IP-based finance

Your questions answered

All you need to know about borrowing against your intellectual property

Loans from £250,000 to £15 million | Unlock non-dilutive growth funding | Secured against your IP

Please note: This document is for information only and does not constitute advice; lending decisions rest entirely with regulated banks and lenders. In addition, the references in this document are UK market-specific. However, IP-based finance is rapidly becoming accessible to companies in other countries. If you are a company not registered in the UK, please contact us for more information on how this vital market is developing in your region.

> Inngot is not a lender. We are the independent valuation specialist that banks rely on to assess whether your IP may be usable as security for a loan, and how much it is worth in this context. We also provide guidance and recommendations to potential borrowers concerning your options, but do not advise on whether a loan is suitable for your needs. All our services are provided subject to our standard terms and conditions.
>
> The following information on IP-based loans is only applicable to UK-registered limited companies.

1. What is IP-based finance?

IP-based finance is regular commercial lending that is enhanced and made more accessible by a lender taking the value of your company's intellectual property into account. Instead of offering physical assets like property or equipment as security for a loan, you use the IP your business has already built: your unique software, brand, data, designs, patents or creative works.

UK high street banks, including NatWest and HSBC, already offer IP-based loans to UK businesses. They take a fixed charge over your IP and lend you growth capital which takes account of that value. You keep full ownership of your IP throughout, provided you keep up repayments. Nothing changes about how you use your IP day-to-day. Being debt finance, you don't have to issue expensive, dilutive equity in order to grow.

2. What counts as intellectual property? Do I need a patent?

No. You do not need patents. IP is much broader than most people think. If your business creates, designs, builds or invents, you almost certainly own valuable IP. Here are some of the things that can qualify as security for an IP-based loan:

- **Software and code:** proprietary online platforms, software apps, algorithms, machine learning models;
- **Branding:** your company name, logos, product names and registered trade marks;
- **Copyright:** original creative works, process documentation, marketing assets and website content;
- **Designs:** product styling, user interfaces (online and apps), industrial designs and design rights, whether registered or unregistered;
- **Data assets:** proprietary datasets, customer insights, research data and analytics

When we value IP, we take into account **all** of your registered rights, applications you have in progress, and copyright assets that can't be registered at all.

3. Who is this for?

In short: growth companies. Loans have already been made to businesses across software, gaming, cleantech, advanced manufacturing, mobile communications, medical devices and many more. The key eligibility criteria are:

- A UK-registered limited company
- A minimum of 2 years' trading history evidencing growth
- A minimum of £500,000 turnover in your most recent year
- An up-to-date set of financial forecasts that reflect your growth story
- IP that is incorporated in products and services that generate revenue from paying customers (your IP needs to be commercialised, not just an idea)

You do not have to be profitable yet. But as with any debt, you will need to show a lender that you are able to repay what you borrow. They will make the final decision on whether to lend or not.

Inngot participating in WIPO's IP finance dialogue, Geneva, 2025

4. How much can I borrow?

Each lender has their own criteria and will agree terms and pricing with each successful loan applicant.

In the UK, our valuations have facilitated loans from lenders ranging from as little as £250,000 to as much as £15 million. The amount your business will be able to borrow will depend on the independently assessed value of your IP, your ability to repay, and each lender's standard credit criteria.
If your IP grows in value during your loan period (and our evidence shows it usually does once your business is better funded), your available borrowing capacity could grow with it (subject to the lender's appetite and policies).

Some lenders may offer an interest-only structure or an initial capital repayment holiday, at their discretion. During this period, you only pay interest on the loan, which improves your cash flow in the early stages. This can be particularly useful for companies that need time for their growth investment to develop larger returns.

5. What can I use the money for?

IP-based finance is growth capital. The funds are intended to help your business succeed. We have seen companies use IP loans to:

