

**Banking Taskforce  
Appeals Process  
Independent External Reviewer  
Annual Report  
2014/2015**

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## 1. Executive Summary

As those who follow these reports know, my principal focus is to encourage 'better conversations' between the lenders and their Small and Medium-sized Enterprises (SME) customers. Better conversations make all parts of the lending process, even being turned down, more of a learning experience for both parties with the aim being to make each side understand the expectations of the other and, using that, develop a better understanding of what each needs to do to make it work better.

I have and am seeing many more 'better conversations' across all the lenders I work with although all of us admit that there is still a good way to go before I will be happy with the final outcome. 'Better conversations' also need good systems within the lender that provide the Relationship Manager and other customer facing and decision making staff the information they need to make them work as they should. Again I am pleased to say that now without exception all of the lenders involved in the Appeals Process have already, or have plans in place to have, systems that allow that. As I said in my last Annual Report this system and process change across all the banks is to me one of the key successes of the Appeals Process so far and all the lenders have approached those changes positively understanding the benefit it brings to them as well as their SME customers.

On the back of those, though there have been many highlights in the Appeals Process this year including being now well north of £50 million (**see section 6**) in terms of the additional funding that has been granted to SMEs in the UK, three questions or issues that were raised with me during the year, still best frame the issues for me both this year and into next.

The three questions were:

**From a customer** - What did I feel should be the final outcome of the Appeals Process and what would success look like to me?

**From a banker** – Trust between customers and banks while getting better is still not back to where it was before the crash.

**From a Government official** – Is the increase in compliance and the way it is being delivered by the regulators hindering lending?

I will pick up the issues raised by the banker (section 4) and the official (section 7) elsewhere in my report but will answer the one from the customer now as it ties together well with what is set out in the rest of this year's Annual Report.

When I started this task four years ago I always said that I saw my role as being one of education for everyone (banks, SMEs, Government, and me) involved in making lending between banks and SMEs work better for everyone. I paraphrased that last year into encouraging 'better conversations' between the banks and their customers and that is now the real focus on everything I do within the Appeals Process and other related areas I am asked to advise on.

Therefore in terms of what success will look like for me it falls into a number of categories namely:

**SMEs** – Understanding more clearly and exactly how banks make decisions, why they have been turned down for lending if they have, and how they can improve their chances of obtaining funding should they wish to reapply. Also, being able to choose as far as that is sensibly possible, where and how to have their banking transactions done.

**Bank Staff (Mainly Relationship Managers)** – Having the training and the information they need to have the 'better conversations' they should have with their SME customers which includes knowing all the areas where the bank may have issues that could prohibit or hinder lending to an SME customer.

**Bank Processes** – Banks have in place processes, procedures, delegated authorities etc., that allow the bank staff to carry out what they need to do to deliver on their needs above.

**Bank Systems** – That they have an IT system that can deliver clearly and simply the information to make the processes work and give the staff the ability to deliver.

**Bank Policy** – That there is in place clear and unequivocal policy within the bank on what happens in specific circumstance and particularly in terms of to whom they will and will not lend and why that it is the case.

**Internal Bank Scrutiny** – That the banks have their own internal systems in place to ensure that all that they should be doing on Appeals and the above is working well and is under constant review and development.

In terms of how I see success, I group the six above into three groups, namely SMEs, then Bank Staff, Processes, Systems, and Policy, and finally Scrutiny. I do not get to scrutiny with any of the banks until I am satisfied that they are where they need to be with staff, processes, systems, and policy.

Where I am with each of the 12 banks I now have in the Appeals Process varies so there is no single end point for all as all are at different points on this journey.

I said that at the end of my fifth year of doing this task I would fully reflect on and review where we were with the Appeals Process and that will be one of my major focusses for the year ahead, but safe to say that while all the banks that are part of the Appeals Process have and are making positive progress, where they are on the timeline varies greatly. I have not started yet with any on how they do their own internal auditing and compliance on how the Appeals Process within each bank operates so there will still be much work for me to do across all the banks but in different types, form and time going forward.

Focussing back on year four, of the key points the one that concerned me most at the beginning of the year was the fact that not all banks at the Relationship Manager level knew why they had turned down a customer for lending other than in a generic way (failed credit score, adverse data, etc.) and had stated that I thought this was unacceptable, as it would not allow the Relationship Manager to have those 'better and good conversations' that are now at the heart of all I do. I am pleased at the end of this year that I can say that while not all banks yet have that in place, all now agree with me and are embarked on a process to make that so and by the end of year five all will have in place either temporary or permanent fixes that will allow them to do so, and those with only temporary fixes have plans to put in place more permanent solutions as soon as possible.

In terms of the overall numbers of appeals we have had in year 4, it is up on all the previous years but that is not relevant as there are many good reasons why the numbers have gone up but as many as why they should come down for example

- a) There are two new banks in the Appeals Process this year so the numbers should go up for that even though they are just at the outset of their journey.
- b) We have brought in more declined at source SMEs again this year which will increase applications eligible for appeal.
- c) As I mentioned throughout last year in my quarterly report we have now got all banks to include overdraft and credit card increase in the numbers as eligible for appeal so those numbers have gone up.
- d) All the banks are promoting the Appeals Process both externally and internally well and last year they spent a total of almost £6 million on their individual awareness raising as well as also helping deal with the issues which discourage SMEs from applying for credit in the first place. All this resource is also helping address the question put to me by the banker on returning trust between banks and SMEs and there is no reason for that to be anything other than good. As I have said before in these Annual Reports there have always been issues between banks and individual customers and there always will be but that is part of any business relationship in any industry and should not get in the road of the general good relationship that does exist today between most SMEs and their bank.

- e) We are working with all the banks to get them to improve their decision making process so that less are declined immediately but perhaps referred or that the bank will make its decline making decision later once it has collected more information. This with a number of banks has brought their decline and appeal numbers down and we would want that to continue.

It is a balance therefore between keeping up the pressure on making sure we have as many SMEs appealing who can and on getting better decisions made at the right time which will cut down the number of initial declines and therefore appeals.

Suffice to say though that now with almost 13000 appeals across the four years and over £50 million in additional lending at an absolute minimum going to SMEs that the Appeals Process continues to deliver the positive results it has. Overturn rates continue to fall as well but they may level out or stop as time goes on as is explained in section 6 of this report.

Also it is still good to report, as again I have done previously, that a number of the banks who are part of the Appeals Process have kept an eye on the performance of the lending they have done through overturns compared with their standard lending book and that lending through overturns is performing at least as well as the normal lending. This shows that the new lending being made through the Appeals Process, in all the ways it has increased lending, is not increasing a bank's risk by doing so.

Compliance has become more and more a feature of what I and my team see as we work with the individual banks to the point that this year's Annual Report contains a section 7 devoted solely to it. This also addresses the final of the three questions that I reflected on this year namely is compliance getting in the way of lending and there are indications that it could be starting to, so it will be a prime focus for me this year.

Finally in looking forward to year 5 and beyond, but also back over the last four years, it is clear that each of the 12 current banks is on its own individual journey in terms of the Appeals Process and they are all at different places on it. What I need to do now as part of my focus going forward is to work with each to ensure that they all reach the same good place for them and their SME customers all be it at different times over the coming years.

Professor Russel Griggs OBE  
Independent External Reviewer

June 2015

## 2. Introduction

Year 4 of the Appeals Process has been a year of much activity across all the existing banks as well as bringing two new banks wholly into the Appeals Process.

As I say every year in the Annual Report<sup>1</sup> it is my role as the Independent External Reviewer of the Appeals Process to ensure that the banks both promote and examine appeals in a way that is transparent and fair. In doing that I sit on neither side of the lending fence and try, from the evidence I and my team gather, to create solutions to issues in the lending process which benefit all parties. This can be from any direction and can fall on the lenders but also on customers, those who advise them, and on Government itself.

My focus for myself and my team continues to be:

1. To ensure that we ourselves see as many cases as we need to satisfy ourselves that the process each bank has put in place is working and that we have a sufficient evidence base to highlight any issues we need to investigate and like past years there have been some this year.
2. For me personally to focus more of my time meeting with and understanding how individual Relationship Managers operate in different parts and sectors of the bank. This is not just in terms of what they say and what information they have but also to see how each of the now many varied communication channels and methods banks have of interacting with their customer are working.
3. For me personally to look in detail at each of the IT systems the bank and especially the Relationship Manager use to see if they are fit for purpose in terms of giving them the information they require to have the 'better conversation' with the SME and/or allow them to manage the account for both their and the SME's benefit.
4. Both I and my team continue to work with each bank to see that all applications are included in the Appeals Process including what banks classify as 'declined at source'. I am pleased to report that our propensity to find these is reducing, although not to zero yet, which means that I can be more certain that all SME applications for lending are included in the Appeals Process.
5. I continue to meet at least twice a year with Accountable Executives within each bank who are senior personnel with overall responsibility for the Appeals Process at Board level which also allows me to be assured that the issues that I find are being dealt with properly within the bank.

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<sup>1</sup> <http://www.betterbusinessfinance.co.uk/independent-reports>

The structure of this year's Annual Report follows the format of the first three and focusses first on what economic context this fits into and then looks at what I said we would do in the last Report and what progress has been made. It then looks at the numbers and changes we have made in our own processes before focussing on what we will do in the year to come and where appropriate beyond that.

As a reminder to all, Annexes A and B set out the original aims and objectives of the Appeals Process and the minimum standards that a bank must comply with to be part of it.

I would also once again like to thank all of those who work with me and my team wherever they fit into the process for all the positive engagement they have with us, sometimes in situations that cannot be comfortable at that time. All of us are focussed on making that relationship between the lender and the SME better which is exactly where we should all be.



### 3. Current Economic and Financial Context

I think all economic commentators have commented this year that the UK economy is moving forward better and on a more sustainable path than it has done for some years. That is not to say that there have not been and will continue to be blips but these are becoming more manageable and do still effect the confidence of SMEs in some places and sectors.

In particular a number of reports this year have highlighted specifically progress both in economic and lending terms for SMEs and I have picked a few below and a few points from each to illustrate the improving context that the Appeals Process now operates within.

#### A. [Treasury Select Committee Report – Conduct and Competition in SME Lending](#)<sup>2</sup>

‘Official and Industry data, as well as evidence presented to the Committee, show that the overall availability of credit has improved since the low point of the financial crisis.’

‘SMEs’ negative perceptions of banks’ willingness to lend appear to have resulted in an increased reluctance of SMEs to apply for credit. However, these perceptions may also be too pessimistic – SMEs may be more likely to have their applications for credit accepted than they perceive.’

‘While businesses may not all directly take an interest in lending statistics themselves, their perceptions of the lending environment are influenced by commentators and the media, who do. The publication of data on bank lending can therefore help to improve businesses’ understanding of banks’ willingness to lend.’

#### B. [SME Finance Monitor Q4 2014](#)<sup>3</sup>

‘14% of SMEs in Q4 2014 rated the current economic climate as a major obstacle for their business compared to 37% in Q1 2012.’

‘6% of SMEs in Q4 2014 rated access to finance as a major obstacle compared with 12% in Q1 2013.’

‘There has been a steady decline in the proportion of SMEs with a worse than average risk rating – down from 56% at its peak to 43% now.’

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<sup>2</sup> [http://www.parliament.uk/documents/commons-committees/treasury/Conduct\\_and\\_Competition\\_in\\_SME\\_lending.pdf](http://www.parliament.uk/documents/commons-committees/treasury/Conduct_and_Competition_in_SME_lending.pdf)

<sup>3</sup> <http://bdrc-continental.com/products/sme-finance-monitor/>

‘43% of SMEs were permanent non-borrowers in 2014 compared with 34% in 2011.’

‘3% of SMEs would be seekers of finance in Q4 2014 who would have liked to apply for a loan/ overdraft but felt that something stopped them which was down from 7% in Q4 2012.’

‘76% of SME applicants applying for new/ renewed loan or overdraft finance were successful compared with 67% in Q4 2013.’

C. [Business Access to Finance 2014 – Department of Enterprise, Trade and Investment Northern Ireland](#)<sup>4</sup>

‘40% of SMEs reported that they were growing compared with 16% in 2012’

‘Only 13% of SMEs described themselves as in reducing/ survival mode compared with 45% in 2012.’

‘98% of SMEs who applied for a bank loan in 2014 were either wholly or partially successful compared with 70% in 2012.’

‘Almost two thirds of SMEs stated that the relationship with their banks was either very good or quite good.’

‘40% of SMEs agreed that banks are currently lending to viable businesses compared to 28% in 2012.’

All the above reflect what I have seen from all the individual customers and business trade associations I have spoken to this year plus what we have seen coming through for each of the banks, so there is a more solid economic environment to build all the changes that I am working on with the banks around.

What is also clear though is that SMEs are also in general thinking longer and harder about each decision they make in terms of their business. This is not a criticism but reflects the more ‘sensible’ way that SMEs are planning for the future. From the customers I have spoken to this year part of this is because of the differencing options in lending that are now available but also on the work/ life balance that many more are seeking to achieve. This ‘prudence’ is also reflected in the increasing amount of cash held by banks for their customers and the continuance by a significant number to pay off existing debt first before taking on new.

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<sup>4</sup> [http://www.detini.gov.uk/business\\_access\\_to\\_finance\\_2014.pdf](http://www.detini.gov.uk/business_access_to_finance_2014.pdf)

#### 4. Priorities for Year Four

Last year, as I do every year, I set out what my own priorities were for the coming year to ensure that there is a coherent flow to what the Appeals Process does. All centred on making sure that the conversation between lenders and SME customers continues to improve so both parties benefit.

Under that overarching umbrella there were a number of specific issues on which I focussed attention.

- a) *Ensuring that all banks can tell their customers clearly and precisely why they were declined for lending and what they might be able to do to change that decision over time.*

I am pleased to report that all the [12 banks](#) that are now part of the Appeals Process either can do that now or have in place a plan to make it happen in the coming year. This is a big step forward from where we were at this time last year where I had real concerns that customers, and indeed some Relationship Managers, were only aware of a generic reason why a customer was turned down – usually failed credit score – which materially and in some cases totally prohibits a good conversation on how the reason can be resolved. While all the banks, bar one, will continue to use credit reference data in some form to make lending decisions on, especially at the smaller end of the lending spectrum, those that were unable to provide that clear reason will, over the course of the coming year, be able to do so which is a huge step forward for all sides of the lending equation. I will still be monitoring progress on the introduction of these new processes throughout the coming year but no-one now is not accepting the desire and need to make it happen. As I said last year, that a bank cannot tell a customer precisely why they were turned down for lending and therefore what they may be able to do over time to rectify that, is unacceptable not just for the customer but for the bank itself.

- b) *Working with all sides of the ‘awareness debate’ to make sure that where resource is being spent to raise awareness that it is being channelled and focussed in the areas where it makes most impact. Also work with all parties to try and put in place metrics which we all agree can measure progress. I am not sure we have that just now.*

In last year’s Annual Report I outlined the ways that I intended to put in place to ensure that the banks enhanced the awareness of the Appeals Process.

These were:

- i) A generic campaign mainly through social media throughout the year which would enhance SME knowledge of the Appeals Process.

The Better Business Finance (BBF) campaign ran throughout 2014, bringing the Appeals Process and wider campaign messages to more than 10 million people online. It was an integrated communications campaign which ran throughout the year, supported by online advertising, social media engagement and public relations activity, as well as information provided via bank websites, directly to customers and via third party business groups.

At the heart of the campaign was the new [Better Business Finance website](http://www.betterbusinessfinance.co.uk/)<sup>5</sup>, which was created for the campaign and promoted across a range of marketing channels. The campaign site continues to be updated with guidance pieces and blog posts covering topics of interest for SME owners, highlighting the Appeals Process, and is supported by active social media channels.

From the latest figures at the end of 2014, an estimated 10.3 million people had seen the campaign since it started. Media coverage of the campaign reached 71% of the key audience of SME owner/managers and there had been a 122% increase in visits to the Better Business Finance website compared to the same period in 2013. Overall, the Appeals advertising performed most highly out of all the campaign executions, reflecting its strong call to action.

Annexe F sets out more of the detail of the campaign and its impact. While it was successful and set a good foundation I do not feel that spending more resource of whatever kind in a generic campaign is the best way forward as it is clear from the section below which sets out what the individual banks are doing, that continuing to encourage them each individually to keep awareness raising at the heart of what they each do is the best way forward.

- ii) While contributing to a generic campaign is one way of showing commitment to an initiative, for me the way I will know that each bank is committed itself to the Appeals Process is the amount of awareness raising – both within the bank and to their customers – which they do individually. To that end as part of their ongoing Action Plan, which I discuss in more detail in f) below, I have asked each now to complete an Awareness Template of what they are doing individually.

The Awareness Template collects the following information for each bank

- A description of that individual item
- Its purpose

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<sup>5</sup> <http://www.betterbusinessfinance.co.uk/>

- What is the customer group it is targeting – external and/ or internal
- When it is taking place
- What media or other form of delivery they will use
- What is its reach in terms of customers and/ or internal staff i.e. how many people does it get to
- What is the total cost to the bank
- Any other comments that they wish to make.

I have now had templates back from all the banks over the last year and can report that they have spent almost £6 million between them which is well over ten times the amount they spent jointly on the generic campaign described in i) above.

Annexe G gives examples of the many different ways the banks have used which shows the wide variety both internally and externally.

Personally I think that this spend is more focussed and brings better results than a generic campaign, and I have sight already of substantial spend on this issue into next year. Going into next year I have set each of the banks a reach target of at least 90% of all their SME customers at least once in the year receiving an awareness message for the Appeals Process, and one internal message per quarter reminding their staff of the Appeals Process.

