual's initial savings to reflect the fact that the account had not been used in accordance with the rules.

The LISA is designed to work with the grain of existing ISA products. The ISA Regulations set out the conditions with which an account manager must comply in order for the account and the investments within it to receive relief from tax. The majority of those rules apply to all types of ISA, with exceptions relating to LISA subscription limits, bonus payments and withdrawal charges. As with other ISAs, the day-to-day management of accounts is undertaken by the LISA manager – who has the direct relationship with the saver/investor for all purposes. LISA managers also interact with conveyancers in the context of house purchases.

LISA managers report to HMRC on a monthly basis (where applicable) regarding account opening, subscriptions and bonus claims, withdrawals, and any withdrawal charges. As with other ISA managers, and consistent with the regulations, they also report to HMRC annually.

The information provided by ISA and LISA managers on statistical returns is used to publish the [Annual Savings Statistics](). The type and amount of data collected is limited to that which is necessary and proportionate for our purposes, reducing the burden on providers whilst providing sufficient information for statistical purposes.