

Responsible Lending and Affordability Policy

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UK direct lender

Short-term business credit to limited companies & LLPs

No personal guarantee

We never ask a director to guarantee the company's borrowing

100% cost cap

Total cost of credit is capped at 100% of the amount borrowed

None

About Credicorp Limited

Company: Credicorp Limited (UK)

Companies House: 16093826

ICO registration: ZC157682

Registered office: Suite Au31848, 9 Skyport Drive, Harmondsworth, West Drayton, UB7 0LB

Business: UK direct lender of short-term business credit to limited companies & LLPs

Official site: credicorp.co.uk

Independent UK business lender. Lending to companies is not a regulated credit agreement within Article 60B of the FSMA 2000 (Regulated Activities) Order 2001. No director personal guarantees; total cost of credit capped at 100% of principal. Verify this document and the company's official domains at credicorp.co.uk/legal/.

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. This policy sets out how we put that commitment into practice across the whole lifecycle of a facility — from product design, through the lending decision, to collections and forbearance.

1. Purpose & scope

This policy applies to every facility Credicorp Limited advances. Our lending is to UK incorporated bodies corporate (limited companies and LLPs) and is outside FCA consumer-credit regulation (Articles 60B and 60L, FSMA RAO 2001), so it is not a regulated credit agreement and the Financial Ombudsman Service does not apply. Notwithstanding that, we choose to apply the substance of the FCA's creditworthiness and forbearance expectations (CONC 5 and CONC 6) as a voluntary best-practice standard, adapted for a corporate borrower.

2. Governance & ownership

The director(s) of Credicorp own this policy. The lending decision rubric, affordability thresholds, pricing caps and forbearance options are version-controlled in the system and changed only with sign-off. All material

changes, and the rationale for them, are recorded. Lending performance — approval rates, arrears rates, forbearance take-up, complaint themes and write-offs — is reviewed on a regular management-information cycle so the policy can be tuned on evidence rather than anecdote.

3. Creditworthiness assessment (the borrower)

Before any offer we establish that the borrower is who it says it is and is a going concern:

- We verify the company's registration, incorporation date, active status and filing history with Companies House, and confirm it is not in liquidation, administration or strike-off.
- We verify the signing director's appointment and identity (electoral-roll and document checks) and confirm they are authorised to bind the company.
- We run a commercial credit search on the company at Experian Business, Creditsafe and Equifax Business. At application this is a soft footprint that does not affect the company's file; a hard search is recorded only on drawdown.
- We screen the company and its officers for sanctions, PEP and adverse-media flags as part of our AML obligations.
- We consider trading history, sector risk and any prior conduct with us. We do not lend to a company whose previous facility was written off, or where there are unresolved indicators of fraud.

4. Affordability assessment

Creditworthiness (will they repay) is distinct from affordability (can they repay without harm). We assess affordability on evidence, not assertion:

- **Income evidence.** We analyse the last 90 days of the company's nominated UK business bank account, plus management figures or filed accounts where available, to establish a reliable picture of recurring inflows.
- **Commitments.** We identify existing finance, recurring outgoings and other regular commitments visible on the statements so we assess the *net* capacity to service the schedule, not the gross turnover.
- **The serviceability test.** A scheduled repayment must not exceed 30% of a typical single inflow in the relevant period; where it does, we decline or reduce the principal/extend the term until it does. We size the facility to comfort, not to the maximum the model permits.
- **Stress and headroom.** Because turnover is lumpy for small companies, we look for headroom against a slow week, not just an average one.
- **Proportionality.** The depth of checks is proportionate to the amount, term and risk. A small first facility to an established trading company is assessed more lightly than a maximum facility to a thin-file company; the principle — lend only what can be repaid without distress — is constant.

5. The lending decision

Our AI decisioning system scores creditworthiness and affordability and makes the lending decision. The rubric is deliberately conservative: when the evidence is incomplete or contradictory, we decline. Every decline is given a categorised reason so declines can be reviewed in aggregate for fairness and unintended bias. Drawdowns above set thresholds require a disbursement sign-off.