- iii) In my last Annual Report I described the process I and my team also carry out to ensure that those customers that are declined but do not appeal are not latent appellants who for whatever reason have not chosen to appeal. Last year I reported that for those banks where we had done the sampling and investigation work there were under 5% of those who were declined who might have warranted a second look – not that they would be appealable or overturned – and from those same banks we have looked at again and now into others we are not seeing any real difference which is encouraging and shows that those not appealing are not missing out.
- iv) I stated last year and in my quarterly reports that one of my targets this year would be to get each of the banks to start their own internal market research on customers who had been declined within the last 2-3 months but had not appealed to see what level of awareness of the Appeals Process they had. I am pleased to report now that each bank has agreed with me a process of how they will do this and from the initial results to date – as it is still in its early days – awareness levels are positive, but it would be wrong to quote exact numbers until I have more data to look at and the numbers are substantive in terms of quantity. I would hope in a later quarterly report this year, or the latest in my next Annual Report, to be able to detail more exactly what those numbers show.

In summary therefore in terms of awareness, I am content that all the banks are devoting considerable thought and resource to ensuring that both their customers and staff are aware not only of the process but of the benefits it can bring. While generic campaigns can be useful I now believe that working with the individual banks to ensure that they are delivering the positive message they want around the Appeals Process is the best way forward. Each of the banks I work with now sees the positive results that the Appeals Process is bringing to them in extra lending to SMEs which is why not only are they spending resource on improving awareness but also over the last four years and into the future improving their processes and systems to give both their staff and their SME customer the better lending experience we all want.

*c) Bring in at least two, but hopefully three, new banks into the Appeals Process.*

As I have mentioned across the quarterly reports over the last year both the TSB and Clydesdale (which includes their Yorkshire Bank brand) have joined which we expected and they are now both up and running. TSB brought a lot of the work that Lloyds had already done on this with them but have adapted and developed it to fit with the way of working they are now adopting which is working well. Clydesdale/ Yorkshire were totally new to this and I have to commend them for how they have used this as a positive tool of change within the bank and seen it as I do, as a way of ensuring that customers and staff are having the type of banking and lending conversations we would all wish for.

I am about to begin discussions with Williams & Glyn bank which from the press can be seen will be the spin out from the RBS group sometime in the next year or so. I am pleased that we have started early on those discussions as they are building up their own systems on lending and building in the Appeals Process as they do that will be good for all parties and I hope add value to all. This will bring the total number of banks involved in the Appeals Process to 13.

*d) With each bank identify all the systems that are involved in an SME customer making an application and understand how the Relationship Managers use them.*

I have been round all the banks now and, while I still have one or two systems to see, I can say that all now have in place or have plans to put in place systems that in my view give them the ability to have that good conversation in terms of data availability and sight of the key information they need to make their decisions. For those that still have work to do in making their core systems fully fit for purpose there are project plans in place to deliver them at an agreed timescale into the next year and in some cases beyond. That I should say is not because they do not see this as a priority but these large IT

systems are complex and development and testing take time and I would rather that a well developed and tested system was put in place rather than a quick fix which may not stand the test of time.

Apart from the ways that each IT and input system works, what has interested me most is how systems are being adapted to reflect the changing ways that SME customers wish to interact with their bank.

There appears to be a continuing myth that SME customers wish to go into a bank branch and see someone face to face to transact a lot of their business. That is no longer the case and while I am sure availability of branches is a key factor, sometimes being able to speak to someone who can make a decision the SME desires at a time and place that suits the SME is more important to them. Therefore I see more and more good examples of banks using telephony not just with small SMEs but with SMEs of all sizes where the bank and the customer find it a better way to operate. One of our banks now operates only on a telephony interface with customers for just now and I have to say I have witnessed some of those conversations, and they are as good if not better than ones I have seen on a face to face basis. For example I witnessed a 45 minute conversation between a bank and their customer for the renewal of a £10,000 overdraft where the bank had arranged to call the customer at an agreed time and the customer, who was a builder, had the conversation from the passenger seat of a car as he was being driven from one site to another. What such calls do mean is that both parties have to be clear beforehand what they will need in terms of information to hand and in this case the call had been planned well and the bank went through their usual robust analysis of the business which the customer had all the information to answer well, so a happy conclusion was reached at the end of the call.

That is not to say that face to face does not still have a place in banking for SMEs but both the customer and the bank are now using the varying and growing differing information channels to interact with each other at times, in places and in ways that they are both comfortable with.

What I have also noticed more this year is how compliance is altering systems as banks strive to integrate the growing pressure of regulation from the Financial Conduct Authority (FCA) and elsewhere. I will discuss that more fully in Section 7 of this report.

- e) *Continue to ensure that all customers who should get the right to appeal are getting the right to appeal, and not being filtered out at source.*

'Declined at source' is a familiar term to any banker and in simple terms states that the customer was declined before entering the bank's formal application system. Those who have read these reports over the last few years know that

I was uncomfortable about this when we started and have worked with the banks to widen this definition so that 'declined at source' now means only those customers who have asked informally for lending but no new information has ever been exchanged between the bank and the customer. If the customer, having asked for lending, was asked for or gave the bank any new information that they did not have before – either verbally or in hard or soft copy – then an application is deemed to have been made and therefore the customer is entitled to an appeal.

In the first few years we gathered in many applications that traditionally in some banks would not have been counted as applications so my ability to find more happily is becoming less. That does not say that I do not come across some from time to time and have done so again this past year but the good thing now is that banks pull them in quickly once found as we all agree on the definition so there is no dispute. That is why it is difficult to look at the Appeals numbers year on year as the base changes not just upward in terms of those that have been gathered into the process but also downward in those where a system or process has been changed which means a decline for that reason will not happen again. I will discuss this more in section 6 on Appeals numbers later in the report.

Finally under this heading I am also now focussing on what lenders call 'policy' decisions where a bank can decline an application because it does not lend for a policy reason. All banks have areas where for a prescribed reason they will not lend. This can vary from terrorism and money laundering to, on specific occasions, a bank deciding for a period that they will not lend to a particular sector due to its current issues. Where the bank will never lend in those circumstances then the application is not in scope for Appeals as it is a 'policy' exclusion. However what I have been working with all the banks is to redefine that exclusion as it has become clear that in some cases policy exclusions can be accepted for lending and businesses covered by them can be provided credit. Let me be clear that is never in the areas of policy where, for instance, terrorism or money laundering would apply but usually in sectorial exclusions where the bank does look at individual cases and may lend out of policy. Therefore I have agreed with the banks now that only policy exclusions are out of scope where they will never lend are out of scope and all others are in scope which has again brought some applications into the Appeals Process..

- f) *Continue to use the Action Plans I have with each bank as dynamic documents which are added to and change as we work with them on issues we both agree need addressing within that bank.*

All the 12 banks we now work with have individual Action Plans that change each quarter as I meet with them. The Action Plan is the document I use to



hold each bank to account across a variety of issues relating to the Appeals Process. They are of varying size, length, and substance depending where we are with each bank but all are putting the management and personnel resource they need to into ensuring that the actions within them are dealt with and that I have plans and in some cases large project plans for specific items. I will continue to work with each of the banks to highlight the key areas of improvement or change and across all on things like awareness, declines sampling, research, and other generic issues that all have them in their plans.

- g) *Continue to enhance our own data set and look deeper into it to establish any further issues which need addressing.*

The data set we have is increasing and is allowing us to look in more detail at many issues. Annexe C shows the case form that a bank is required to complete on every appealed case they receive. However, not all as yet fill in one for every appeal and focus has been more for those that are overturned. This is due to a number of reasons across the banks in terms of where and how the data is collected etc. but we are working with each bank to increase the number of case sheets we get and for the first time next year I intend to add this to the Action Plan to see how we can increase the number.

The table below sets out the detail of how many review sheets we receive and, as can be seen, it is still almost half of all appeals along with two thirds of all overturns for the last three years. We also have reviewed almost 90% of all overturned sheets so I am still happy that in terms of auditing, the banks are following the Appeals Process.

### **Appeals & Overturns Table Years 1-4 (April 2011 – March 2015)**

<b>Appeals - April 2011 to March 2015</b>	<b>Year One Apr 2011 - Mar 2012</b>	<b>Year Two Apr 2012 - Mar 2013</b>	<b>Year Three Apr 2013 - Mar 2014</b>	<b>Year Four Apr 2014 - Mar 2015</b>	<b>Apr 2011 - Mar 2015 Total</b>
No. of Appeals Reported by Banks	2177	3311	3518	3752	12758
No. of Appeals for which Review Sheets Received (Data Captured)	946	1777	1759	1772	6254
<i>Appeals Reported by Banks/Review Sheets Received (Data Captured)</i>	43.5%	53.7%	50.0%	47.2%	49.0%
No. of Appeal Case Files Reviewed (Audited) by Promontory	946	1028	972	1103	4049
<i>Review Sheets Received (Data Captured)/(Audited) by Promontory</i>	100.0%	57.9%	55.3%	62.2%	64.7%
No. of Appeal Overturns Reported by Banks	860	1298	1116	991	4265
No. of Appeal Overturns for which Review Sheets Received (Data Captured)	426	816	733	664	2639
<i>No of Appeal Overturns Reported/Review Sheets Received (Data Captured)</i>	49.5%	62.9%	65.7%	67.0%	61.9%
No. of Appeal Overturn Case Files Reviewed (Audited) by Promontory	426	646	611	602	2285
<i>No of Appeal Overturns Review Sheets Received (Data Captured)/(Audited) by Promontory</i>	100.0%	79.2%	83.4%	90.7%	86.6%

- h) *Work with the FCA, HMT and others to examine whether the Consumer Credit Act in its current form is 'fit for purpose' in terms of ensuring that SME businesses are treated correctly given that they are different in some respects to consumers.*

The specific point referred to above is still being progressed both by myself and by the industry now in conjunction with the FCA but is making slow progress for various reasons and I will keep pushing this with both parties.

However during this year other issues around compliance, which I have raised generally before, are now concerning me so have decided to deal with them under a separate section on compliance later in this report (section 7).

- i) *Work with each bank to see how they are addressing the issues that discourage SMEs from applying for lending.*

I took on this task after the publication of an academic paper ['Back to Borrowing? Perspectives on the 'Arc of Discouragement''](http://www.enterpriseresearch.ac.uk/wp-content/uploads/2014/03/ERC-White-Paper-8-Discouragement-Stuart-Fraser-Full-March-2014.pdf)<sup>6</sup> by Stuart Fraser from Warwick University in March 2014.

It dealt with what the factors are that could or do deter SMEs from applying for lending in the first place.

I should point out that from all the research done to date, the number of SMEs who are discouraged appears to be very small but since we are all striving to ensure that as few hurdles are put in place as possible, then it is an area where we can all learn more but it is very much an individual bank by bank process taking into account how each deals with their customers.

At the heart of this is the banker question I highlight in the Executive Summary to this report namely:

***From a banker*** – *Trust between customers and banks while getting better is still not back to where it was pre the crash*

What the paper highlights is that a lot of SME views and decisions around lending are based on perceptions which may or may not be true but are how an individual SME sees the world.

In more specific terms it highlighted that from both a negative and positive point of view lending habits can be affected by issues and some examples of those are set out below:

- Perceptions (bias) vary with the economic cycle.

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<sup>6</sup> <http://www.enterpriseresearch.ac.uk/wp-content/uploads/2014/03/ERC-White-Paper-8-Discouragement-Stuart-Fraser-Full-March-2014.pdf>

- Perceptions improving as confidence returns.
- Perceptions are sensitive to levels of satisfaction with bank.
  - A key reason for dissatisfaction is previous rejection and how this was handled (see qualitative analysis).
- Perceptions bias bigger for smallest firms.
  - Least sophisticated/ confident businesses.
- Awareness of Lending Code/ Principles improves perceptions
  - Raise expectations about service entitlement.
- Marginal negative impact of media coverage.
  - Not a primary cause of poor perceptions (see qualitative analysis).
- Negative experiences of business peers more significant.
- A number of issues related to the application process increase costs.
  - Perceptions of security requirements/ Terms and Conditions (T&Cs) in particular.
- Being approached by a bank about lending significantly lowers application costs.
  - Especially an approach by your own bank.
- Awareness of the Appeals Process makes applying seem more worthwhile.
  - Awareness of Enterprise Finance Guarantee (EFG) to a lesser extent.
- Concerns about the economic climate raise perceived hurdles in applying.
  - State of economy affects perceived success and hurdles.
- Higher hurdles also for younger and smaller businesses
  - Role for business support agencies.

From those it was clear that we all:

- Now have a clearer understanding of the mechanisms of discouragement.
  - Reducing discouragement depends on both improving perceived chances of success and lowering hurdles/ application costs:
- Principal actions for banks in improving service/ handling of rejections and support.
  - Better implementation of Lending Code/ Principles.
  - Also banks, British Bankers' Association (BBA) and business support groups to seek to raise awareness of lending support initiatives.
  - And raising awareness of alternative sources of finance to improve perceptions generally.

Over the last year I have worked with each of the banks on this as how each bank responds to this depends on what their own business focus and appetite is with different groups of businesses and sectors.

All the banks have responded positively to this and have put a lot of effort and resource into this. For example one bank has spent almost £14 million in that last year getting a positive message out to its customers on its desire to lend to good businesses. Therefore I am happy that the banks have taken this challenge seriously and understand that it is in their interests to encourage not discourage SMEs to apply for credit and while all may not get what they ask for it is again developing those better conversations I strive for all the time that help both sides make this better and more fulfilling for all parties.

What is needed now is for this positive work by lenders to be followed up by Trade Associations, Government, SME intermediaries, and others who have influence on SMEs to highlight that many of the perceptions they have may not be true and each SME should decide for itself and test the water more to decide for itself what the real situation is on lending.

Part of discouragement also comes from SMEs' views on credit scoring which is why section j below remains important.

- j) *Continue my work with all stakeholders to see what can be done to make the credit scoring environment more useful and certain for all.*

I think I can now say that at the end of this year just passed, no lender is now relying on just a credit score from a Credit Reference Agency to make their decisions on. By that I do not mean that they do not use credit scoring or Credit Reference Agency data as part of that decision process but that they are not just buying the credit score from a Credit Reference Agency and do not know how that score was compiled but are buying data from the Credit Reference Agency which they can then build into their own systems and algorithms so they know which individual piece of data is causing concern should a flag be raised. While all banks may not be wholly there yet all have now accepted that needing to know what lies behind the score is critical if you are to explain well to a customer why they have been turned down and therefore what they may be able to do to reverse it. Those that are not quite there yet now have plans which I am happy with, so this will happen soon and all with definitive dates for doing so.

Also I have continued to strive to get adverse and non-adverse data defined more clearly as adverse usually means that it will be difficult to lend to a businesses for clear and sensible reasons while the other parts of credit data cover things where a resolution can usually be found even if that may have to be over a period of time.

However, new issues keep popping up and it is worth stating that in recent months another issue has been highlighted which has given me concern which I am now pursuing.

When Limited Companies do not file their accounts with Companies House on time they get a letter from them which states that if they do not file them within a prescribed period then the company will be dissolved. It is only in the last few months that we have started to see companies being turned down for lending with that being the primary reason as, technically, it is a threat of dissolution so would be classed by banks as adverse data and therefore prohibit lending. One bank had so many of these over a couple of months that it has had to put in a manual work around as all banks know that the vast majority of companies that receive this letter submit their accounts, so it is not a concern. My concern is why all of a sudden this has started to happen. I have now had the opportunity to discuss it with Companies House and there appears to be neither any increase in the number of these letters that have been sent out nor has the wording changed. I am therefore now going to discuss this with the Credit Reference Agencies to try and determine why this is happening all of a sudden and will report in one of my quarterly reports as all parties agree that it is only in extremis that this issue is of concern to a bank. It does show though, that things can change in data used by banks to assess lending which sometimes make no initial sense to those looking at it.

Ensuring that credit data is used correctly will continue to be a key factor for me as all the longitudinal empirical data shows that it does, when used correctly, give the basis for good lending decisions so it adds real positive value to the better lending conversations and can help both the lender and the SME better understand what the issues are they need to resolve.

- k) *Continue to meet with Relationship Managers and customers to see what their issues are and whether we are aware of them.*

Meeting with staff of all the 12 banks that are now part of the Appeals Process continues to be one of the most fulfilling parts of this for myself.

While the media and others may not always think so, Relationship Managers in all the banks I work with do work hard to try and lend to SMEs and in more cases than not are on the side of the SME either in terms of getting them the funding they require or working with them to change what they do to make it possible to obtain funding.

I have also met with some interesting customers this year most of whom have been successful in looking for funding but what has been clear from them all is there is now much more thought and good old fashioned common sense being put in by SMEs deciding what they want to do with their businesses. While I have seen many who want to grow there have been many differing

ways of doing that which would lead me to believe that life balance as well as business growth is now playing an important part of how owners look at taking their businesses forward.

Returning to Relationship Managers, it is good to see that capability training across a wide range of issues and subjects continues to be a key theme from all the banks with gaining knowledge and having that accredited being key features which can only enhance what they do and also ensures that those that get into key lending positions or sectors can add real value.

## **5. Auditing Practices in Year 4**

As I have referred to in my previous reports, when we first started this work, no one had ever done this before. In the last four years, both I and my review team have built a deep knowledge of the banks' different processes and approaches and this helped to ensure that I have delivered a robust and sound process that is beneficial for the SME businesses and for the banks.

