

# Adequate Explanations & Pre-Contract Information

Reference: CONC 4.2 (parallel application)

Before the company signs a credit agreement with us, the director acting on behalf of the company must read this document. It is here to make sure the right questions get asked, the headline figures are understood, and the consequences of falling behind are clear.

## 1. What this product is

A short-term business loan to a UK limited company, made under the article 60C body-corporate exemption. The borrower is the company. The director is not personally borrowing or personally guaranteeing the debt.

## 2. The key features

- Principal: £50 to £500. We do not lend more than the company can plausibly repay from short-term cash flow.
- Term: 14 to 84 days. This is short-term bridging credit, not a long-term facility.
- Interest: 0.25% per day of the principal outstanding. Interest accrues only for the days the money is held; paying back early reduces the total cost.
- Establishment fee: £5.00, charged once at drawdown.
- Total cost of credit cap: however the schedule runs, the total of interest and fees will not exceed 100% of the principal advanced.
- Repayment: weekly, fortnightly, monthly, or a single bullet payment at maturity, by Direct Debit from the company's UK business bank account.

## 3. The risks the director should think about

- Short-term credit is expensive when annualised. The APR figure on the agreement will look very high because the term is very short.
- This product is not a substitute for a permanent funding gap. If the company's cash-flow problem is structural rather than temporary, this loan will not solve the problem.
- Late payments are reported. Missed payments will be reported to the business credit reference agencies we work with and may affect the company's credit rating.
- The director's personal credit file is not affected by this loan, unless they have separately provided a personal guarantee (which we do not recommend).

## 4. What happens if you cannot make a payment

Tell us early. Direct Debit collections cost the company money if they fail (your bank may charge a fee, and we charge a £12.00 missed-payment fee). Customers who reach out before missing a payment generally get a better outcome.

From the customer portal you can request a 30 or 60 day payment freeze, a half-payment period, or a longer repayment plan. Asking for help does not get reported to credit reference agencies. We will not pursue collection through a third-party debt collector or take court action without first trying to agree a sustainable plan with you.

## 5. Independent help

Free, independent advice is available from StepChange, Citizens Advice, National Debtline (0808 808 4000) and MoneyHelper. Speaking to any of these costs you nothing.

## 6. Questions before signing

Before signing the credit agreement, the director should be able to answer "yes" to each of these:

- I understand the principal, the term and the total amount the company will repay.
- I have looked at the dated repayment schedule and the company's bank account can cover each payment on its due date.
- I understand that paying back early reduces the total cost.
- I understand that a missed payment carries a fee and is reported.
- If I am not sure, I have asked Credicorp or sought independent advice.