6. Vulnerability

Although the borrower is a company, the people behind it can be vulnerable. If at any point we identify that a director is in financial difficulty, ill health, bereavement or other vulnerable circumstances, we record it (with consent), apply our Vulnerable Customers Policy, and adjust how we communicate and what forbearance we offer. Vulnerability is never a reason to treat someone worse; it is a trigger for extra care.

7. Responsible product design

- Total cost of credit (interest + fees) is hard-capped at 100% of the principal advanced — a borrower can never owe more than double what was borrowed.
- Interest is simple and charged only for the days the principal is outstanding; settling early always reduces the cost.
- There is no default-interest uplift and no compounding of arrears.
- A single, transparent establishment fee and a single, fixed missed-payment fee — no surprise charges.
- We do not require a personal guarantee from the director.

8. During the loan — monitoring

We monitor collection success and account conduct continuously. A single missed payment triggers an immediate, supportive account review; a second missed payment within 30 days triggers contact from a senior team member and a proactive forbearance offer. We do not let arrears compound silently, and we contact customers in a way and at a time that is likely to reach them, not to harass them.

9. Arrears & forbearance

Where a company cannot pay, our default response is forbearance, not enforcement. From the customer portal (or by contacting us) a director can request a payment freeze (typically 30 or 60 days), a reduced-payment period, or a longer repayment plan. Requests are reviewed within one working day, and Direct Debit collections are paused while a request is open. We will:

- treat the customer fairly and consider their circumstances before deciding next steps;
- agree a sustainable arrangement based on what the company can actually afford, and confirm it in writing;
- suspend, not escalate, where a customer is engaging in good faith;
- signpost free, independent business-debt guidance (Business Debtline, 0800 197 6026, and the Federation of Small Businesses) where the company may benefit from it — and consumer money guidance (for example MoneyHelper) where the difficulty affects the director personally; and
- only consider default reporting or recovery as a genuine last resort, after forbearance has been attempted and a fair warning given.

10. What we will not do

- We do not charge a default interest uplift or compound arrears.
- We do not roll a facility over more than twice (mirroring the FCA HCSTC limit).
- We do not pass arrears to a third-party debt-collection agency without first attempting a forbearance arrangement.
- We do not require a personal guarantee, and we do not pursue a director personally for a company debt.

- We do not lend to a company whose previous facility was written off, or where affordability is not evidenced.
- We do not use aggressive or misleading collections communications.

11. Records, training & review

Every assessment, decision, reason and forbearance arrangement is recorded and retained for the statutory minimum (HMRC and the Money Laundering Regulations 2017 — generally six years after closure). Staff who make lending or collections decisions are trained on this policy, on identifying and supporting vulnerability, and on fair-treatment outcomes, and their competence is reviewed. This policy is reviewed at least annually, and sooner if performance data, complaints or a change in our product indicate it should be.

Common questions about responsible lending

What are the FCA's responsible lending and affordability rules?

The FCA's responsible lending and affordability rules are principally set out in CONC 5 (creditworthiness) and CONC 6 (arrears and forbearance) of the Consumer Credit sourcebook. These rules apply to consumer-credit lenders. Because Credicorp lends to UK limited companies for business purposes — not to consumers — CONC does not bind our business as a matter of law. We choose to apply the substance of these FCA responsible lending guidelines as a voluntary benchmark because we believe they represent the right standard for any responsible lender, regulated or not.

What is FCA responsible lending for business borrowers?

There is no specific FCA responsible lending framework for business-to-business loans — the FCA's rules focus on consumer credit. For business loans, the obligation is a combination of contract law, the FCA's general Principles for Businesses, and voluntary standards like this policy. Credicorp mirrors the FCA's responsible loans approach — affordability assessment, fair forbearance, transparency on costs — as a matter of commercial ethics rather than regulatory compulsion.

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