My review team, which continues to number eight staff, has continued with its programme of site visits to each bank during the year. The team, which has a broad range of relevant backgrounds in banking and financial services, has continued with its methodical approach to reviewing some 1100 appeal case files during the year. This equates to 29% of the total number of appeals received by the banks (April 2014 to March 2015). As in Year 3, the banks are asked to fill in Appeal Forms (Annexe G) themselves and submit these on a monthly basis and my review team generally visit each bank on at least a quarterly basis in line with an agreed protocol (Annexe D). Where the level of appeals is perceived to be high, or the level of overturns above what we might expect, additional visits have taken place. Based on four years of appeal case file reviews, we now have a detailed dataset relating to over 6,250 cases (49% of the total number of appeals received by the banks over the same period). In addition, we have gained valuable additional information from the decline sampling work where I and my audit team have looked at lending files at an earlier stage in the process.

As previously discussed, the decline sampling process required the development of new methodologies to undertake this work with each bank. My team and I held detailed discussions with the banks to establish the most effective and efficient way of undertaking this work. During the year, I and my team have completed reviews with three of the banks. I have also identified and agreed with the other banks what issues need to be resolved and/or other action taken before the work can be completed (Annexe I).

It is important to restate that each bank operates differently and within each bank there are a range of processes that cover different product lines and lending access routes. We have and will continue to adapt the underlying principles of the Appeals Process to reflect these differences. Written recommendations continue to be made, and these have been positively received by the banks, after each site visit.

Both the work on the decline sampling and the routine site visits, have highlighted that a key benefit from the Appeals Process is the recommendations that result in process change, some of which are significant. The experience I and my team bring to its work has enabled the banks to identify key areas for improvements and change. Strong relationships have been established with each of the banks which have resulted in positive outcomes towards recommendations made. We will continue to challenge constructively, highlighting the strength of the independence my team and I continue to bring to the Appeals Process.



## **6. Key Numbers for Year 4**

Year 4 has seen the numbers for the Appeals Process strengthen. I use that word specifically because the Appeals Process can no longer just be about seeing the number rise – which they still are – but looking behind what the numbers mean.

Over the last three years, depending on which way you look at it, appeals numbers while increasing, have actually been quite steady. However that total picture hides much else across the individual banks and indeed within many as there have been ups and downs in banks and products within them.

While I, and more and more the banks themselves, have focussed on getting awareness levels of the Appeals Process higher so on the other hand have I and the individual banks focussed on getting their processes better so that they decline less customers they should not have initially or refer more for a second look before finally deciding. That latter focus is the most important as if all I did was get more SMEs to appeal without changing the reasons for their decline in the first place, where that was not what it should have been, then we would all make little progress. Therefore decline, appeal and overturn numbers are down for some banks but that is good as we have worked jointly to look at how they operate and put in place processes that refer more and decline less at the outset which in turn leads to a better explanation if they do decline which means there are less appeals but probably more re applications at a later date in a better and more acceptable form. Also not all banks were catching overdraft or credit card level increase requests in their Appeals Process so were not allowing everyone the right to appeal they should have. Also while I have explained elsewhere in this report that my and my team's propensity to find new 'declined at source' applications to raise numbers is reducing we do still have one or two more to capture so that will fit future numbers as well. Throughout last year as I mentioned in my quarterly reports that has been rectified bank by bank and I think we are just about there now with all being in the same place with all customer who should being included.

Therefore I continue to be impressed by the way that the banks have taken that on board and I can now state quite categorically that all the banks that are now part of the Appeals Process now make better decisions and have better conversations with their customers than they did before the Appeals Process started. Also their systems are now better as well. This shows practically in the table below in that the overturn rate is falling which shows that more correct decisions are being made first time.

The key to that has been us all realising that making better decisions and having better conversations allows them to lend more safely and thus enhance their lending book and their own commercial position. The Appeals Process is now seen as a way to get more and better lending rather than something that the lender has to do which shows they got it wrong. That has been a huge step forward for all. That also does not mean just that more SMEs have received lending they might not have otherwise,

but also those who did not and should not, now better understand why and what they can do to correct that into the future.

All the above highlights why the numbers are not as important to me in themselves as they were; it is what lies behind them now that is most important.

The same balance applies to the overturn rate which has continued to reduce which reflects all the good work that is being done to make good decisions better and earlier, but it may slow down or even stop reducing in years to come as what each bank can do to reduce it is not the same as they all operate differently with customers. Some will refer more but some will work to rectify post decline and both may reach the same result. While refer is, in my opinion, always better where it can be applied that is not always possible due to a variety of reasons ranging from where and how the SME applied, to how the banks structures its risk process; if the same positive conclusion is achieved then that is all that matters for the SME and the lender so again there has to be a balance in how the overturn rate is viewed as well.

I still though remain prudent in what I report in terms of numbers and will only show what I can verify. This applies particularly in terms of the amount of new lending that the Appeals Process has generated.

The number of £51.7 million which is set out in the table below is only the lending that we can identify from the individual data sheets that we receive from the banks as part of the audit process. As can be seen in the table in Section 4 g) above, we only have data sheets for 86.6% of all overturns. Also I know that the process and system changes that we have worked with individual banks to put in place, plus many now doing many more refers before they make the final decision, has also added greatly to those receiving extra lending. However I do not add any estimate of either of those to what I report as it would be exactly an estimate, and I only wish to report what I can categorically evidence. However, what I can say is that the number of £51.7 million reported is lower than the real figure of new lending that has taken place because of the Appeals Process but I do not know what that total number is.

This year for the first time I show in the two tables below not only the year on year comparison data but also the quarterly data for the last two years to give further detail showing more exact progress.

The two graphs below show the same data in a different form.

### **Appeals Table Years 1-4 (April 2011 – March 2015)**

Appeals - April 2011 to March 2015	Year One Apr 2011 - Mar 2012	Year Two Apr 2012 - Mar 2013	Year Three Apr 2013 - Mar 2014	Year Four Apr 2014 - Mar 2015	Apr 2011 - Mar 2015 Total
Total No. of Appeals Received (ALL BANKS)	2177	3311	3518	3752	12758
Total No. of Appeals Overturned (ALL BANKS)	860	1298	1116	991	4265
Overturn rate <i>(based on Appeals Received - ALL BANKS)</i>	39.5%	39.2%	31.7%	26.4%	33.4%
Total Value of Appeals Overturned = £ millions	£10.0	£18.5	£13.1	£10.1	£51.7
Total No. of Appeals Received (Excluding Credit Cards)	1587	2146	2581	2147	8461
Total No. of Appeals Overturned (Excluding Credit Cards)	518	634	730	421	2303
Overturn rate <i>(based on Appeals Received - Excluding Credit Cards)</i>	32.6%	29.5%	28.3%	19.6%	27.2%
Total Value of Appeals Overturned (Excl. Credit Cards) - £ millions	£9.7	£17.7	£12.7	£9.3	£49.4
Total No. of Cases Reviewed	946	1777	1759	1772	6254
Total No. of Cases Reviewed/Total No. of Appeals (as %)	43.5%	53.7%	50.0%	47.2%	49.0%
Total No. of Overturn Cases Reviewed/Total No. of Overturn Cases (as %)	49.5%	62.9%	65.7%	67.0%	61.9%

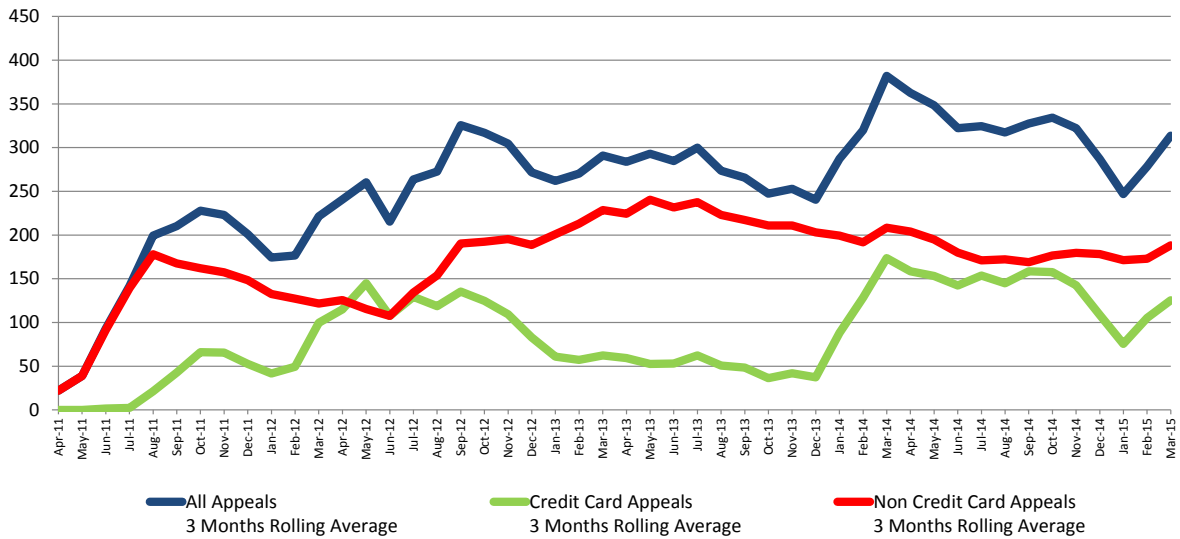
NB: Cases Reviewed and Overturn values based on data captured to date

### **Appeals Table Years 3 + 4, Q1, Q2, Q3 + Q4 Appeals only**

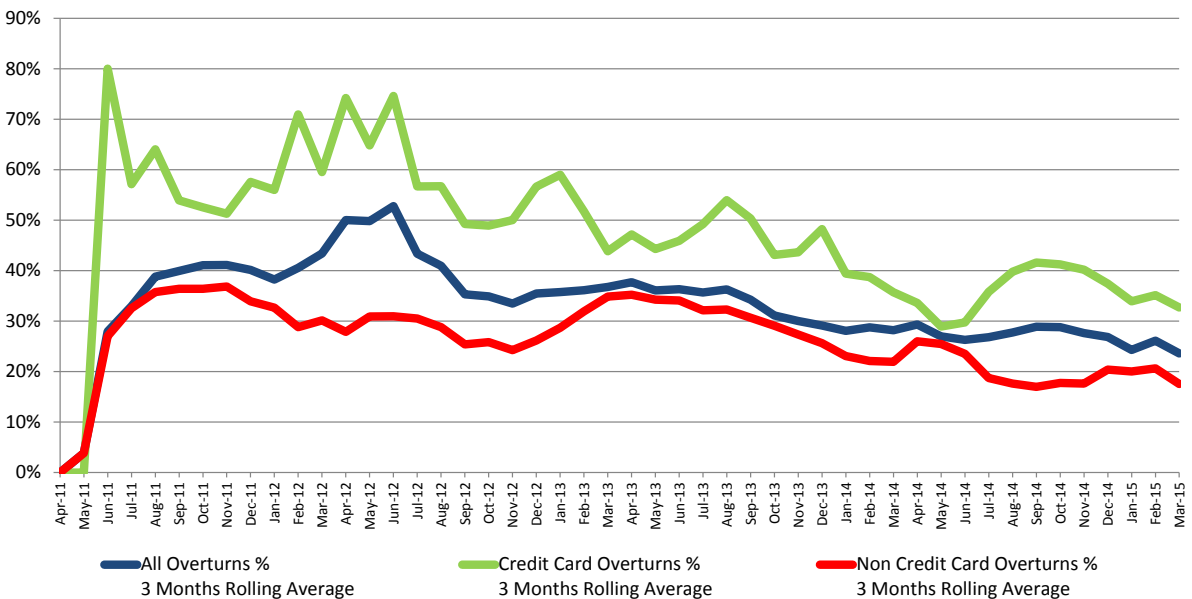
Comparison By Quarter	Q1		Q2		Q3		Q4	
	Apr 2013 - Jun 2013	Apr 2014 - Jun 2014	Jul 2013 - Sep 2013	Jul 2014 - Sep 2014	Oct 2013 - Dec 2013	Oct 2014 - Dec 2014	Jan 2014 - Mar 2014	Jan 2015 - Mar 2015
Total No. of Appeals Received (ALL BANKS)	854	967	797	983	721	861	1146	941
Total No. of Appeals Overturned (ALL BANKS)	310	254	273	284	210	231	323	222
Overturn rate <i>(based on Appeals Received - ALL BANKS)</i>	36.3%	26.3%	34.3%	28.9%	29.1%	26.8%	28.2%	23.6%
Total Value of Appeals Overturned = £ millions	£2.8	£4.7	£4.0	£1.8	£3.5	£2.2	£2.9	£1.4
Total No. of Appeals Received (Excluding Credit Cards)	695	540	652	507	609	535	625	565
Total No. of Appeals Overturned (Excluding Credit Cards)	237	127	200	86	156	109	137	99
Overturn rate <i>(based on Appeals Received - Excluding Credit Cards)</i>	34.1%	23.5%	30.7%	17.0%	25.6%	20.4%	21.9%	17.5%
Total Value of Appeals Overturned (Excl. Credit Cards) - £ millions	£2.6	£4.4	£3.9	£1.6	£3.4	£2.1	£2.8	£1.2
Total No. of Cases Reviewed	434	422	439	425	456	465	430	460
Total No. of Cases Reviewed/Total No. of Appeals (as %)	50.8%	43.6%	55.1%	43.2%	63.2%	54.0%	37.5%	48.9%
Total No. of Overturn Cases Reviewed/Total No. of Overturn Cases (as %)	67.7%	70.1%	71.4%	53.5%	86.2%	74.5%	45.5%	73.0%

NB: Cases Reviewed and Overturn values based on data captured April 2013 - March 2015

### **Total Appeals – 3 Months Rolling Average**



### **Overturned % - 3 Months Rolling Average**



In terms of the four charts below showing the reasons for SMEs being declined lending they show only marginal differences with last year, but the numbers around each reason get more and more precise as I gather more data sets to build them with. Indeed there has been no real change over the four years nor with the bar at £25k lending in terms of where the reasons for decline change. Therefore, in summary of all the charts below the four main reasons for decline are:

### ***Under £25k Lending***

Failed Credit Score – 47%

Affordability – 20%

Adverse data – 11%

Account Conduct – 9%

Another way of looking at those numbers is that apart from affordability which the lender assesses, the other three – accounting for 67% of all declines – are or were in the hands of the customer which shows how much influence SMEs themselves have on whether or not they can obtain lending. While I understand fully how some of these may have been unavoidable or for good reasons at the time, the ability of the SME to control their own credit information and performance is critical for them in having their lending applications accepted so once again highlights the importance of them understanding what is their credit score and conduct. While I accept that the lenders themselves can help their SME customers in that, and indeed the BBA does supply regularly good information on this to many organisations, I still believe that Trade Associations, Credit Reference Agencies, and Government all could do more to help.

This category also contains the vast majority of Sole Trader applications where the only data that can be tracked – outside of the banks own internal account data – is on the owner, so their personal history is important as well.