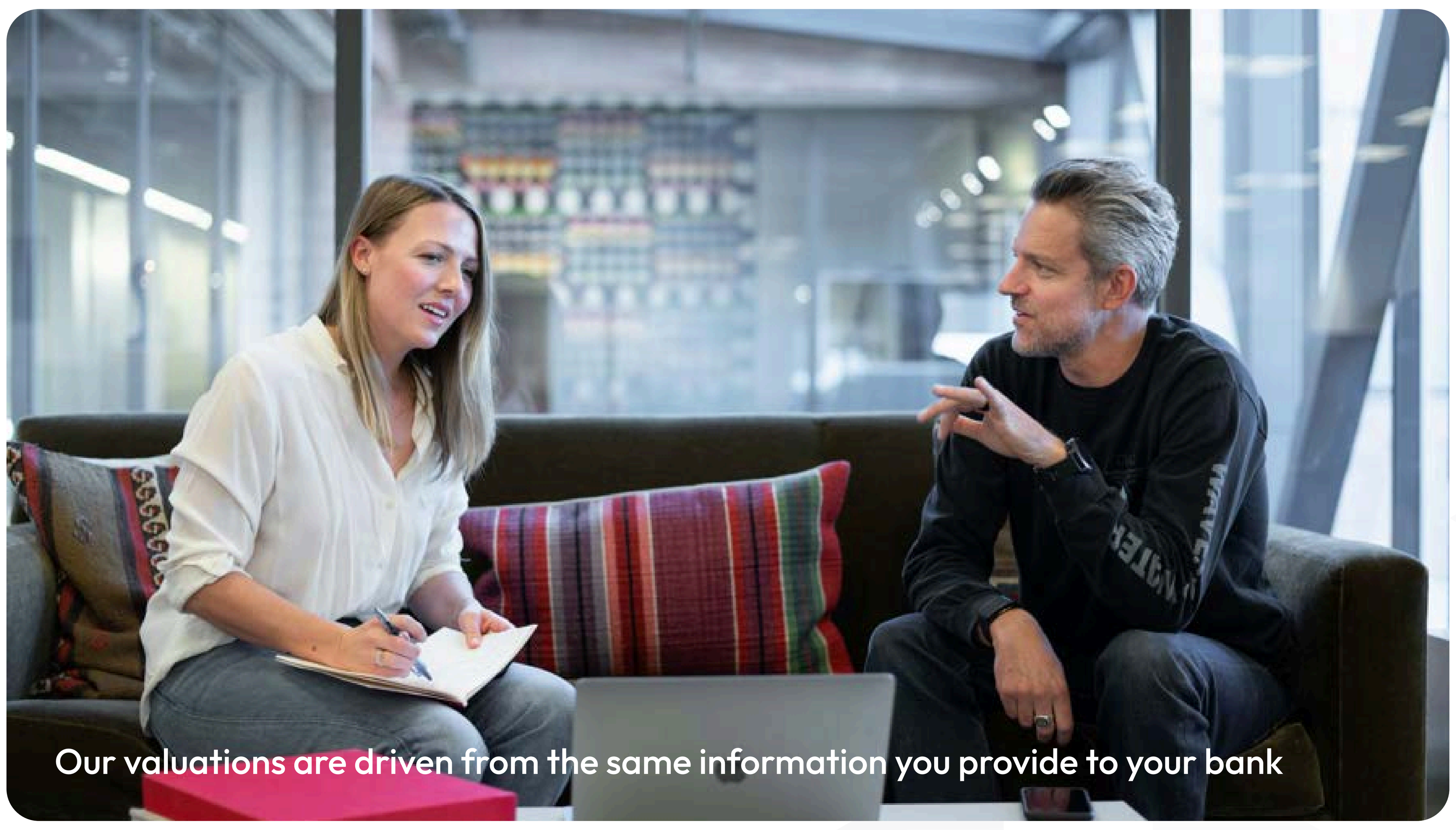
- Hire and scale their team
- Invest in R&D and product development
- Expand into new markets or territories
- Strengthen their IP position (file patents, register trade marks)
- Fund a strategic acquisition
- Bridge to profitability without giving away equity

Any specific restrictions or covenants on the use of proceeds will be set out in a facility agreement.

6. Which banks offer IP-backed loans?

NatWest and HSBC both offer IP-backed lending to UK businesses. NatWest launched its High Growth IP Loan in January 2024, and HSBC has offered IP-supported loans through its Growth Lending proposition for tech scale-ups since 2022. You don't need to be an existing customer of either bank to benefit from an IP loan.

Both these banks use Inngot's independent valuation platform to assess the value of borrowers' IP. Other lenders are expected to follow as the market develops.



Our valuations are driven from the same information you provide to your bank

7. How do you value my IP?

Accounting rules provide very limited scope for recognising what IP is worth. At best, certain categories of intangible asset investment can be shown at cost on the balance sheet - but this then has to be amortised, even if in reality it is increasing in value.

This means most companies' accounts significantly understate the value of their IP. However, enlightened lenders know this, and want to know how much value is missing, as it can make a material difference to the way they view the return on investment you are generating.

We will derive a value for your IP by examining its economic benefit to your company, both now and in the future, and the amount you have invested (and continue to invest) in strengthening your IP portfolio. As a member of the International Valuation Standards Council, we follow published standards.

8. What does the valuation process look like?

To prepare you for IP finance Inngot offers three online tools completed in a simple three step process, See below:

1. Identify & document your IP

Uncover all the IP you own using our FREE online tool Goldseam®. This is the first step to IP finance.

2. Generate a valuation for you IP

Sollomon® allows you to value your IP online at a fraction of the cost of traditional IP valuations.

3. Verify collateral suitability

Check if your intellectual property and intangibles can be used as security for a loan with Hallmarq™.

