

30 May 2026

Flex adequate explanations

Adequate Explanations & Pre-Contract Information - Credicorp Flex

Reference: CONC 4.2 (running-credit parallel application)

Version 1.0 - last revised 25 May 2026

In plain English - read this first

- This Adequate Explanations document walks through the key features of the credit facility so you can make an informed decision before signing.
- A worked example below shows what borrowing on this facility costs in real numbers.
- You can ask for a paper copy, ask any question, or take more time to consider it - there is no rush from us.
- If you tell us you are in a vulnerable situation, we will adjust how we handle your account: longer call times, different communication channel, a specific named officer.

If you need help

- Complaints: write to complaints@credicorp.co.uk or post to Suite 53C Unimix House, Abbey Road, London NW10 7TR. We acknowledge within 3 business days and respond within 8 weeks.
- In a vulnerable situation (bereavement, ill-health, financial difficulty, neurodiversity, English not first language, anything else)? Tell us - write "Vulnerability flag" in the subject line of any email or mention it on the phone. We adjust how we contact you, give you more time, and route you to a named officer.

Before the company signs a Revolving Credit Facility Agreement (RCFA) with us, the director acting on behalf of the company must read this document. It exists to make sure the right questions get asked, the headline figures are understood, and the consequences of falling behind on a revolving facility - which behave differently to a fixed loan - are clear.

1. What this product is

Credicorp Flex is a revolving credit facility to a UK limited company. The Borrower is the company. The director is not personally borrowing and not personally guaranteeing the debt. The facility is outside FCA consumer-credit regulation (Articles 60B and 60L, FSMA RAO 2001). It is not a fixed-sum loan. The company is approved for a credit limit; the company can draw down any amount up to the limit, repay it, and draw it again. Interest is charged daily on the drawn balance only - never on the undrawn part of the limit. The facility persists until either party terminates it on notice.

2. The key features

- Credit limit: typically £50 to £500. Set at approval; can be varied on written notice.
- Drawings: any amount up to the available credit, transferred to the company's UK business account. Multiple drawings allowed.
- Interest: 0.25% per day of the drawn balance. Accrues daily; charged only for the days the credit is drawn. Undrawn credit costs nothing.
- Establishment fee: £5.00 one-off, when the facility is opened. No monthly facility fee.
- Total cost cap (per drawing): the total of interest and fees on any one drawing cannot exceed 100% of that drawing. The cap resets per drawing.
- Minimum repayment: the greater of 10% of the drawn balance or £20, collected by Direct Debit each repayment period. You may always pay more.
- Reusing credit: as the drawn balance is repaid, the available credit refills up to the limit. The facility does not close on full repayment - it stays open until terminated.

3. The two payment patterns - pay attention to the difference

A revolving facility rewards discipline. How you use it determines what it costs you.

Pay-in-full pattern. Draw what you need, repay the drawn balance in full when your inflow arrives, then optionally draw again. Interest stops the moment the balance reaches zero. For a single £300 drawing held 30 days, the total cost is around £22.50 of interest. This is the cheapest way to use the facility and the one we encourage.

Minimum-only pattern. Draw, repay only the minimum each cycle, carry the balance. Interest continues to accrue daily on whatever remains drawn. Over time the interest paid on that drawing rises. The per-drawing cap (100% of the drawing) means the most you can ever pay on a single drawing is twice that drawing - but reaching the cap means carrying the balance for a long time. Compared with paying in full, minimum-only payments cost the company many times more for the same drawing held for the same total period.

Pay attention to BOTH the APR and the total £ cost. The pay-in-full APR is high (a short-term-borrowing figure for a 30-day bullet). Counter-intuitively the pay-minimum APR is lower than the pay-in-full APR - because the cost is spread over many more days, the per-year rate comes out lower. But that does not make minimum payments cheaper: the TOTAL £ COST under minimum payments is much higher (typically several times higher than pay-in-full) because interest keeps accruing every day the balance is held. APR is a useful comparison rate, but the £ total is what your company actually pays. Look at both numbers on the KIS before signing, and prefer the pay-in-full pattern wherever the company's cash-flow allows.

4. The risks the director should think about

- Revolving credit is convenient and that is its risk. The ease of drawing again means it is easy to use as ongoing working capital when the underlying need is structural rather than temporary. If the company's cash-flow gap is not closing, Credicorp Flex is the wrong product - equity, longer-term debt, or restructuring may be.
- Minimum payments hide cost. The minimum is designed to keep the account in good standing, not to clear the balance economically. See section 3.