### ***Over £25k Lending***

Affordability – 48%

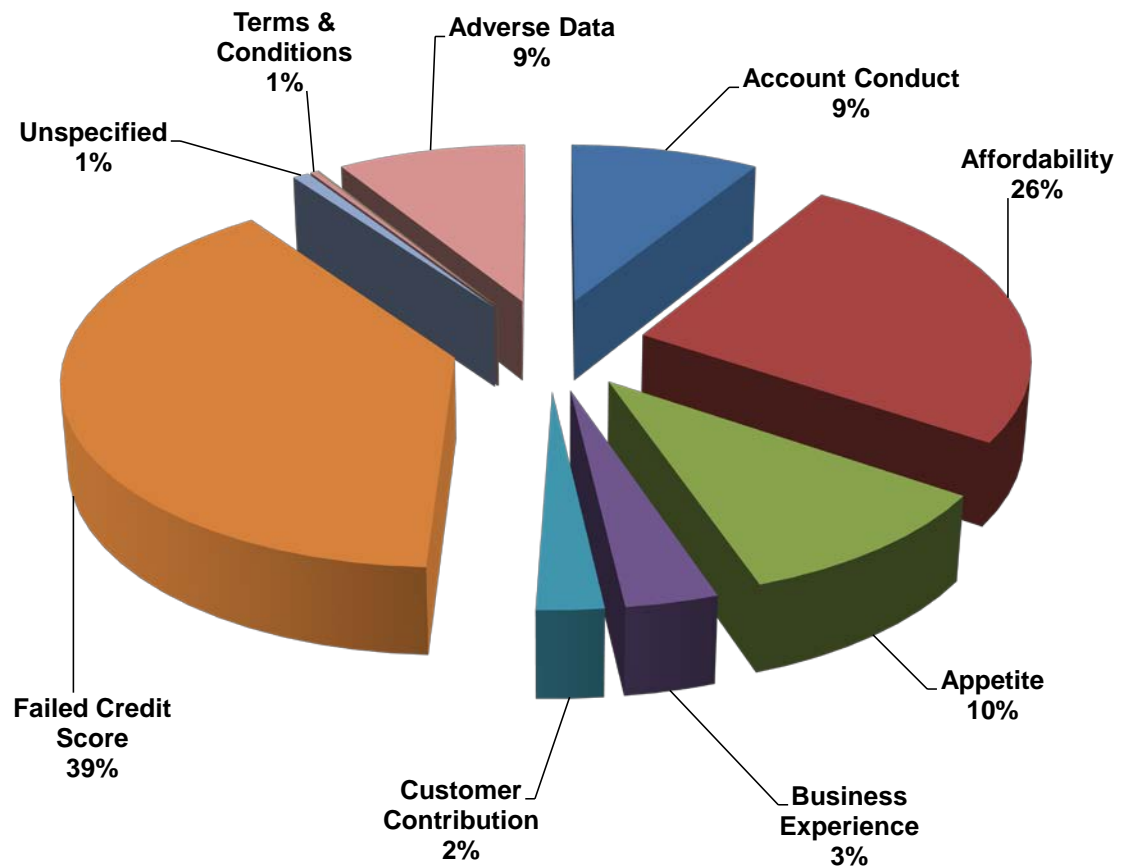
Appetite – 19%

Business Experience – 11%

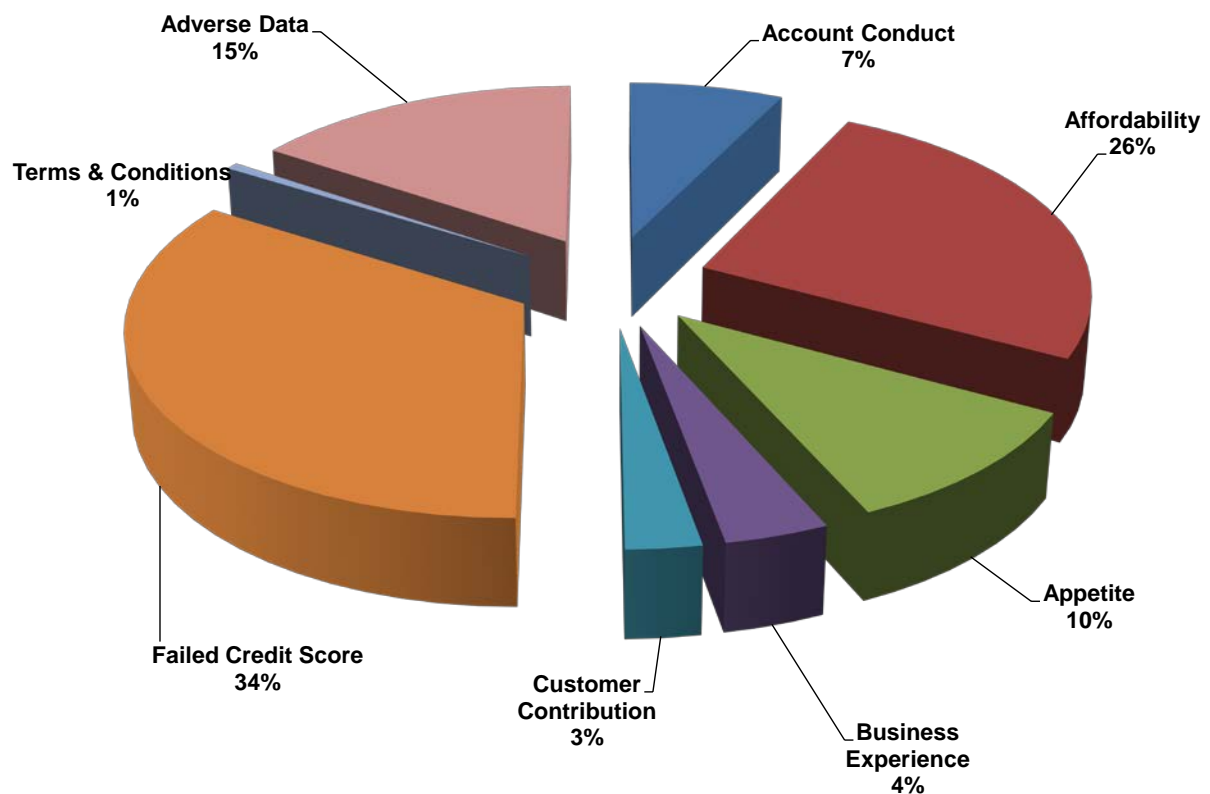
Customer Contribution – 8%

Again, the above highlights that in the over £25k lending how ‘outside numbers and influence’ have little impact on decisions and it is here that the better conversations can really take place and where the experience and financial knowledge of the SME can really impact.

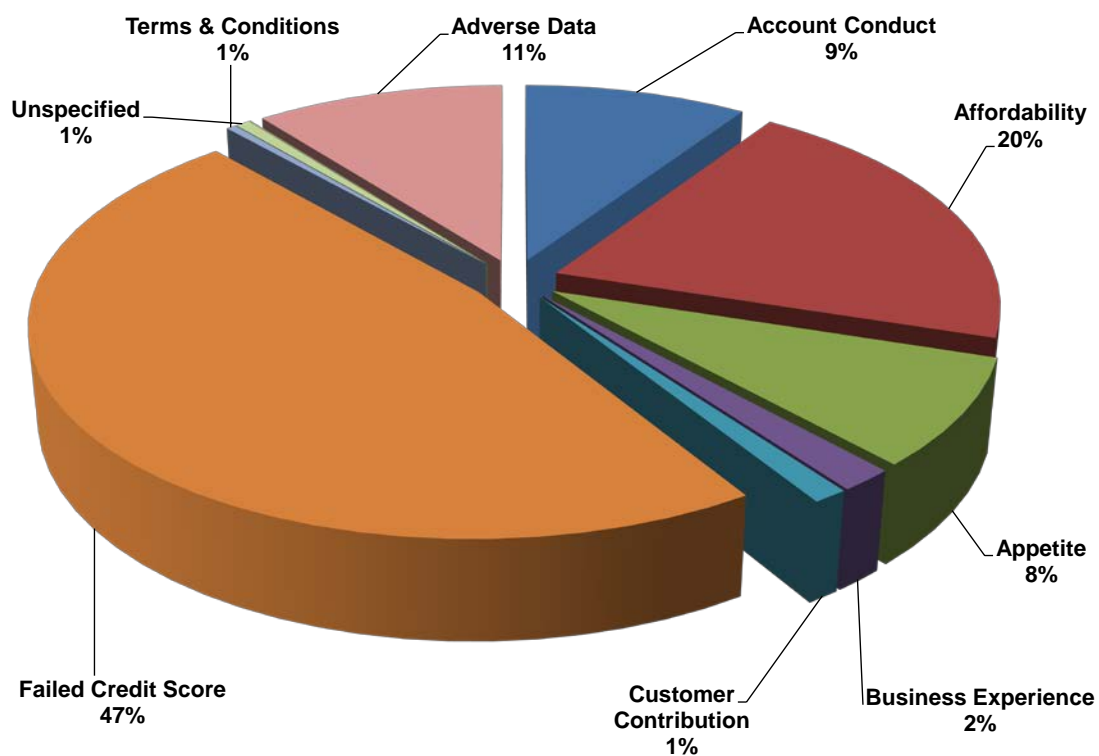
**Decline Reasons all Banks for all Lending: Years 1 - 4 (April 2011 – March 2015)**



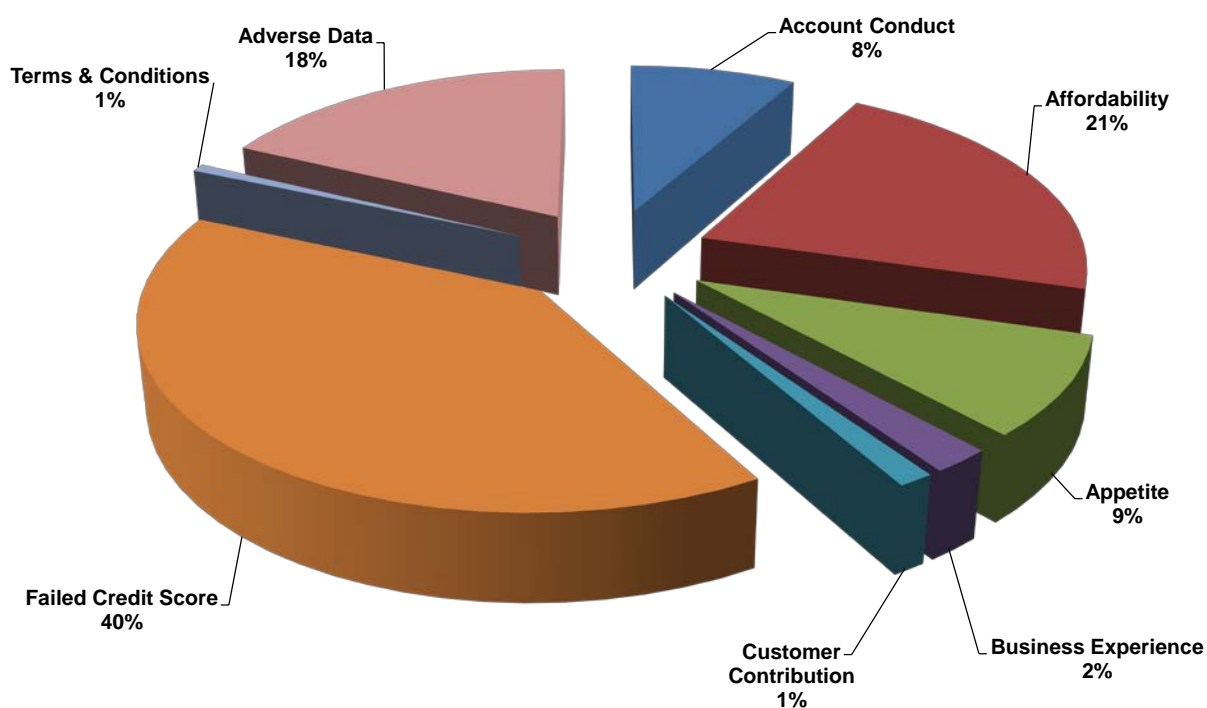
**Decline Reasons all Banks for all Lending: Years 3 & 4 only**



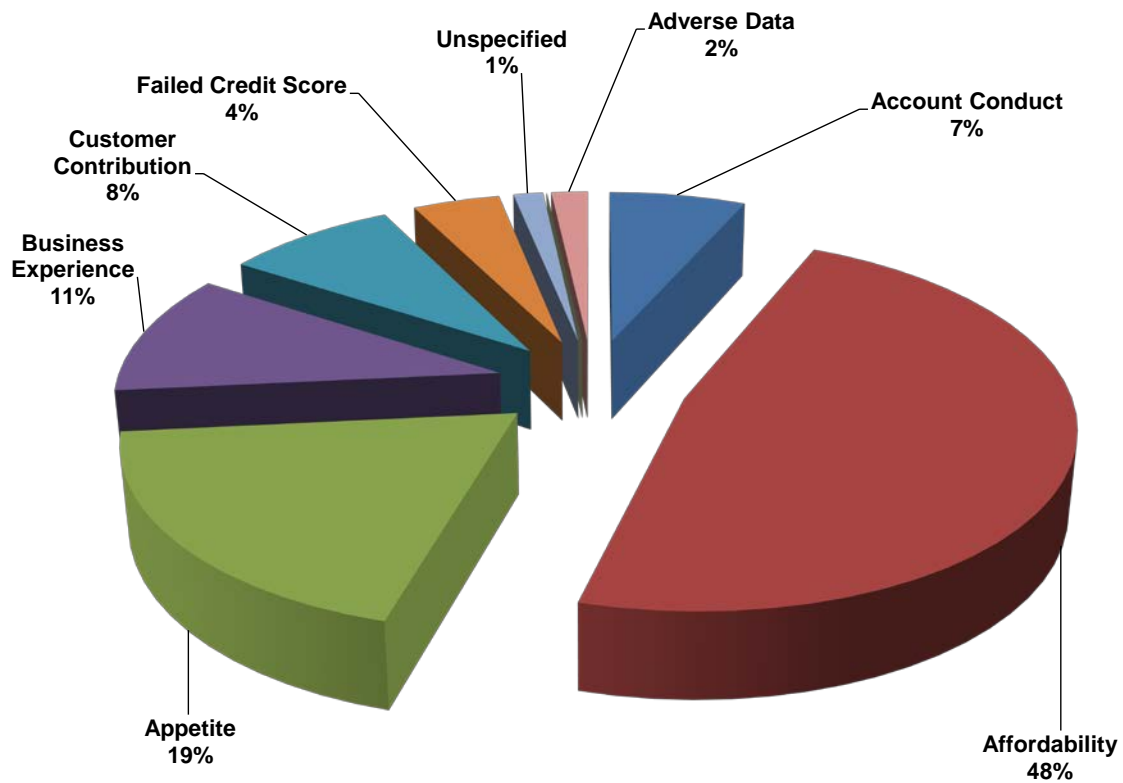
**Decline Reasons all Banks for Lending up to £25K: Years 1 - 4 (April 2011 – March 2015)**



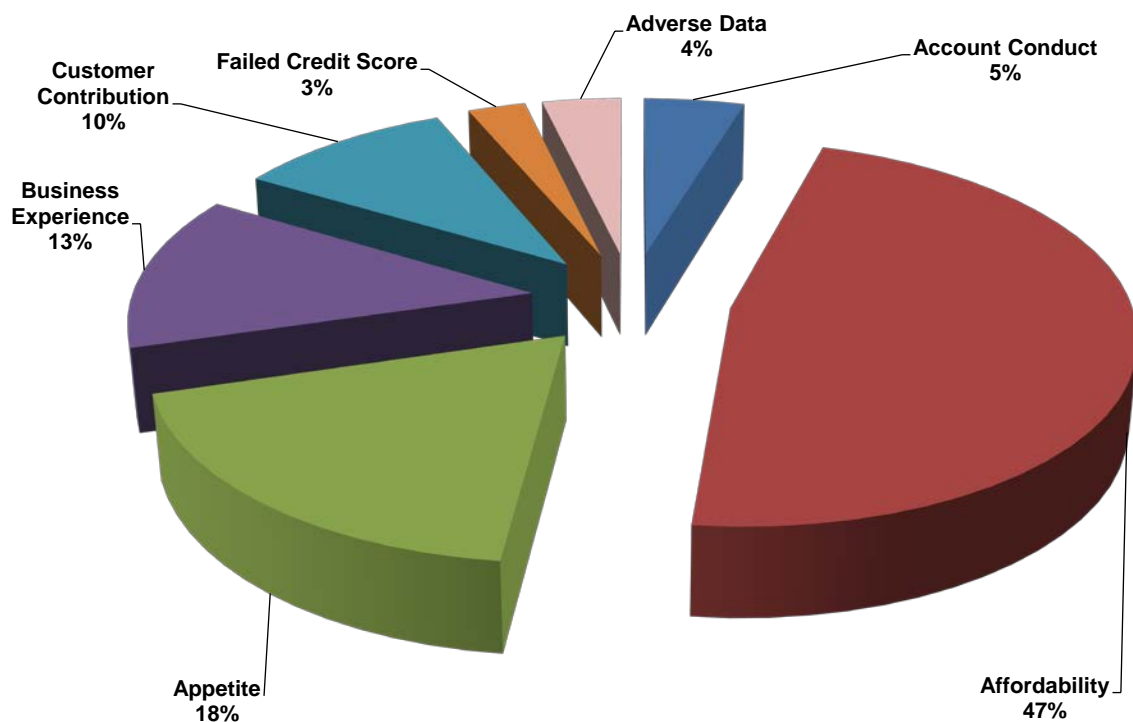
**Decline Reasons all Banks for Lending up to £25K: Years 3 & 4 only**



**Decline Reasons all Banks for Lending above £25K: Years 1 - 4 (April 2011 – March 2015)**



**Decline Reasons all Banks for Lending above £25K: Years 3 & 4 only**





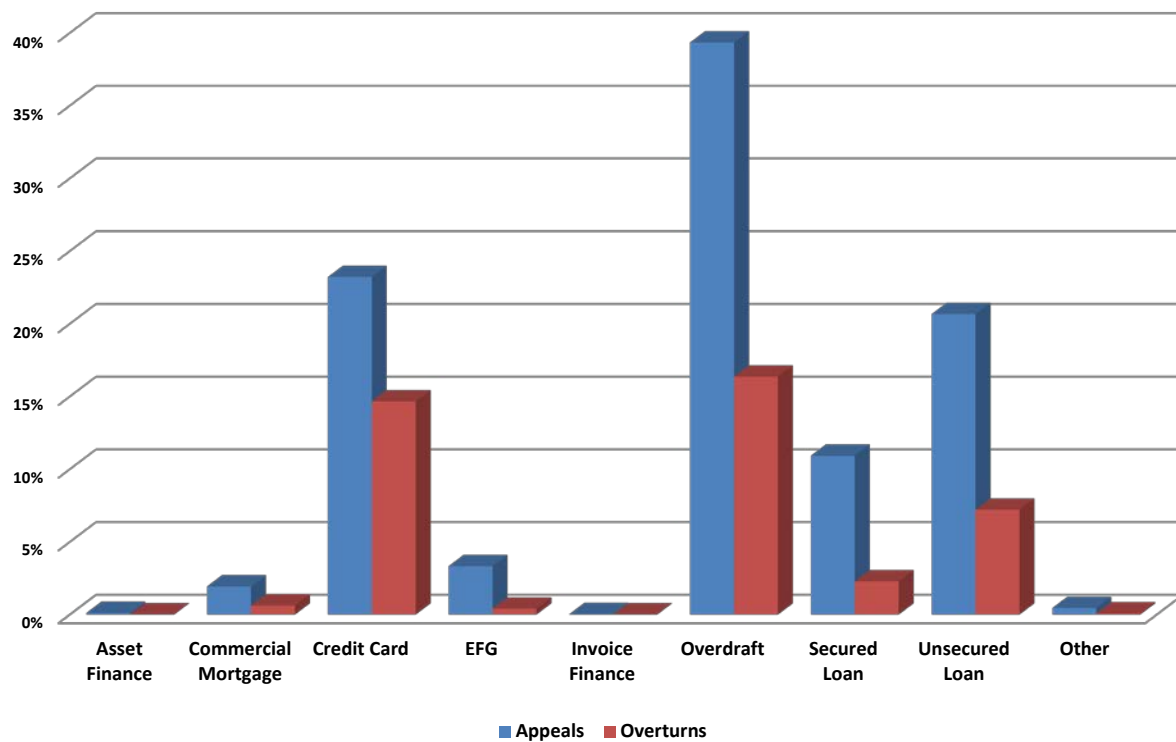
The remaining charts in this section highlight a number of things:

- i) That the Appeal Process is now covering a wide variety of lending products.
- ii) SMEs and especially smaller ones still tend to stick to traditional lending products when other alternative ones may be available which may be as good if not better for them sometimes. While the [Better Business Finance website](http://www.betterbusinessfinance.co.uk/)<sup>7</sup> does provide information on other methods of funding again I believe lenders, Trade Associations, Government and others need to be more active in providing good information on the wider variety of lending products available plus helping lenders to take away some of the myths surrounding where my old hobby horse of invoice discounting fits, where I still believe that more SMEs could and should use it. Also I expect to see over the coming years a growth in the number of micro businesses moving to commercial credit or charge cards as their prime form of financing their businesses in today's modern environment where cash and cheques are becoming less and less used, a well run commercial credit or charge card can be the easiest and cheapest way to run your business.
- iii) In terms of size of lending, size of company and the relation that this has to the number of declines, appeals, and overturns, the charts continue to highlight that those SMEs who have the resource and the experience to have more informed conversations with lenders tend to do better than others. However the conundrum exists that those who need the most help tend to be small who neither have the time themselves nor do the lenders commercially have time to spend upskilling them, which again highlights how important it is for the processes that lenders have to allow those better conversations to take place which help to fill a gap in knowledge and skills that may exist with the SME. It also highlights how important again Trade Associations, intermediaries and Government are in making sure that the knowledge of micro SMEs on credit and the lending process is raised.

