

# A GUIDE TO YOUR BAD DEBT PROTECTION FACILITY



For clients with a Factoring Facility

**BIBBY**  
FINANCIAL SERVICES   
Your Invoice Finance Experts

# 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, the charges that will apply, 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

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As part of your Bad Debt Protection facility every customer being protected will need to 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 that we will be liable for. 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 value of the 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 pick up 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.**

- Under your agreement, we are unable to provide protection on debts subject to “a contract of works”, “staged payments” or “applications for payment”.
- If you require any further information on these areas please contact your Client Service Manager.
- 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:**

- To request limits on a new customer please complete the Bad Debt Protection request – New Customer Account Limit Form.
- You can request protection on the form for a number of new customers.
- You can 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 Account 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 Client Service Manager or local office.**

## 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 a number of existing 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 Client Service Manager, or local office.**

## If we decline the limit you have requested:

If we are unable to approve the limit you have requested for a particular customer we will normally tell you why. You can appeal against 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 withdrawal date 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.

You can appeal against 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.

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



## CHARGES

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Unless otherwise stated in your Agreement the following fees and charges will apply.

### Daily charges

As invoices are assigned to Bibby Financial Services, you will be charged a Bad Debt Protection Fee which is calculated as a percentage of the turnover being assigned or protected, depending on the type of agreement you have; Selective or Whole Turnover.

### Monthly charges

Charges for new and increased limits will be applied monthly.

### Annual charges

Your Bad Debt Protection Facility will be reviewed annually on the anniversary date of your facility and a fee of £350 will be charged to your account in the preceding month.

All limits have to be renewed on an annual basis, which is currently the 1st December. The cost is £22 for each limit you retain.

CHARGES	COST
UK limit requests	£22 each
EU limit requests	£44 each
Rest of World limit requests	£88 each

## KEEPING US INFORMED

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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 a CCJ or Winding Up Petition.**
- **Bounced cheques.**
- **Part Payments**
- **Disputes.**

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 cover limit on that customer will be invalidated.

### 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 invalidating any further claims.



## MAKING A CLAIM

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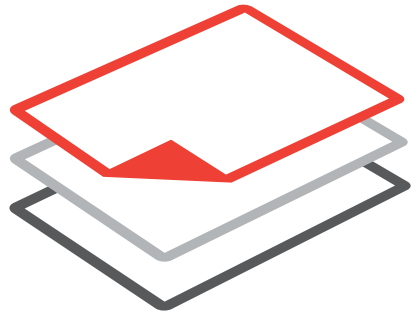
In the event of non-payment by any customer for the reasons listed below, you should contact your Relationship Manager or Client Service Manager who will complete the necessary documentation.

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

- **Formal insolvency** – e.g. administration, liquidation, bankruptcy, CVA, etc. We will need to see paperwork from the insolvency practitioner.
- **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 back up documentation that we may request i.e. 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.

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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.**

