

30 May 2026

Default policy

Default and Arrears Policy

Reference: CONC 7 (parallel application)

Version 1.0 - last revised 25 May 2026

This policy explains what happens if a loan falls behind, and the order in which we act. The short version: we treat default as a last resort, after forbearance has genuinely been tried.

Arrears and default - what they mean

- Arrears - a scheduled payment has been missed but the agreement is still live and we are working with you.
- Default - the agreement has broken down: repayment has stopped, forbearance has been attempted and has not worked or has not been engaged with, and a fair warning has been given.

The steps before default

- First missed payment. A supportive check-in, not a demand - we ask whether there is a reason we should know about, and set out the practical detail.
- Forbearance offered. We actively offer the options in our Hardship & Forbearance Policy. Collections are paused while a request is open.
- Fair warning. If we cannot agree or reach you, we tell you clearly what will happen next, and by when, before we record a default.

Reporting to credit reference agencies

We report to the business credit reference agencies (Experian Business, Creditsafe, Equifax Business): a payment more than 30 days past due, and a default if a loan is written off. We also report a successful settlement on a loan that previously fell into arrears, so the company's file can recover. The director's personal credit file is not affected.

Recovery

- We do not pass arrears to a third-party debt-collection agency without first attempting a forbearance arrangement.
- Court action is a genuine last resort. Any claim is against the company; we do not pursue the director personally, because there is no personal guarantee.
- Interest on overdue commercial debts may be claimed under the Late Payment of Commercial Debts (Interest) Act 1998, but we do not apply a default-interest uplift and we do not compound arrears, and the total cost of credit remains capped at 100% of the principal.
- Recovery of a simple contract debt is time-limited to six years under the Limitation Act 1980.
- If a company becomes insolvent, recovery is dealt with under the Insolvency Act 1986 through the appointed office-holder.

Complaints and escalation

If you disagree with how we have handled arrears or a default, please use our Complaints Procedure. Because this is unregulated lending to a company, the Financial Ombudsman Service cannot consider the complaint; our final response is the last internal stage and the next step is the courts.

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