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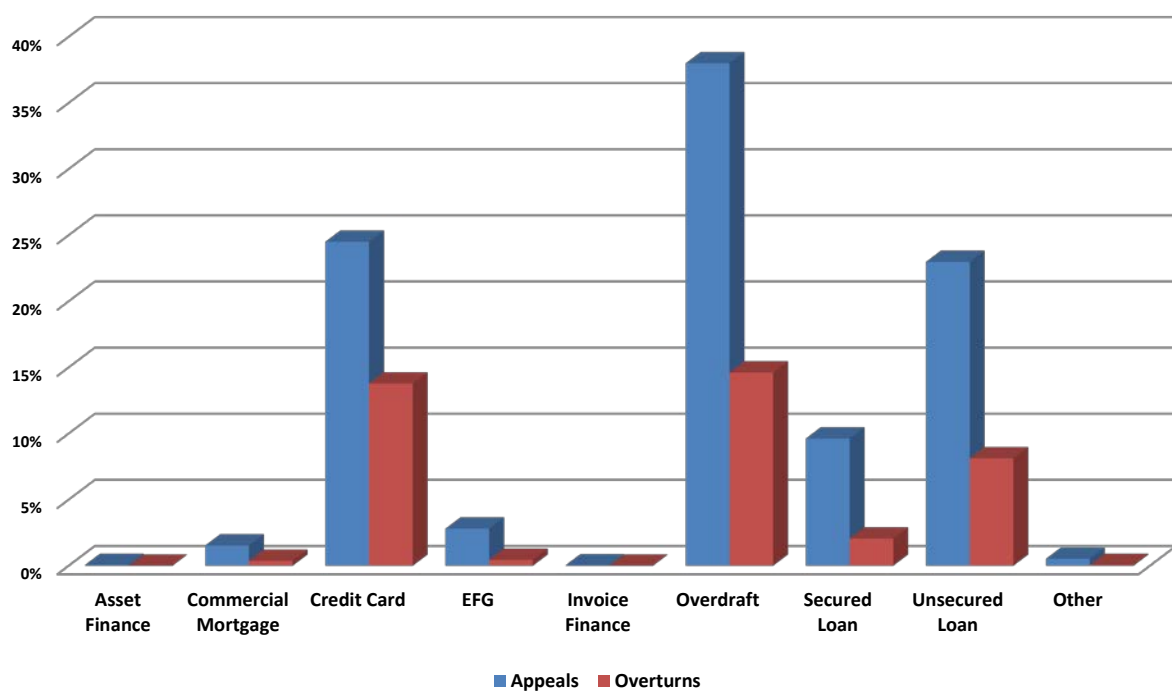
<sup>7</sup> <http://www.betterbusinessfinance.co.uk/>

### **Appeals by Lending Product: Years 1 - 4 (April 2011 – March 2015)**

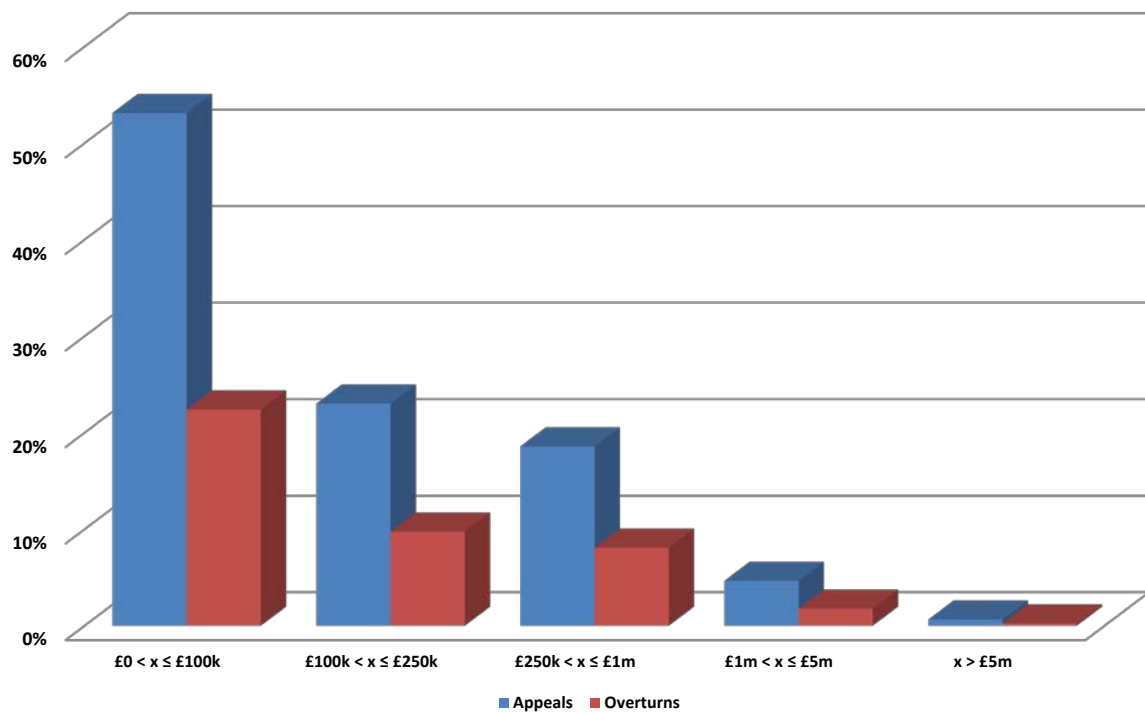


*Note: these two charts include cases where customers have applied for up to two products and therefore actual number will be greater than the number of cases captured*

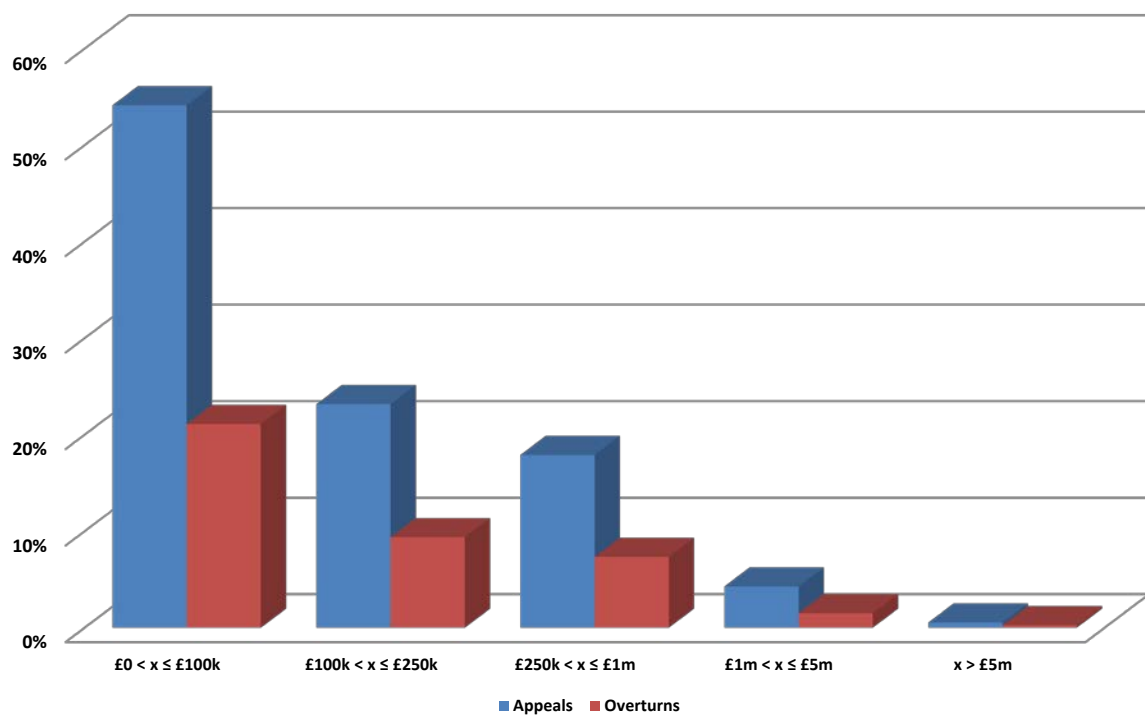
### **Appeals by Lending Product: Years 3 & 4 only**



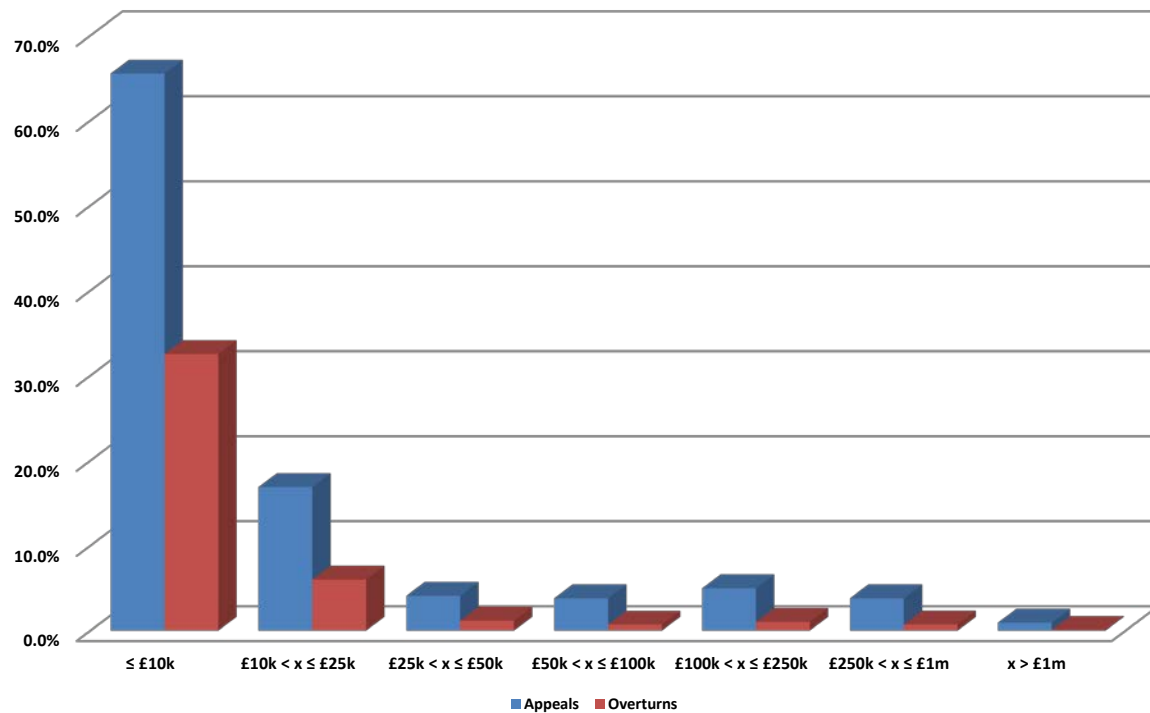
**Appeals by Size of Customer Turnover - Years 1 - 4 (April 2011 – March 2015)**



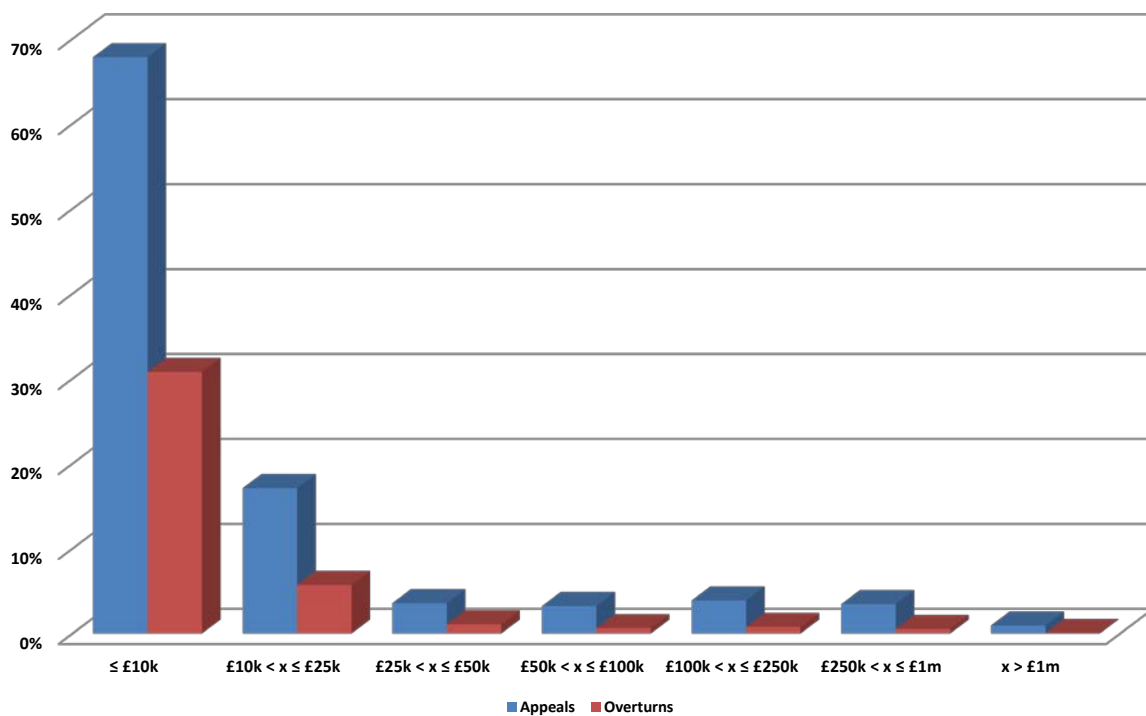
**Appeals by Size of Customer Turnover - Years 3 & 4 only**



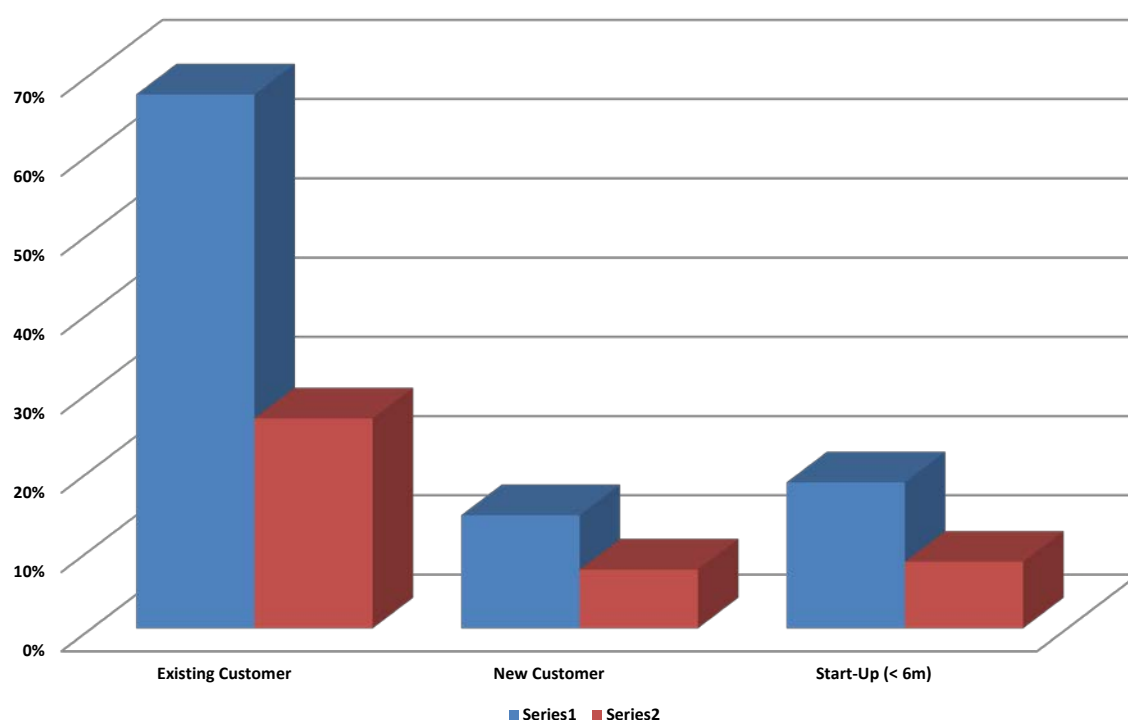
### **Appeals by Size of Lending Request - Years 1 - 4 (April 2011 – March 2015)**