- Suspension of drawings. If a Direct Debit collection fails, the Lender may suspend further drawings until cleared. The facility is not a guaranteed supply - it is a credit line subject to the Lender's continuing assessment.
- Periodic review. The Lender reviews the facility periodically and may reduce or suspend the available credit on written notice if the Borrower's circumstances change materially. Existing drawn balances are unaffected by a limit reduction.
- Late payments are reported. Missed minimum repayments will be reported to the business credit reference agencies we work with (Borrower, not the director personally) and may make it harder for the company to borrow elsewhere.
- The director's personal credit file is not affected by this facility, unless they have separately provided a personal guarantee (we do not require one and it is not part of the standard product).

5. 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 dishonour fee). Customers who reach out before missing a payment generally get a better outcome.

From the customer portal you can request a one-cycle minimum-payment holiday, a longer repayment plan on the drawn balance, or a temporary suspension of drawings while you stabilise. 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.

6. Independent help

Free, independent advice on business debt is available from Business Debtline (0800 197 6026), the specialist business-debt service run by the Money Advice Trust, and from the Federation of Small Businesses. If the difficulty affects the director personally rather than the company, free help is also available from StepChange, Citizens Advice, National Debtline (0808 808 4000) and MoneyHelper. Speaking to any of these costs you nothing.

7. Questions before signing

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

- I understand the credit limit, the daily interest rate and the per-drawing cap.
- I understand that the facility persists until terminated, and that interest continues to accrue on any drawn balance until it is repaid in full.
- I have looked at both APR scenarios on the KIS (pay-in-full and minimum-only) and I understand which one applies to how the company actually intends to use the facility.
- I understand that the minimum payment keeps the account in good standing but is the most expensive way to use the facility.
- I understand that paying in full at the end of each cycle is materially cheaper.
- I understand that a missed minimum payment carries a fee, may suspend further drawings, and is reported.
- I understand the facility may be reviewed and the limit reduced on notice.
- If I am not sure, I have asked Credicorp or sought independent advice.

8. How signing works

The RCFA is signed digitally end-to-end. There is no paper version to post back. The signing journey is:

- Affordability evidence. Upload three months of bank statements (PDF or CSV) or connect by

Open Banking. Open Banking shares twelve months of transactions read-only via a regulated AISP; Credicorp never sees your online banking credentials.

- Review the populated RCFA. The agreement is generated with the company's details, the credit limit, the daily rate, the minimum-repayment basis, and the cycle frequency filled in. You can scroll through every clause before signing.
- One-time passcode at submit. When you press "Sign", a six-digit one-time passcode (OTP) goes to the mobile number on the application. Entering the OTP confirms it is genuinely you signing and gives the legal effect of a wet signature under the Electronic Communications Act 2000.
- Audit trail. The signing event is stamped with the date, the IP address, the device user-agent, the OTP confirmation, and the customer's name as typed. A signed PDF copy is delivered to you by email and stored on your customer portal.

If at any point you do not want to sign digitally, ask us before pressing the button: we can arrange a printed RCFA and a postal return, though this will delay first drawdown by several days.

Pre-contract worked example

The following example is illustrative. It uses the rates configured for the live facility today and shows what a typical drawing costs at two repayment levels so a director can compare before signing.

Opening credit limit	£500 (illustrative - your actual limit is set on approval)
Day-1 drawdown	£300
Daily rate	0.25% on the drawn balance, charged daily
Repayment cycle	Every 14 days, by Direct Debit
Minimum repayment	The greater of 10% of the drawn balance or £20 per cycle - so your first minimum is £30.00

Scenario A - clear the drawing after one 30-day cycle

You draw £300 on day 1. You hold it for 30 days, then clear it. Total interest: about £22.50. Total repaid: about £322.50. This is the cheapest way to use the facility.

Scenario B - pay only the minimum each cycle

You draw £300 on day 1 and pay only the cycle minimum thereafter. The drawing is held for several months. Interest keeps accruing on the falling balance. The 100% per-drawing cap means the total you can ever pay on this £300 drawing is at most £600.00 (the drawing itself + 100% cost cap). In practice on a £300 drawing held with minimum-only payments to clearance, you would pay about £99.00 in interest - roughly 4.4x the Scenario A cost.

Comparison - what does a lower-than-minimum drawdown cost?

The minimum is a floor (£20 per cycle, or 10% of balance - whichever is higher); you can always pay more. Paying double the minimum each cycle on the same £300 drawing clears the drawing roughly twice as fast and approximately halves the total interest paid versus Scenario B. The on-page calculator at credicorp.co.uk/business-credit-facility/ lets you plug in your own credit limit, drawing and days held and download a PDF of your specific scenario. ICO Registration No. ZC157682