



A GUIDE TO **YOUR** BAD DEBT PROTECTION FACILITY



WE BELIEVE IN **YOUR** BUSINESS

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FINANCIAL SERVICES



WELCOME TO YOUR FACILITY:

FACTORING WITH BAD DEBT PROTECTION

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Thank you for choosing Bibby Financial Services' Bad Debt Protection Facility. Our aim is to support your business growth whilst providing the highest levels of client service tailored to your individual needs.

This reference guide has been designed to provide you with a greater understanding of your Bad Debt Protection Facility with ourselves and the paperwork and processes that form part of your relationship with us.

This guide contains information on how to request limits on new and existing customers, details of what happens in the event of withdrawal or reduction in limits and how you make a claim.

If at any stage you have any questions about your facility, your dedicated Relationship Manager or Client Service Manager is on hand to help you.



BAD DEBT PROTECTION LIMITS

As part of your Bad Debt Protection Facility every customer being protected should have their own limit. This is the maximum amount that your customer could owe you at any one time. We will assess each customer for you and confirm the limit we are able to provide protection for. This assessment may lead to a lower limit being set than the one you have requested and this will be the maximum amount of protection in place. We will always provide you with a full explanation as to why a lower limit has been set where possible.

If you need a higher limit because you are increasing the level of business or you are changing the payment terms with that customer then you can request an increase.

Once the limit has been set, your protection is backdated 60 days in order to cover outstanding balances, providing that you are not aware of any reason why the customer may not pay.

THE MAXIMUM PAYMENT TERMS WE CAN ACCEPT ARE 120 DAYS FROM DATE OF INVOICE OR 90 DAYS END OF MONTH.

- ♥ If your sales ledger is subject to “a contract of works”, “staged payments” or “applications for payment” please contact your Relationship Manager or Client Service Manager to discuss prior to requesting cover.
- ♥ It is important that you inform us if the customer has any history of late payments (more than 60 days overdue), bounced cheques, part-payments, adverse information, or if you have any reason to believe that the customer may not pay.

HOW TO REQUEST LIMITS ON NEW CUSTOMERS:

- ♥ Limits can be requested on any Debtor Balances exceeding £500.
- ♥ To request limits on a new customer please complete the Bad Debt Protection Request – **New Customer Cover Limit Form**.
- ♥ You can request protection on the form for multiple customers.
- ♥ You should specify the limit you are requesting for each customer on the form.
- ♥ The minimum protected limit that can be requested is £3,000.

THE BAD DEBT PROTECTION REQUEST – **New Customer Cover Limit Form** was emailed to you when you became a client. Please ask your Relationship Manager or Client Service Manager if you need a new copy or alternatively you can download a copy of the form from the client access area of our website. Please email your completed form to your local contacts.

HOW TO REQUEST INCREASED LIMITS ON EXISTING CUSTOMERS:

To increase the limit on an existing customer please complete the Bad Debt Protection – **Increase Customer Limit Form**. You can request limit increases for multiple customers and specify the new limit you are requesting for each customer on the form.

THE BAD DEBT PROTECTION REQUEST – **Increase Customer Limit Form** was emailed to you when you became a client. Please ask your Relationship Manager or Client Service Manager if you need a new copy or alternatively you can download a copy of the form from the client access area of our website. Please email your completed form to your local contacts.

IF WE DECLINE THE LIMIT YOU REQUESTED:

If we are unable to approve the limit you have requested for a particular customer we will tell you why. You can appeal the decision in certain circumstances and we will tell you what information we will need from you to do this.

WITHDRAWALS AND REDUCTIONS IN LIMITS

There may be times when we need to withdraw or reduce the limit on any of your customers, usually when new information on the customer becomes available. We will promptly inform you if this happens, explaining why we are taking such action.

IF A LIMIT ON A CUSTOMER IS WITHDRAWN:

Once a limit has been withdrawn on a customer no future debt will be covered from this point forward, however, existing debt up to the limit value is protected.

IF A LIMIT ON A CUSTOMER IS REDUCED:

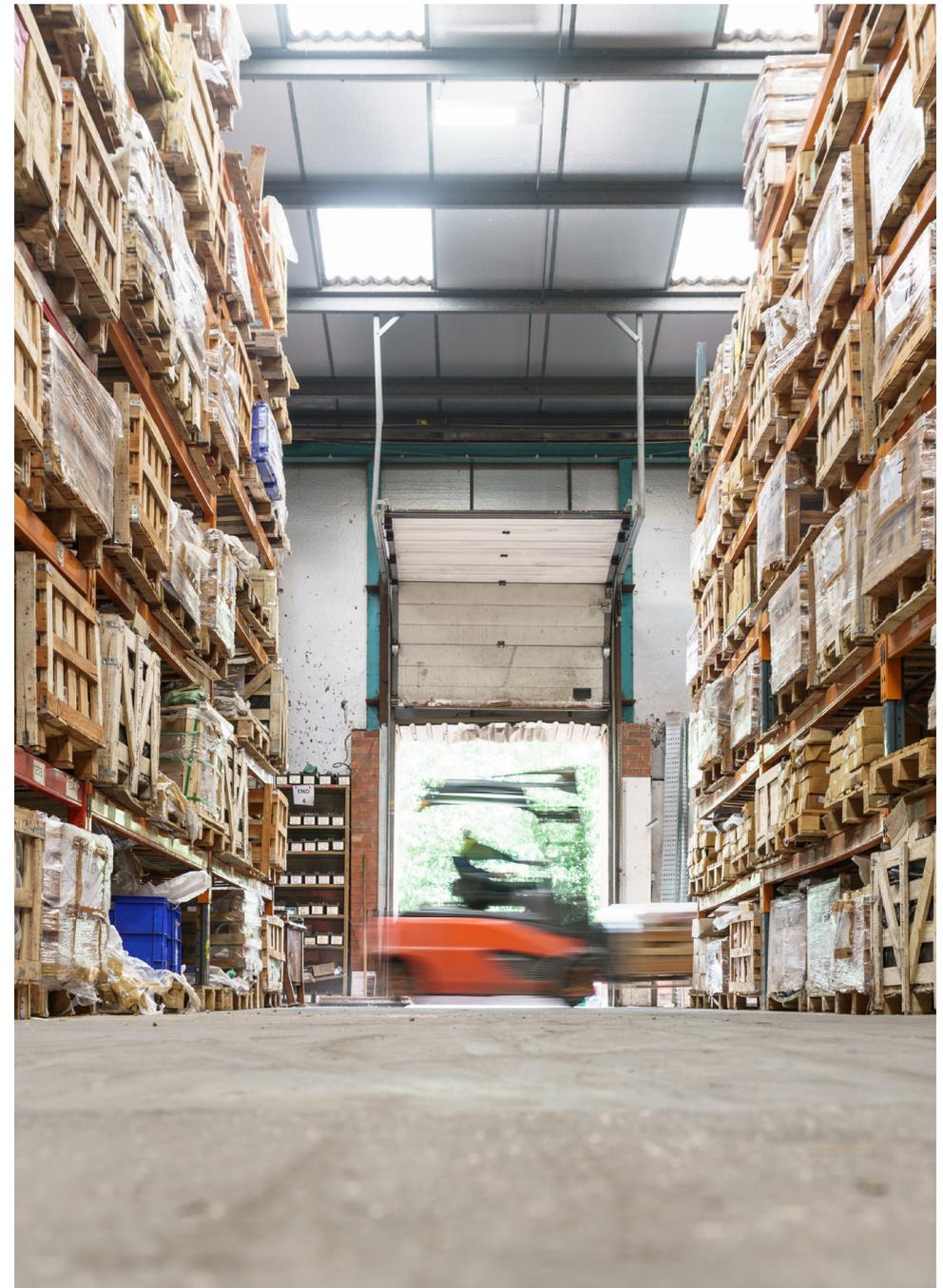
If there is a need to reduce a limit on a customer you will be protected at the higher value on any debt incurred before the date the limit was reduced. After that date you will only be protected on new debts up to the new lower limit.

In both circumstances above you can appeal the decision in certain circumstances and we will tell you what information we will need from you to complete this.

IF YOU CANCEL PROTECTION ON A CUSTOMER:

Once a limit has been cancelled by you the protection will be immediately reduced to zero, but you may re-apply at a later date. Any invoice with cover already in place will remain protected.

If you choose to end your facility with Bibby Financial Services all protection will cease from the date you inform us.





CHARGES

Please refer to your agreement for details of charges relevant to your facility or speak to your Relationship Manager / Client Service Manager.

KEEPING US INFORMED

NOTIFIABLE EVENTS

Please advise your Relationship Manager or Client Service Manager if you become aware of any event which may mean that the customer will not pay. This may include:

- ♥ Payment plans (these will need to be agreed with ourselves prior to acceptance)
- ♥ Adverse information of any kind e.g. if you are made aware of insolvency, CCJ or Winding Up Petition
- ♥ Bounced cheques
- ♥ Part Payments
- ♥ Disputes
- ♥ Legal Action

If adverse information is not reported to Bibby Financial Services this could result in the protection being invalidated.

OVERTRADING

The total amount of debt outstanding should not exceed four times the value of the cover limit at any one time. If this is exceeded, irrespective of whether the debt is assigned or not the value of any claim could be reduced.

OVERDUE ACCOUNTS

If a customer owes any amount which is unpaid in 60 days or more after the original due date of that debt, the limit will be reduced to zero until the overdue invoices have been paid. You must not continue to trade with this customer whilst the account is 'on stop' as continuous trading could result in the value of any claim being reduced.

MAKING A CLAIM

In the event of non-payment by any customer for the reasons listed below, you should contact your Relationship Manager or Client Service Manager who will support you in completing the necessary documentation.

Non-payment is deemed to have arisen when one of the following events has occurred:

- ♥ **FORMAL INSOLVENCY** - e.g. administration, liquidation, bankruptcy, CVA, etc.
- ♥ **PROTRACTED DEFAULT** - this is when a customer will not pay an undisputed debt rather than cannot pay.

Please note you will need to provide all supporting documentation that we may request i.e. insolvency paperwork, relevant invoices, delivery notes and purchase orders (if applicable).

Protection is for 90% of the debt (excluding VAT) subject to a maximum of 90% of the limit.

RETENTION OF TITLE

If you have a 'Retention of Title' clause in your Terms and Conditions you must take all reasonable steps to enforce it, as failure to do so may impact on any future claims.

Thank you for choosing Bibby Financial Services.
If you have any queries or questions please contact
your Relationship Manager or Client Service Manager.

We would be delighted to receive any feedback you may have. If you are pleased with the benefits of this product please recommend us to others.

This document is intended as a guide to the current processes and may be altered or amended at any point and without prior notification. In the event of any conflict between the advice contained here and the Agreement, the Agreement will take precedence.