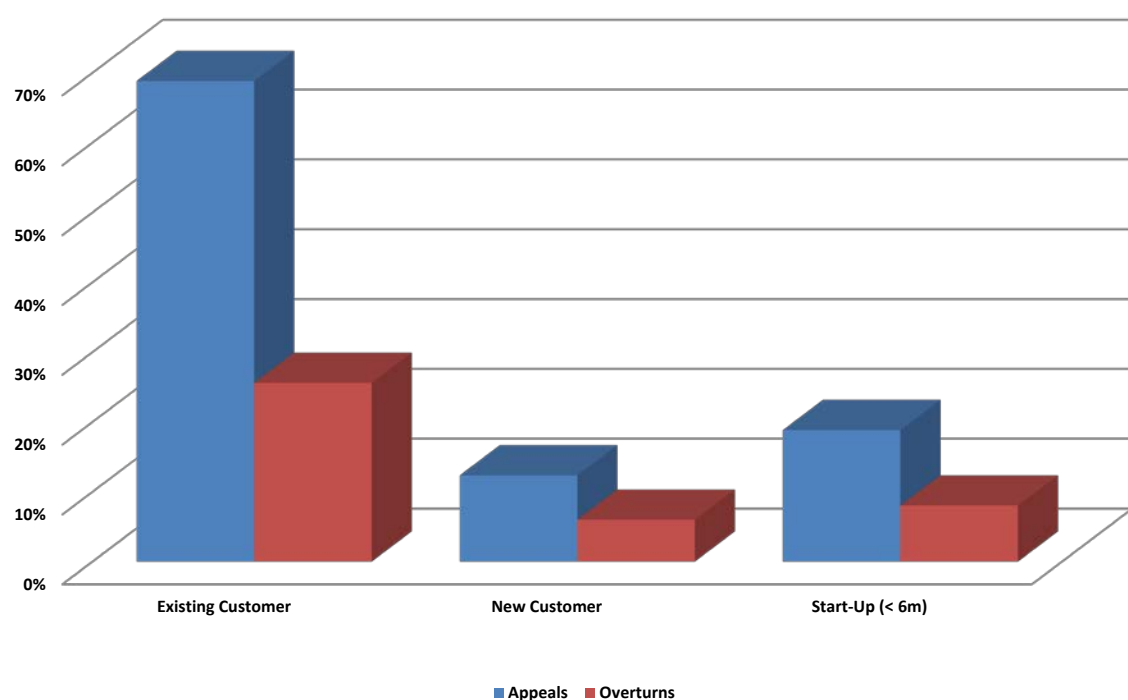
### **Appeals by Size of Lending Request - Years 3 & 4 only**



**Appeals by Type of Customer - Years 1 - 4 (April 2011 – March 2015)**



**Appeals by Type of Customer - Years 3 & 4 only**



Annexe H contains the charts which show other key information in terms of sectors and geography which again have shown little change from previous years.

## **7. Compliance**

I have left this section to the last but one in my Annual Report as while I do have concerns about the level of regulation and scrutiny being applied to the financial sector I would not want it to take precedent in this report over all the positive benefits that the Appeals Process is bringing to both lenders and most importantly their SME customers. Let me also say that I have nothing against, and in fact am a great supporter of good regulation and it was clear after the crash in 2008 that the financial sector was in need of a refresh of the regulations surrounding it.

However, one thing that the UK and especially this Government has been pushing hard is the need for better regulation under the five key principles that regulation should be transparent, accountable, consistent, proportionate, and targeted. I see no reason why these principles should not be applied to financial regulation as well. There has to be a balance between the need to regulate and the need to lend and how good risk assessment is in place to ensure that the balance does not swing too much one way or another.

What has caused the difference over the last 18 months in terms of compliance becoming more of an issue in that balance is that the Office of Fair Trading (OFT) passed its responsibility for consumer and other lending to the FCA. The FCA is seen by the financial community as a regulator with powers to enforce and enforce hard which the OFT never was.

The FCA sourcebooks covering Consumer Credit (CONC) and Mortgages and Home Finance (MCOB) contain many rules as well as guidance to lenders. However, while the guidance might look to offer flexibility in approach, the FCA supervisors often find it easiest when there is less deviation from the strict interpretation. Therefore this has encouraged the lender's compliance teams to turn the guidance in CONC and MCOB into standards to follow in conjunction with the rules for the way things have to be done within the bank, and not take into account any difference in size and risks.

This is why the question I was asked this year by a Government official about 'Is compliance getting in the way of lending' is very timely.

All I will do in this section of my Annual Report is highlight some examples I have seen which have made me stop and think or reflect on the way things are done in terms of ensuring that both SMEs get the lending they are open to and that lenders are not prevented or inhibited from doing that.

One of the key examples I would give this year is the system change that one of the large lenders put in place to assess lending in one key product which tends to be for relatively small amounts to small SMEs and can be low risk.

Their system goes through the steps that all lenders should to comply before deciding whether to lend to someone. Those steps are set out below.

- Step 1 – Has the applicant filled in the form correctly – many applicants do not.
- Step 2 – The completed form is then compared with other information that the lender, or others it can access, may have on the applicant to see if it matches and if not why not.
- Step 3 – The lender will make sure that they have all the information they need to satisfy the ‘Know Your Customer’ requirements, including:
- Step 4 – Sanctioning check against the UN Sanctions list to ensure the applicant is not on any international watch list or doing business in a jurisdiction where the lender is not legally allowed to be providing finance.
- Step 5 – Anti-money Laundering checks
- Step 6 – Fraud checks covering both the company and the use of the funds
- Step 7 – Apply the bank’s own algorithm to see if the applicant passes their own test in terms of credit-worthiness and policy.
- Step 8 – Approve, decline, or refer the application.
- Step 9 – Where they are declined and are within scope the applicant can appeal.

I have said before in my Annual Reports that banks are like a manufacturing business which has to make a profit on each sale it makes. Bank’s sales are giving people credit and without those they would not be in business which sometimes people and especially commentators forget. Also if they do not make profit on the volume sales – which for lenders tend to be the small amounts – then they will go out of business.

While these nine steps are all essential in the current world we live in, they take time and that costs, so it is impacting on lender’s ability to be commercially viable in some areas. While there are instant online ways of applying for credit which SMEs can use these tend to be only where the lender has done all the above work and sets a limit on what they might lend to each individual before they apply. Therefore the decline rate on these immediate applications can be high or many will be referred to go through a more manual review process.

Other areas where this pressure of regulation is seen are:

1. Fulfilling an agreed application where even though the lender has agreed to give credit, in whatever form, the application must then go through compliance to ensure that all the issues a bank needs to cover have been met. Again, this applies to all sizes and forms of lending and takes no account of risk so

makes the conversation that a customer can have not as good as it could be given the string of extra questions they can be asked after having their credit agreed.

2. Because of changes in the way that security over a lender's main family home is now treated this can mean that certain SMEs will have to provide the lender with much more information than they had done previously, even for renewing their overdraft for example, not just for new lending. This is an unintended consequence of a rule that was meant to apply to consumers but catches a lot of SMEs who fall into the ambit of CONC. As far as I can see this adds little to the risk between the lender and the SME but can detract from a 'better conversation' as the lender strives to gather the information it needs and the SME does not understand why it is needed.
3. All of us will have experienced the now long legal 'read out' that lenders have to give when you want to apply for credit with them or after you have been approved. These 'read outs' are becoming longer and now in some instances even contain the Appeals Process. My concern is that these 'read outs' are becoming like the 'Terms and Conditions' that we are all asked to agree many times online or when loading software which research has shown hardly anyone reads and I think from having witnessed a good number of those type of exchanges between customers and lenders over the last year that the same is happening to the 'read out' in that fewer customers actually listen properly when that happens as the lender phrases it in such a way that the customers knows it is coming. I am concerned from my own position on Appeals that this may be hindering people to appeal. I intend to monitor this closely.
4. Finally, in the Small Business Bill that went through Parliament just before the election this year, lenders are now being legally obliged to pass a declined SME customer on to another possible lender through a portal or portals that will exist to do that. This will apply to loans and overdrafts for SMEs over £1,000. While the detail around this has still to be put in place, I am concerned that this adds further complexity to both what banks and SME customers have to do and since my understanding is that those they may be referred to may not have to comply to the same strict regulatory and other rules that mainstream banks do then I think we will all need to be careful how this is implemented. In terms of the Appeals Process, while I know that the policy is to align this with the Appeals Process, (and indeed officials have engaged with me on the design and implementation of the Bill) I do still have a particular concern in that while this new legislation does not in any way take away an SME's right to appeal, it may make it more challenging in terms of how long they might wait to do it. I shall be following with interest how the detail of this bill progresses and will comment on it, if necessary, in my quarterly reports over the coming year.



All of the four above and also the many stepped process now having to be adopted by lenders is giving me cause for concern and, for the first time, I am hearing noises by lenders around whether the de Minimis bar for SME lending needs to be raised to accommodate all this extra resource that has now got to be put into lending small amounts of credit to SMEs.

Also it is making banks look at how they can make decisions quicker on renewals of say overdraft or credit card limits and can they make them more 'automatic' i.e. the bank looks at the way the account has been conducted and if it is satisfactory in their judgement, then they renew it without having any conversation or gaining any new or up to date information about the business. While many SME businesses will see this as a good thing, it does mean that the usual annual conversation – which may be the only interaction the bank has with a customer – does not take place so the bank loses touch with what is going on with the business. If the business then comes to apply for new or increased credit it will mean that the bank will have to go through a much longer and more robust gather of information on the business as it will not have picked it up as it would have done through annual renewal conversations. While not all lenders have decided to go the 'automatic' route many are considering it as a way to manage the commercial return from their customer better.

Therefore my answer to the official's question just now on whether regulation is getting in the way of lending is that it could well be starting to. I have asked each of the banks who are part of the Appeals Process from now on to provide me with information on any new regulations or changes to regulation that they think is getting or will get in the way of lending. That it is already getting in the way of the better conversations we are striving for between SMEs and lenders is now undoubtedly true in certain cases and I will work with officials to see if the better regulation approach that the Government applies to all it does elsewhere, and indeed now also with Government sponsored voluntary regulation, should be applied to the financial regulators as well.

## 8. Key Priorities for Year 5

As I state in the Summary section at the beginning of this Annual Report, the end of year 5 would always be a time for reflection and taking stock to see what the impact of the Appeals Process had been to date and what needed to come next. That does not mean that I see this as an end point but a time for us all to plan the next stages of the process and when that could be which I suspect will be different for each bank. At some time the Appeals Process must become an integral part of each bank's own process which they execute because they see the benefit they and their customers get from it. Also they should have their own oversight and interrogation processes that watch and develop it. I do not think any bank will be in a place to do that by the end of next year but I want to develop with each a plan that shows how and when we might get there. I think it will be different for each and I will judge it on the categories I set out in the summary at the beginning of this report namely people, process, systems, and policy, and then integration. Until each bank has satisfied me of the first four then we will not move to the integration process. Some are nearer than others, some still quite far away from some of the four, and some new to the Process so it could well be different for each bank.

While that will be my key priority for the year, there are a number of other specifics that I and my team will focus on as well namely:

- a) Improvements in the decline letter to ensure that better and more precise reasons for decline are given to the SME customer, which is still not as consistent as it could be across all banks and product types.
- b) Making sure that TSB and Clydesdale/ Yorkshire banks are now embedded into the Appeals Process and that I and my team make sure they are fulfilling all the things that we need to do with each bank.
- c) Bring in at least one more bank to the Appeals Process.
- d) Look for and highlight any further compliance issues that are or could have a negative impact on lending.
- e) Ensure that the new legislative referrals process does not impact adversely on the Appeals Process and indeed SMEs in general.
- f) Change each bank's Actions Plans to a form which fits with the opening paragraph of this section.
- g) See how we can further enhance the data sheets we receive and target to try and receive 100% of all overturn cases.
- h) Ensure that each bank achieves the awareness targets in terms of internal and external reach that we have set for them.
- i) Ensure that each bank has in place awareness research that outputs meaningful numbers of those aware of the Appeals Process.
- j) Keep meeting as many Relationship Managers and customers as I can to make sure that what is happening in terms of process and system change is having a real positive impact with customers.

## 9. Appendices

### Annexe A – Bank Commitments & List of Banks

The Taskforce banks committed to 17 actions across three broad areas. [To improve customer relationships we will:](#)

1. **Support a network of business mentors** by working with the business groups to deliver this free service to small businesses across the UK
2. **Improve service levels to micro enterprises** (businesses with fewer than 10 employees and turnover or a balance sheet under €2m) by setting out in a new Lending Code the levels of service banks will provide and outlining additional sources of help and advice
3. **Publish lending principles** which clearly set out the minimum standards medium-sized and larger businesses can expect when asking banks for loans and other services
4. **Establish transparent Appeals Processes** for when loan applications are declined, with processes independently monitored by a senior Independent Reviewer, who will publish the results of their review, to ensure each bank has a fair and equitable Appeals Process
5. **Initiate a pre re-financing dialogue 12 months' ahead of any term loan coming to an end**, which will include a timely review of business and re-financing needs and an assessment of what needs to be in place ahead of loan expiry to maximize the prospect of successful re-financing.

[To ensure better access to finance we will:](#)

6. **Establish and invest in a new £1.5 billion Business Growth Fund** (built over a number of years) to fill a crucial gap in the market and provide capital for viable businesses which want to invest and grow
7. **Support the Enterprise Finance Guarantee Scheme**, seeking continued Government backing through to 2012, and accommodating any changes made by Government
8. **Help mid-sized businesses access syndicated debt markets** by raising customer awareness, training customer-facing staff and engaging more actively with business groups and customers
9. **Improve access to trade finance** through targeted SME awareness-raising campaigns and exploring possible regulatory adjustments with the FSA. Seek to open with Government access to trade finance products for businesses that qualify for the Enterprise Finance Guarantee Scheme
10. **Signpost alternative sources of finance**, giving customers helpful information and advice if a loan is declined and raising awareness about the financial solutions they should consider

11. **Help improve the supply of credit to the wider economy**, working with the authorities to ensure that wholesale markets can support the necessary lending capacity as the economy recovers.

To provide better information and promote understanding we will:

12. **Fund and publish a regular independent survey**, commencing in early 2011, to a methodology agreed with Government and business groups, so there is an agreed and authoritative set of data on business finance demand and lending supply
13. **Enhance the cross-industry lending dataset** by broadening the statistics on lending available for wider bands of business activity; on lending to deprived areas; and on national and regional data on the provision of bank support to business start-ups
14. **Hold regional outreach events** throughout 2011 with business groups to enable business customers and business groups to meet with key staff from the banks to answer questions and explain what services are available
15. **Improve customer information** including a review of literature and other materials, so customers can more easily understand what products will best meet their needs
16. **Host a dedicated website** through the BBA to draw together and link useful sources of information to help customers access the most appropriate information. This will also connect mentoring networks
17. **Establish a Business Finance Round Table** where senior representatives from the banks and business groups meet regularly to discuss and review trends, identify emerging areas of concern, ensure problems are addressed and facilitate the implementation of the Taskforce initiatives.