You can profile your IP for free using Goldseam® whilst Sollomon® and Hallmarq™ are charged at a total of £1,190+VAT. There are however discounts available with participating lenders,

9. How long does the process take?

If you have the right information on your IP and your business financials already to hand, our valuation process is very swift. Profiling can be completed in as little as 20 minutes; the quantitative valuation step takes less than an hour; and the qualitative suitability check takes about half an hour. Our service level standards aim to give a moderation response within two working days, so the whole process can be done inside a week.

As for the borrowing process as a whole – this will vary depending on the lender, and how quickly you can respond to their questions. We have seen deals completed end-to-end in less than a month, though the average is somewhat longer.

10. What kind of terms can I expect?

Most of the loans we have seen are repayable over three or four years (IP assets do not generally lend themselves to very long repayment periods).

Unlike our valuations, lenders do not have set pricing. Charges for loans will be based on their own particular criteria and their view of the overall financial strength of your business

Some of the rates we have seen lenders offer have been highly competitive - around 3% above base rate, which is less than you would typically pay to obtain an unsecured loan. Also, in most cases we have seen, there has been no need for a personal guarantee, as the IP acts as sufficient security in its place. However, as stated above, terms will vary.

Your lender will often require your IP to be monitored throughout the loan term, which we provide. This is a one-off cost that is typically deducted from the initial advance (so does not need to be funded separately). The usual charge for this service is around 1.2% on a three-year loan. It includes an annual revaluation of your IP, which means you can see how the value of your IP portfolio is growing over time.

11. How does the cost compare to equity?

Equity is generally the most expensive capital a founder ever raises. By way of a simple illustration:

If you raise £500,000 by selling 10% of your company, and your company is worth £10 million at exit, that equity round ends up costing you £1 million. You also potentially gave up board seats, some decision-making control along with that future upside.

Borrowing £500,000 instead using an amortising term loan secured against your IP costs very much less in interest and associated fees. In addition, the company keeps 100% ownership, full control, and all future upside.

Obviously, you do also have to pay the initial £500,000 back – and debt is not the right solution for all businesses - but the difference in ultimate cost can be considerable.

Did you know?
In Scotland, as of April 1, 2025, the law has been changed to allow intangible assets including IP to be used as security for a loan.

Source: Gov UK 2025

Inngot's IP valuation process is conducted online

12. What happens to my IP if I take out a secured loan - will I lose control of it?

No. Your company retains full ownership and use of its IP throughout the loan as long as the loan is performing - you are keeping up your scheduled repayments.

The bank's fixed charge over your IP is a legal interest in the asset. Unlike a mortgage on a building, you always own it; like a mortgage, you can use it, and benefit from it, as you see fit in the ordinary course of your business. The charge simply means the bank has a claim on the IP if the loan is not repaid.

The terms of the loan will require you to maintain the IP and enforce it if necessary – which is in your company's interests in any event – and you can't sell it while it is being used as security. But you can of course pay off the loan and satisfy the charge at any time.

13. Is this just another form of venture debt?

No. Some banks will want you to have raised a certain amount of equity, but it is not a requirement from all.

(If you are not familiar with the term: venture debt is a funding line that is typically put in alongside existing venture capital funding in order to provide increased runway for a business. It sometimes takes IP as security, but it also usually takes warrants – i.e. options to be able to buy shares on preferential pricing or terms in the future).

14. Will investors have any concerns?

Clearly, we cannot speak for all investors. What we have seen in practice is that equity investors are usually quite happy to see non-dilutive growth funding brought into the business, as it reduces their risk by growing the company via a diversified capital structure. We have also seen investors recommending their investee companies to consider an IP-based loan.

The evidence suggests that IP loans actively strengthen companies. Borrowers typically reinvest the capital into creating more IP, which increases company value and makes the business more valuable, not less. In January 2026, for example, NatWest announced that they had seen an average increase of 32% in IP value over the first year*.

* LinkedIn post by Neil Bellamy, Head of TMT for NatWest Group, 'IP lending: Unlocking Potential', January 2026

15. How do I find out if this could work for me?

Here's three things you can do now:

- **Do a quick assessment**
  You can check whether your business may be able to benefit from IP-based finance in less than a minute using our free IP scorecard at www.scorecard.inngot.com/questions. This is a quick assessment that tells you whether your business is likely to be suitable for IP finance. There is no cost and no obligation.

- **Profile your IP**
  Alternatively, you can go straight to Goldseam (our free IP profiling tool) and start documenting your IP. This is also free and gives you a clear picture of your IP portfolio, whether or not you decide to pursue a loan.

- **Speak to an Inngot expert**
  Book a call with an expert at www.calendly.com/support-inngot/speak-to-an-expert

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ADDING VALUE TO YOUR IP

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