HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Dame Meg Hillier MP
Chair of the Treasury Select Committee
London
SW1A 0PW

30th March 2026

Dear Dame Meg,

I am writing in response to the Treasury Committee's letter of 23 February 2026 (your Letter) regarding proposed changes to ISAs. I am grateful to the Committee for its ongoing work to scrutinise the ISA landscape and our reforms, and I welcome the opportunity to respond.

Consultation and policy rationale

The Government is engaging with a variety of ISA managers, including those offering only Cash ISAs as well as those who focus more on Stocks & Shares ISA provision, alongside trade bodies and savings infrastructure suppliers.

With regard to the age limit, following discussion with the industry, the Government has settled on 65 in recognition of the fact that this cohort might need more flexibility to manage their savings as they approach state pension age. The Government recognises that those approaching state pension age may have a different appetite towards risk and reward and may have a greater need for liquidity in their savings.

These considerations informed the decision to restrict the cash limits to those under 65, and our data demonstrates this age group's preference for liquidity.

A fixed age limit also provides certainty for investors and ease of administration for ISA managers, which an age limit based on entitlement to the state pension may not provide.

Definition of "cash-like" investments and interest charges, market disruption and operational implementation.

The Government is working with industry to consider options for the identification and treatment of cash and cash-like investments in a non-cash ISA. There is a range of stakeholder views, which need to be balanced to ensure we get the detail of the new rules right. In weighing up the options, the Government is considering how the rules will protect the new cash limit while supporting the objective of encouraging people to access retail investment. The rules should also of course be practicable for both firms and consumers.

We are also working with industry to understand how the market may respond to any changes and the challenges of operational implementation. We will update industry and the Committee as soon as decisions regarding the new rules have been made.

We will then conduct a technical consultation with industry on the text of the draft Regulations and lay regulations once this is complete so that firms have sufficient notice to implement the new rules and communicate them to customers before the new limit applies in April 2027.

Cash limit strategy

You also asked about **cryptoassets**. The Government recognises the transformative potential for digital assets and blockchain technologies to drive economic growth in the UK and increase efficiencies across financial markets. That is why the Government has legislated to establish a new financial services regulatory regime for cryptoassets.

It is clear that cryptoassets are here to stay and, as they become ever more intertwined with traditional financial services, it is paramount that we get our approach to regulating them right.

By establishing a financial services regulatory regime for cryptoassets, the Government is taking another step towards delivering on its ambition for the UK to be a world-leading destination for digital assets. Consumers will be protected by bringing cryptoassets into scope of rules akin to other regulated financial products.

The regulatory regime builds on existing protections, including the anti-money laundering and counter-terrorist financing regime for cryptoassets that was introduced in January 2020.

Financial promotion requirements also continue to apply to cryptoassets, requiring financial promotions to be fair, clear and not misleading. This is aimed at improving consumers' understanding of the risks and benefits associated with cryptoasset purchases and ensuring that cryptoasset promotions are held to the same standards as other similar risk financial services products.

It is important to note that cryptoassets themselves are not eligible to be held directly in ISAs. Cryptoasset exchange traded notes (cETNs) are a form of security and are currently eligible for a stocks and shares ISA. They are neither cash nor cash-like investments. While the Government supports the FCA's decision to allow retail investors to access these products, the Government has decided that cETNs will be limited to the Innovative Finance ISA (IFISA) from 6 April 2026 given their innovative nature and the fact this is an emerging market. Inclusion of cETNs in the IFISA ensures that UK savers can access a diverse range of assets within tax-advantaged wrappers, while recognising the evolving nature of digital finance. This strikes a balance between extending investor choice and managing risk responsibly.

The Government will keep the inclusion of cETNs in tax-advantaged accounts under review with a view to potentially including them in the stocks and shares ISA at a later date as the market matures and consumer understanding deepens.

The Government currently has no plans to change the **Premium Bonds limit**. Premium Bonds remain a key offering of NS&I to deliver cost-effective financing for the Government. Individuals have an absolute limit of £50,000 in Premium Bonds, whereas the Cash ISA faces an annual limit which is renewed every year. As a result, an individual could have saved over £250,000 in Cash ISAs since their introduction in 1999.

The Government wants to see more people benefit from the higher returns and long-term financial resilience that investing can provide. That is why the Chancellor has set out a series of bold measures to get Britain investing again, including the reforms to ISAs made at Budget 2025.

Withdrawal of HMRC quantitative research on LISA (LISA) holders

Finally, I know the Committee has taken a strong interest in the LISA and the Government welcomed your report on this last year. You will be aware that the Government announced at Budget that it will publish a consultation in early 2026 on the implementation of a new, simpler ISA product to support first time buyers to buy a home. Once available, this new product will be offered in place of the LISA.

However, I wanted to make you aware that on 26th March, HMRC withdrew a quantitative research report from GOV.UK after methodological issues were identified that mean the findings cannot reliably be generalised to the wider Lifetime ISA population. In particular, wider industry data suggested that a higher proportion of LISA holders were using the product for buying a home than HMRC's research had found. Potential issues with the research were identified ahead of Autumn Budget 2025 and the findings were treated with appropriate caution.

I hope that these responses are helpful and I intend to furnish you with the further information requested when I am able to do so.

Yours sincerely,

LR

LUCY RIGBY KC MP
ECONOMIC SECRETARY TO THE TREASURY