#### **List of Banks:**


Barclays Bank  
Barclaycard  
HSBC  
Lloyds Banking Group  
Royal Bank of Scotland  
Santander  
Bank of Ireland  
Danske Bank  
First Trust Bank  
Ulster Bank  
Clydesdale  
TSB

## Annexe B – Minimum Standards and Scope of the Appeals Process

1.	The Appeals Process is available to all SME customers with a Group Turnover up to £25million
2.	<p><b>“In Scope”</b></p> <ul style="list-style-type: none"> <li>• All types of lending products, funded and non-funded, required by bank customers to support them in the performance of their business activities</li> <li>• Applies to all “lending applications” including lending requests to the Bank where the customer has provided “New” information which then results in a negative view e.g. “Declined at Source”</li> <li>• Applies to applications which are declined where no offer has been made or where the customer does not agree with the Bank’s Conditions for lending (excluding standard terms, fees and pricing)</li> </ul>
3.	<p><b>“Out of Scope” (ineligible)</b></p> <ul style="list-style-type: none"> <li>• Customers within Bank’s support or recovery units where lending is usually more structured</li> <li>• Where bank is precluded from lending to a customer because of market regulations, including AML or sanctions</li> </ul>
4.	Bank to communicate the reason(s) for the lending decline in writing and preferably verbally also. It is important that the bank keeps a written record of the decline conversation with the customer
5.	The verbal conversation with the customer and the lending decline letter must include information on how to appeal e.g. signposting to the Appeals Process. As discussed above, a written record should also be kept of the decline conversation with the customer
6.	Decline letters should be written in plain English and include signposting to Alternative Sources of Finance, CDFI and business mentoring
7.	Appeal Reviewers will be “Experienced Lenders” who have not previously been involved in the decline of the original lending application
8.	Appeal Reviews to be undertaken on the basis of ensuring completeness of the original lending application. This will take into consideration any new or additional information which has been provided by the customer with their appeal or requested by the Appeal Reviewer subsequent to the receipt of an appeal
9.	Customers are required to submit appeals within 30 calendar days of their receipt of the written decline communication. To provide for normal posting time we would regard this as 35 days from the date of the decline letter
10.	<p>The Bank is required to inform the customer of the outcome of the appeal within 30 calendar days of their receipt of the appeal. Appeal decisions to be communicated to the customer in writing:-</p> <ul style="list-style-type: none"> <li>• Where the original decline decision is upheld confirming the original decline decision stands an explanation of the decline reason(s) must be given</li> <li>• Where the original decline decision is overturned, in favour of the customer, it is considered prudent to confirm the amount that has been agreed, especially in the instance where the amount is less than originally requested by the customer</li> </ul>

## Annexe C – Appeals Case Review Form

### Appeal Review Sheet

Promontory Ref			
<b>PRIVATE AND CONFIDENTIAL</b> <b>FOR PROMONTORY, RUSSEL GRIGGS AND BANK ONLY</b>			
Bank Name		Office Location	
Bank Appeal Reference Number		Month of Review	
<b>SECTION ONE</b>		<b>CASE SNAPSHOT</b>	
Company Name			
Company Structure		Company/Group Turnover	£0
Nature of Business			
Business Category			
Business Location (City or County)		Business Location (gov't Region)	Auto Complete
Business Start Date (MM-YYYY)		Date Bank Account Opened (MM-YYYY)	
Customer Type		Type of Facility Requested	
Amount of Facility Requested "New Monies"	£0	Lending Product	
If more than one product requested please give details of amount/s and type/s			
Purpose of Facility / Facilities			
Details of any Existing Facilities with Bank			
<b>SECTION TWO</b>		<b>APPEAL SNAPSHOT</b>	
Access Channel			
Type of Application			
Date the Application was Submitted (DD-MMM-YYYY)		Is there a copy of the Application on file?	
Date of the Decline Letter (DD-MMM-YYYY)		Is there a copy of the Decline Letter on file or other evidence that the Decline Letter was sent?	
Date the Customer Appeal was Received by the Bank (DD-MMM-YYYY)		Is there a copy of the Appeal on file?	
Date of the Appeal Receipt Letter or Email (if applicable) (DD-MMM-YYYY)		Is there a copy of the Appeal Receipt on file or other evidence that the Appeal Receipt was sent?	
Date of the Appeal Outcome Letter (incl. Email or other evidence) (DD-MMM-YYYY)		Is there a copy of the Appeal Outcome (Letter, Email or other document) on file or evidence that this was sent?	
<b>SECTION THREE</b>		<b>ORIGINAL DECLINE DETAIL</b>	
Was the Customer declined all lending in this application?		How was Customer informed of original decline?	
Bank's reason(s) for declining the lending application Please select reason/reasons		Other reason (if applicable)	
Was the Customer given reasons for the decline decision in the written communication and is this fully in line with the decline reasons on file?			
Additional information/comments regarding the decline decision (if applicable)			
Was the Customer referred to the Appeals Process in the Decline Letter?		Was the Customer signposted to Alternative Sources of Financing in the Decline Letter?	

### Appeal Review Sheet

SECTION FOUR		CUSTOMER APPEAL	
Method of Customer appeal		Appeal Type	
Reason(s) for appeal			
SECTION FIVE		BANK REVIEW OF APPEAL	
Who conducted the review?			
Is this person an Experienced Lender?		Was this person involved in the original lending decision?	
If additional information or documentation was requested by the Reviewer please list			
Review Methodology and Rationale for Appeal decision			
Appeal Outcome		If Overturn, actual amount of "New Monies" Lending approved	£0
How was the Customer informed of the appeal outcome?		By whom?	
Does the Customer communication fully explain the appeal outcome?  (If Decline Upheld), do the reasons given align with those documented in the case file notes?			
Any other comments on this Appeal (Include comments where the Appeals Process has not been followed correctly)			
Version date 28AUG2013			

## Annexe D – Appeals Process Site Visit Requirements for Appeals Files

### Requirements

- Prior to the visit, we need to have a reasonable idea of the numbers of completed and in-scope appeals to be reviewed, and the number overturned by the Appeals Process. This is important for resource management purposes at Promontory, and reduces the need for repeat visits to the same site. Your help in communicating likely volumes for a visit is appreciated.
- For each visit, we need the files to be complete and in date order. Clearly labelled and organised files help us review files quickly and enable us to confirm compliance without undue additional work. Banks should also make sure, apart from the specifics listed below, that they include all other relevant documentation relating to the transaction.
- For individual files, the following information should be included where available:
  - Original application, including documentation that enabled the case to be decided, such as financial statements, account history, business plan, cash flow forecast, credit score outcome, accounts, etc. A summary containing the key data from these may be sufficient
  - Details (inc dates/amounts where relevant) of the customer, location, new business, new to bank, length of relationship, existence of other facilities, turnover/size of business
  - Clear details of what product(s) is being asked for and for how much. Details of existing facilities and terms where topping-up and a clear purpose of what the credit is being asked for.
  - Details of any internal “4 eyes” process prior to the original decision being given to the customer including notes and dates
  - Names of original decision-maker, including those involved in any “4 eyes” process
  - Details of any referral to “Credit” and any views given by them, also to include dates
  - Copy of the decline letter and any notes of conversations with the customer as part of that process (it is known that more clarity around reasons is often provided in this way)
  - Appeal letter/email/note of call from customer including details of any reason for appeal including “don’t agree/not fair”
  - Acknowledgement letter when sent and where part of the process
  - Details of any information submitted with the appeal
  - Name of person who dealt with the appeal
  - Details of the appeal reviewer’s assessment/conclusions of the case, including whether any further information was sought from the customer and, if not, reasons why.
  - Details of information given to branch/local RM by the appeal reviewer where appeal outcomes are conveyed locally
  - Appeal outcome letter sent to customer
  - Details of any other conversations with the customer relating to the appeal outcome
  - Where Minimum Standards documentation is missing or the process was not adhered to, there should be an explanation of why it is not available and what is being done to ensure that it will be in future



## Annexe E – Appeals Process Site Visit Feedback

Site:

Date:

Attending

Independent External Reviewer: Professor Russel Griggs, OBE

Promontory:

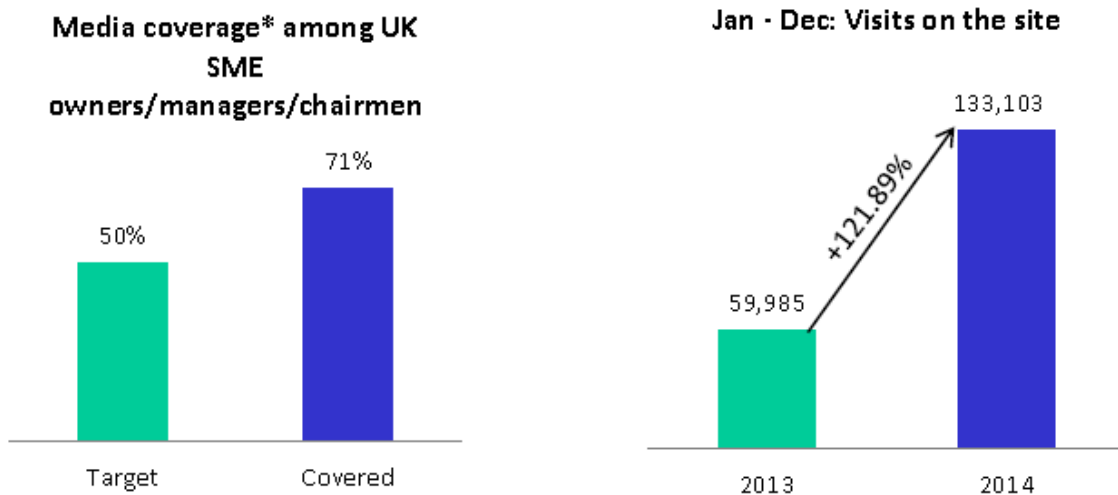
Appeals Reported to Date				Reviewed by Promontory	
Year	Appeals Received	Appeals Overturned	% Overturns	Total Reviewed	Reviewed This visit
Year 1					
Year 2					
Year 3					
Year 4					
Appeals Processed Showing Overturn rates by Quarter				Appeals Completed	
By Quarter	Appeals Received	Appeals Overturned	% Overturns	Appeals Completed	Review Sheets Received
Year 3. Q1					
Year 3. Q2					
Year 3. Q3					
Year 3. Q4					
Year 4. Q1					
Year 4. Q2					
Year 4. Q3					
Year 4. Q4					
Appeals Process Updates / Discussions					
<ul style="list-style-type: none"> <li></li> </ul>					
Positive Themes					
<ul style="list-style-type: none"> <li></li> </ul>					
Observations / Next Steps / Matters for Consideration					
<ul style="list-style-type: none"> <li></li> </ul>					

## Annexe F – Appeals Process Awareness raising – Generic Campaign

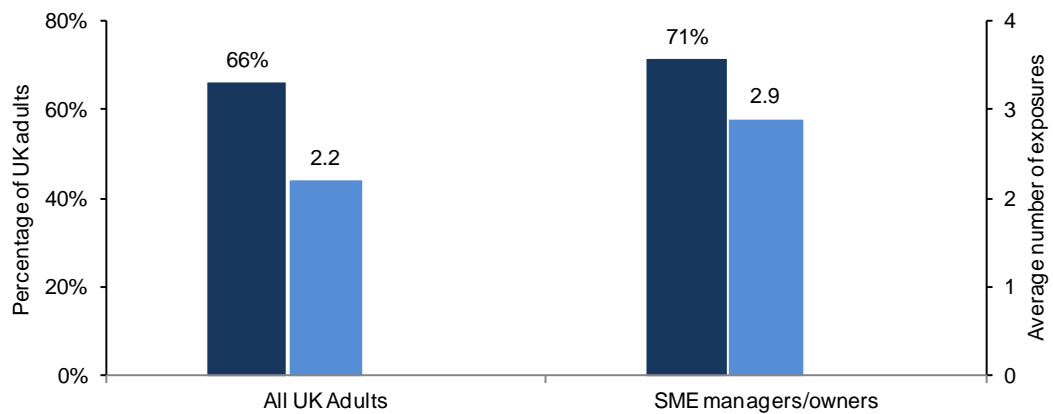
### Awareness campaign summary

The Better Business Finance (BBF) campaign ran throughout 2014, bringing the Appeals Process and wider campaign messages to more than 10 million people online. It was an integrated communications campaign which ran throughout the year, supported by online advertising, social media engagement and public relations activity, as well as information provided via bank websites, directly to customers and via third party business groups.

The Better Business Finance campaign's new, accessible website provides information on how to launch an appeal, as well as guidance related to finding finance, with more than 500 finance providers represented.



- At the end of 2014, 10.3 million people (estimated unique users) had seen the campaign since it started
- There had been 968,782 PPC impressions (the number of times our Pay Per Click advertising was seen), targeting small business owners with help, support and advice messages
- There was a 121.89% increase in visits to the Better Business Finance website compared to the same period in 2013
- There was a 160.91% increase in page views compared to the same period in 2013
- The Appeals advertising was the most successful of the campaign executions, reflecting its strong call to action
- Both Twitter and LinkedIn performed better than their own industry-standard benchmarks



Media coverage of the campaign reached 71% of the key audience of SME owner/managers (see table above). Frequency of exposure to the campaign messages increased to 2.9 times each, a result above the minimum recommended to ensure retention of campaign messages. Media coverage included a total of 107 articles to date.

**Media coverage highlights from the campaign include:**

## THE TIMES Business

Banks 'ready and waiting' to lend to small businesses



Kathryn Hopkins, Economics Correspondent  
Last updated at 12:01AM, January 23 2014

Funds are ready and waiting for Britain's small and medium-sized companies but firms are holding back from applying for loans because they do not think they will be successful in their applications, according to the country's biggest banks.

## The Telegraph

Bankers in drive to boost SME loan applications

The British Bankers Association (BBA) has launched a new campaign to encourage small businesses to apply for bank finance.



While 14pc of UK SMEs want to apply for finance, only 3pc actually approach banks and providers for new or renewed facilities, the report found.



By Rebecca Burn-Callander, Enterprise Editor

11:47PM GMT 23 Jan 2014

[Follow](#) 3,316 followers

1 Comment

If all businesses that required finance went ahead with their applications, based on the current approval rates, there would be a significant economic uplift, said the BBA.

## Biggest banks join forces to launch lending campaign

The UK's biggest banks are joining forces in an attempt to stamp out a widely-held perception they are reluctant to lend. Five lenders - Barclays, HSBC, Royal Bank of Scotland, Lloyds Banking Group and Santander UK - will on Thursday launch a campaign aimed at encouraging small and medium-sized businesses to apply for finance.

## Businesses applying for finance in the North West more likely to get a 'yes' from their bank

Date published: 22 April 2014

Free Press

businesses in the north west are more likely to get a loan or an overdraft from their bank than businesses in many other regions across the UK, according to a new survey of over 20,000 firms from across the UK known as the SME Finance Monitor, published by BDR.

The research shows that 69 per cent of businesses in the north west made successful applications for business finance in 2013, compared with a national average of 67 per cent. Nationally only 33 per cent of businesses who plan to apply for finance believe that they will be successful.

The research also shows that businesses who secure a loan are more likely to innovate, work internationally, grow and make a profit.

Anthony Browne, Chief Executive of the BBA says: "It's great to see that businesses in the north west are having real success when approaching their banks for business finance. This means because more successful loan applications mean more innovation, more new jobs and more plans to expand."



## 10 important things to know about small business finance

Posted by Luke Carter · 7 January 2015 Posted in Featured Money

What does 2015 hold for your small business? Are you itching to expand and diversify, or has 2014 left you wondering where to go next? Are you unsure about what your options are, and whether you really have the knowledge and resources to get to the next level?

According to the research, you should know your business goals, but many businesses remain sceptical about their chances of success. While we're here, things are probably not too far from the truth about business finance, so let's look at the issues that stand in the way of your business getting your hands on the help you need.

Banks ready to lend to small businesses, says BBA



More businesses should have the confidence to apply for loans, the BBA says.

Banks are more willing to lend than small businesses think, says the British Bankers' Association (BBA), as it launches a year-long marketing campaign.

Only 37% of small businesses planning to apply for finance believe they will get approval from their bank, the BBA has found.

But more than two thirds have their loan applications approved, it said.

"Banks are open for business," BBA boss Anthony Browne told the BBC.

The BBA campaign aims to raise confidence about bank lending among small businesses, Mr Browne said.

NEWS 13

## Banks tell small firms to borrow more to grow

BY TIM WALLACE

PRODUCTIVITY in the UK is being held back by small firms' reluctance to borrow, the British Bankers' Association (BBA) argued yesterday.

Borrowing makes firms more likely to innovate, export and plan growth, the group said.

The plea for small- and medium-sized enterprises (SMEs) to borrow more comes after several years of banks being blamed for cutting off small firms' credit lines, and marks a mood reversal for the industry.

"One of the worries about the recovery is that there is so far little sign that Britain's productivity is improving," said BBA chief economist Richard Woolhouse.

"Innovation is one of the most important ways businesses can make themselves more productive."

"The fact that firms who won access to bank finance were 32 per cent more likely to have innovated suggests that if more businesses felt confident about applying for credit, our national productivity rates could receive a significant boost."

The study, using data from BDR, Continental's SME monitor, found 37 per cent of all SMEs innovated in the last year, compared to 49 per cent of those who successfully applied for loans.

Social media highlights from the campaign include:



**Better Business Finance** Professor Griggs, Independent External Reviewer of the Appeals Process, has released his third Annual Report today <http://bit.ly/1p8HPDk> Find out more about appeals here <http://bit.ly/1tneXbe>



#### Appeal a bank decline here

[bit.ly/1p8HPDk](http://bit.ly/1p8HPDk) - If you've applied to your bank for any finance for your business and you have been turned down, you can appeal here. You need to be within 30 days of your original application, and you will need to meet certain eligibility conditions» The...

**BBF** @bbftweets · Jun 17  
Have you been turned down for a business loan? Here's how you can appeal [bit.ly/1jcqcBL](http://bit.ly/1jcqcBL)

**BBF** @bbftweets · Jun 16  
Report out today reveals banks are improving lending conversations, helping SMEs find the right #bizfinance [bit.ly/1p8HPDk](http://bit.ly/1p8HPDk)

**BBF** @bbftweets · Jun 16  
The independent Appeals Process Annual Report is out today [bit.ly/1p8HPDk](http://bit.ly/1p8HPDk) Start an appeal here [bit.ly/1tneXbe](http://bit.ly/1tneXbe)

**BBF** @bbftweets · Jun 15  
The independent Appeals Process Annual Report is out tomorrow. You can appeal your bank's #bizfinance decision here [bit.ly/1tneXbe](http://bit.ly/1tneXbe)



**BBF** @bbftweets  
Unhappy with your bank's #bizfinance decision? You can appeal it [bit.ly/1poEG6X](http://bit.ly/1poEG6X)



RETWEETS 3 FAVORITES 5  
3:23 PM · 23 Sep 2014

**money raising expert .com**  
**MoneyRaisingExpert**  
@MoneyRaisingExp

Some basic ingredients for any #business plan [ow.ly/EI3dy](http://ow.ly/EI3dy)  
[@bbftweets](http://@bbftweets) #fundraise

5:15pm · 23 Nov 2014 · Hootsuite

Reply to @MoneyRaisingExp @bbftwe...

