

Responsible Lending & Affordability Policy

Reference: CONC 5 / CONC 6 (parallel application)

Responsible lending is the central commercial commitment of this business. Lending to a company that cannot afford to repay is bad for the company, bad for its director, and bad for us. We invest in affordability so we do not need to invest in chasing arrears.

Before lending

- We verify the company's registration and active status with Companies House.
- We check the director's appointment and home address against electoral roll data.
- We do a soft credit search on the company at Experian Business, Creditsafe and Equifax Business. A soft search does not affect the company's credit file.
- We ask the director to confirm the company's typical monthly turnover and whether the requested principal and repayment are affordable.
- We compare the requested repayments against the typical inflows on the company's nominated UK business bank account.

The decision

An automated affordability model produces a recommendation; the final decision is taken by a person. The decisioning rubric is conservative - when in doubt we decline. Reasons for declining are categorised so they can be reviewed in aggregate.

During the loan

We monitor the Direct Debit collection success rate. A single missed payment triggers an immediate review of the customer's account; a second missed payment within 30 days triggers a call from a senior team member and a forbearance offer. We do not let arrears compound silently.

If the company cannot pay

The director can request a 30 or 60-day payment freeze, a half-payment period, or a longer repayment plan from the customer portal. Requests are reviewed within one working day. While a request is open, Direct Debit collections are paused. Approvals do not affect the company's credit file.

What we do not do

- We do not charge a default interest uplift.
- We do not roll the loan over more than twice (FCA HCSTC parallel limit).
- We do not pass arrears to a third-party debt-collection agency without first trying a forbearance arrangement.
- We do not require a personal guarantee from the director.
- We do not lend to a customer whose previous loan was written off.