**BBF** @bbftweets 18d  
@MoneyRaisingExp Thanks for sharing!  
View

**MoneyRaisingExpert** @Mone... 18d  
@bbftweets you're welcome!  
View

**Locate East Sussex**  
@LocateSussex

.@bbftweets provides impartial information and support to #businesses & entrepreneurs looking to develop and grow [ow.ly/D5nBF](http://ow.ly/D5nBF)

RETWEET 1  
11:51 AM · 23 Oct 2014

**BBF** @bbftweets  
Are you a #startup applying for finance? Here are the top 4 questions your bank will ask [bit.ly/1xO2BNa](http://bit.ly/1xO2BNa)

RETWEETS 2 FAVORITES 5  
2:08 PM · 14 Oct 2014



## Annexe G – Appeals Process Awareness Raising – Individual Action

### 1. Examples of methods and measures

1/2 yearly reminder issued to all Business Banking staff re Credit Appeals process and requirements

91 Regional Press

A message on bank statements reminding customers of their right to appeal a lending decision

A showcase of Barclays products and services designed for meetings with KBI's and Brokers

Account Application Form

Alignment of Adverse Data rules across the SME product suite

All SMEs to be written to profiling the Appeals Process

All SMEs written to profiling the Appeals Process

Appeal application embedded in Better Business Finance Appeals section.

Appeal application embedded in Better Business Finance Appeals section.

Appeal Reviewers

Appeals Awareness Message sent to all Business Internet Banking Users

Appeals Banner' on Bankline

Appeals Banner pop-ups

Appeals Letters and Leaflets

Appeals Process is a monthly item at Business Banking Leadership team agenda

Appeals Website

Backing Your Ambition - Local Events

Bank intranet site (brian)

"Bank to compile data on the customers who have been declined but decided not to exercise their right of appeal. Bank to review 50% of the cases to assess:

- a) Was the basis of the decision to decline correct?
- b) Was there merit in taking forward an amended proposal?
- c) Did the reason for decline in the decline letter match the true reason for decline?"

Bank to contact (by telephone) 50% of those had the right to appeal but did not appeal and ask them if they knew they had the right to appeal? Bank to solicit a response to the question "Did you know you had the right of appeal?"

Bank to issue communication to clients (including those who have had their business credit application approved or not applied for business

credit at all) advising them of the right of appeal.
Bank Website Pages <a href="http://www.cbonline.co.uk">www.cbonline.co.uk</a> <a href="http://www.ybonline.co.uk">www.ybonline.co.uk</a>
Banner messages to appear in customers online banking
Business Customer Service Manager now tracking number of declines both formal and at source
Central Support
Costs of Fishburn Hedges and BBA awareness campaigns
Creation of annual reminder comms/ training
Credit Related Training
Credit team processing of Appeals submitted by Hotline
Customer Mailing
Decline letter includes appeals process information.
Decline Letter issued to all business customers who have been declined business credit (any product).
Decline letters issued being tracked against declines reported.
Declines & Appeals Intranet Site redesigned & re-launched
Direct Mail
Director Briefing Packs on the Appeals Process produced for all Frontline Leadership across Business & Commercial Banking
External Events
External Website
F2F Training delivered to Customer Complaints Centre
F2F Training delivered to Divested Directs Channel @ Waverley
F2F Training delivered to SBM
Facility Documentation to include appeals clause
Fishburn Hedges
Follow up launch training/ communication with the Bank's Specialist Acquisition Finance (SAF) department
Guide to Business Borrowing Site and Leaflet
Improvements to internal lending decline intranet page
Improvements to letter sent to customers declined for lending
Information on appeals to be included in regular lending training received by front line staff
Information to be included with customers account opening literature
Insert additional line regarding appeals process on customer statements
Internal Business procedure etc. established to guide advisors on

actions.
Internal Communications
Internal Website
Interview with Professor Russel Griggs on the Appeals Process shared via online Bank publication Business Sense
Intranet messages profiling Appeals and ASOF case studies
Intranet messages to profile new Hotline staff and experience
Intranet redesigned to highlight right to appeal a Credit Card
Introduction of Declines & Appeals into Self Assurance testing in Business Banking
Launch training/ communication
LBG Lending Process in SME Banking & RBB - Agreed Borrowing
LBG Lending Process in SME Banking & RBB - Declined Borrowing
Lending Appeals Process within LBG
Letters
Letters update communication and learning
Mailing to all Business Customers
Management Assurance Committee (MAC) Reporting
Mandatory Compliance Requirements - Lending Principles & Regulation Module
Monthly sample of 50% of business credit declines to ensure the applicant has received the appropriate decline letter (including advice of right of appeal).
New Guide to Business Borrowing Site and Leaflet
New webpage to be hosted on Barclaycard website specifically on appealing a decision
Newsletter sent out to customers and colleagues working in agriculture industry
Newsletter sent out to Key Business Introducers and Brokers
Online Banking banner
Online Promotion of Appeals - Appeals Banner placed on all lending product pages and Borrowing Guides
Optional Module on Declines & Appeals introduced into Business Banking Accreditation Programme
PLEDGE
Project costs to deliver Decline Toolkit
Provision of Appeals Team
Right to Appeal Signposting' incorporated into relevant SME facility



documentation.

Right to Appeal Signposting' introduced into Integrated Current Account application forms

SME Lending Appeals Director

Staff Communication

Staff Opportunity Cost of following the Appeals Process for Customer Declines (i.e. letter production/ recording requirements)

Staff training

Statement Message

Training delivered to SRMBB in Manchester and Borehamwood

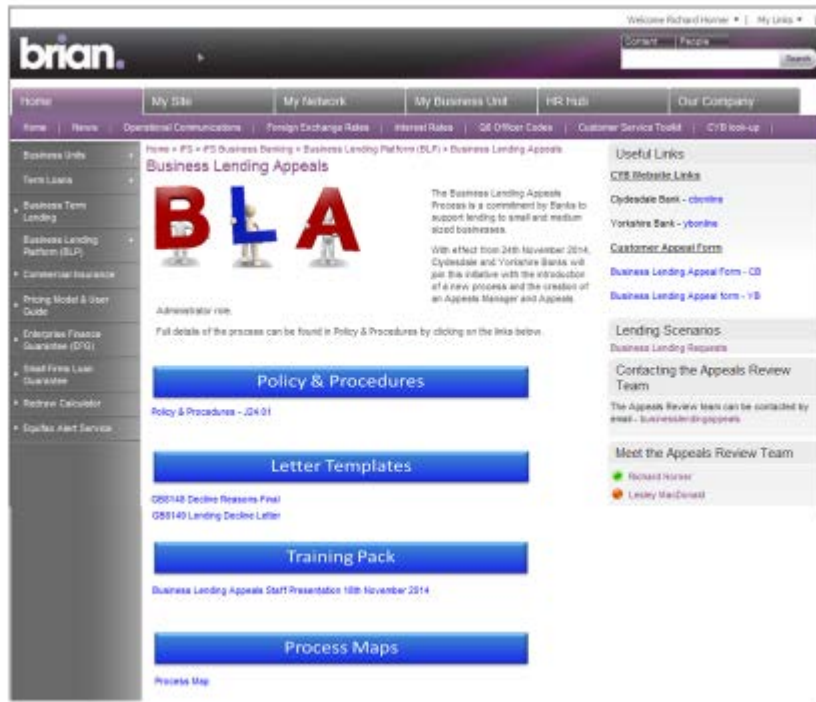
Website information for Business Customers

Website Update - information re appeals & declines process

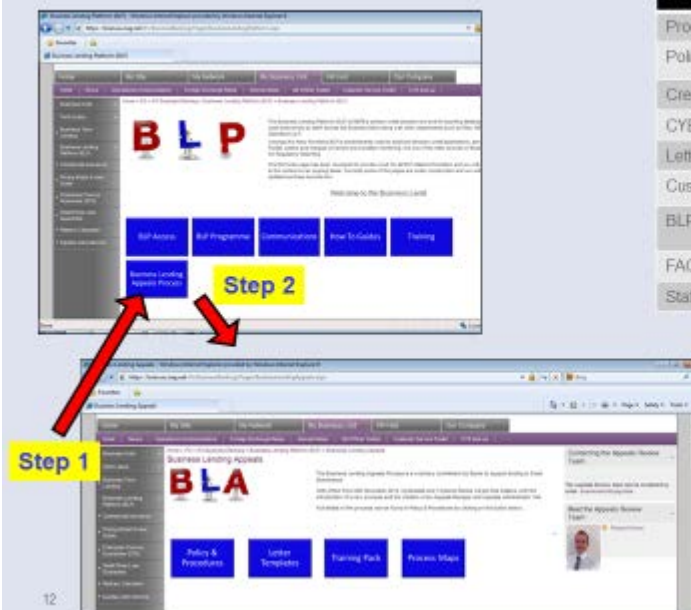
WELSH Decline letters signposting Business Wales in addition to BBA signposting in standard decline letter suite

## 2. Visual Examples





## Brian Page / Useful links



## Providing details / links

- Process Maps
- Policy & Procedures database
- Credit Policy UK database
- CYB Web page
- Letters / decline reason codes
- Customer Appeal Form
- BLP "how to" opportunity guide
- FAQs
- Staff presentation



## Lending appeals



The right type of funding can play a vital role in helping your business reach its potential. If your lending application is declined, we will work with the British Bankers' Association to pursue any raised appeals.

- ◆ How to make an appeal
- ◆ Acknowledgement and appeal outcome
- ◆ What is the appeals process?
- ◆ For which products and circumstances can I appeal a decision?
- ◆ How much time do I have to appeal a decline decision?
- ◆ Can I appeal if my lending application is accepted but I do not like the price offered?
- ◆ What is the difference between an appeal and a complaint?
- ◆ Can I appeal a declined decision because of an adverse credit rating?
- ◆ If my business is declined because of an automated credit assessment, what are the grounds for appeal?
- ◆ If a lending application is declined does Lloyds Bank automatically review the decision without an appeal?



### Finance selector

A convenient way to help you decide which of our finance options could be right for your business.

Launch selector

### Loan calculator

Calculate your total repayment with our easy-to-use tool.

Launch calculator



#### Business Areas

Bank of Scotland  
Community Bank  
Commercial Banking  
Consumer Finance  
Digital, Marketing and  
Customer Development  
Group Operations  
Halifax Community Bank  
Insurance  
Lloyds Community Bank  
Retail Teams  
Telephone Banking

#### Functional areas

Audit  
Corporate Affairs  
Finance  
Human Resources  
Legal  
Risk  
Secretariat

#### Group Sites

## Manufacturing at forefront of our 'Help Britain Prosper' commitment

The Group continues its support of UK manufacturing as the headline sponsor of MACH 2014, Britain's largest manufacturing technologies exhibition, taking place all this week at the NEC, Birmingham.

Stephen Pegge, Group External Relations Director, opened the event and is being joined by Trevor Williams, Chief Economist - Commercial Banking, and Jacqueline Keogh, Director of Trade - Commercial Banking, who are delivering presentations at seminars during the week.

The sponsorship of the event, for the second time demonstrates the Group's significant support of business and manufacturing in the UK, and another example of how we're Helping Britain Prosper (see below).

"We have already delivered over £1bn of funding during 2013 to manufacturing firms across the UK through our Manufacturing Commitment," said Richard Holden, Head of Manufacturing, SME Banking.

"In addition to our strong funding support to businesses, the Group has developed our managers' knowledge and understanding of the sector through a training programme developed in partnership with the Manufacturing Technologies Association (MTA), Engineering Employers Federation (EEF) and the Warwick Manufacturing Group (WMG)."

More than 160 of our managers have completed the training programme so far gaining the insight they need to build deep and lasting relationships with manufacturers in domestic and





COMMERCIAL BANKING


# PASSION

APPROVING 8 OUT OF 10 BUSINESS LOANS

At Lloyds Bank we know the importance of supporting business growth. So not only are we saying yes to 8 out of 10 of lending requests, we have more business mentors than any other UK bank to help your business grow.

[lloydsbank.com/passion](http://lloydsbank.com/passion)

**LLOYDS BANK**



Any repayment plan, as made by, which may include our loans, may be purchased if you do not keep up repayments on our mortgages or other debts secured on it.

All lending subject to credit assessment.

Lloyds Banking Group had the largest SBC net lending growth of banks participating in the Funding for Lending Scheme during the financial year 2014. 8 out of 10 relates to periods up to 31st April 2014.

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<Customer Name>  
<Add 1>  
<Add 2>  
<Add 3>  
<Add 4>  
<Add 5>  
<Add 6>  
<Post Code>

## Don't let cash flow hold your business back

Let's get your business growing this year. We're here to help so that you can put the assets in place that could take your business to the next level. Sounds simple? It is.

### Here to support your business

It's not always easy finding the cash to buy the assets you need to make your business a success. Our Asset Finance products and services are specifically designed to help, because whatever you want to purchase – a new vehicle, machinery, equipment or technology – we'll always try and find a solution for you.

We'll spend time getting to know your business and understanding your ambitions for the future, and regardless of the type or size of your business, we'll put together a finance package that suits its needs, so you can buy the assets you need without delay.

### Competitive, flexible funding

We'll give you a choice of repayment options that work with your cash flow, and negotiate fees and charges depending on your circumstances. This means you could free up funds to use elsewhere in the business and grow without tying up hard-earned capital.

### How to find out more

Want to know more about our competitive rates, quick decisions and access to the finance you need? Speak with your Relationship Manager on **0800 121 4619** or visit our website at [cbonline.co.uk/assetfinance](http://cbonline.co.uk/assetfinance)

We're committed to helping support our customers and their businesses. If you apply for business lending facilities and we are unable to approve your application, you can ask for the decision to be reviewed by another experienced lender at the Bank who was not involved in the original decision. For more information visit [cbonline.co.uk/appeals](http://cbonline.co.uk/appeals). Whatever you need, we'll be happy to help.

Yours sincerely

Iain Corbett  
Head of Asset Finance



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THE IRISH NEWS

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## TOWN CENTRE CONFERENCE

■ The Northern Ireland Town Centre Futures conference, run by the Association of Town and City Management, takes place in Bangor's Marine Court Hotel this Thursday (registration from 8.50am). Speakers from Ireland, England and Scotland, joined by participants from Wales, will seek to explore the future of urban centres, and the conference is open to practitioners, policy makers and those whose role it will be to deliver urban change. The ATCM encourages community leaders to attend as well as those in the voluntary sector who believe they have a role to play in the delivery of change. For more details email Sarah Walker at [sarah.walker@atcm.org](mailto:sarah.walker@atcm.org)

## DERRY ENTERPRISE WEEK

■ Planning is well advanced for the biggest event in Derry's business calendar, Enterprise Week 2015. Organised by Derry City Council's Business Opportunities Team, with support from Invest NI and now in its third year, the programme has been expanding to meet the needs of even more local businesses. The five-day agenda, which runs from February 23-27, features workshops, seminars, networking events. It also features one-to-one mentoring opportunities with some of the most influential figures in the business industry, with top professionals, from a broad spectrum among the keynote speakers, including social entrepreneur David Erasmus; top chef and restaurateur Neven Maguire; Kara Academy founder Alan O'Neill; fashion industry expert Shelia Alaback and digital expert Rhys Wismans. For more information or to register for the event go to [www.derrycity.gov.uk/BusinessOpportunities/EnterpriseWeek](http://www.derrycity.gov.uk/BusinessOpportunities/EnterpriseWeek)

## INAUGURAL SCIENCE FESTIVAL

■ The inaugural Northern Ireland Science Festival ([www.nisicfestival.com](http://www.nisicfestival.com)), the first large-scale festival celebrating the wonders of science, technology, engineering and maths in the region - is due to take place from February 19 to March 1. It will comprise more than 70 entertaining and informative events, internationally recognised speakers and will also witness a science-themed Guinness Book of World Record attempt in the Odyssey Arena. Funded



■ **FLYING HIGGS:** Clockwise from right, entries have opened for the seventh annual Air Lingus Vacant Awards, which celebrate business links between Northern Ireland and Britain. Held in association with Ulster Business magazine, this year's awards ceremony will take place on April 21 in the Members' Dining Room at the House of Commons in London. Full details at [www.vacantawards.ulsterbusiness.com](http://www.vacantawards.ulsterbusiness.com). Launching the awards are Andrea Hunter, business development manager at Air Lingus NI, and David Elliott, editor of Ulster Business.

Tony McCoy, who announced his retirement from the sport at the weekend, is to be guest speaker at the Northern Ireland Chamber of Commerce and Industry's annual lunch in Belfast on June 18. The Moneyless man - pictured above Jackie at Down Royal in November 2013 - will address the chamber lunch, which is supported by BT and Tugfarms. For booking details click on [www.northernirelandchamber.com](http://www.northernirelandchamber.com). The Institute of Hospitality Northern Ireland (IHNI) has launched its annual Janus awards, which recognise hard-working managers who have demonstrated significant achievement in the hospitality and tourism sector. This year sees the institute celebrate 20 years of the awards, which take place on Friday May 1 at the La Mon Hotel, hosted by UTV's Paul Clarke. Details on all 17 categories can be found at [www.instituteofhospitalityni.co.uk](http://www.instituteofhospitalityni.co.uk). Launching the Janus Awards are mentalist David Meade with Pamela Bulantine and Institute of Hospitality chairman Michael Cahill. Entries are open for the 13th NI Food and Drink Awards, run biannually by the Northern Ireland Food & Drink Association (NIFDA) and sponsored by Ulster Bank. Closing date for entries is February 25, and the awards take place at the Ramada Plaza Hotel on March 20. For more information visit [www.nifda.co.uk](http://www.nifda.co.uk). Pictured launching the awards are Kieran Holmes, left, head of corporate & institutional banking NI at Ulster Bank; and Michael Bell, executive director of NIFDA.

by the Department of Employment and Learning, Belfast City Council, Queen's University, Ulster University and the British Council, events will take place primarily in Belfast but extend to other areas throughout Northern Ireland.

## DIGITAL ECONOMY BREAKFAST

■ CBI Northern Ireland is hosting a digital economy seminar and breakfast in the Radisson Blu Hotel, Belfast, on March 3 (8am-10am) looking at digital infrastructure and how technology can help

grow business and the economy. It comes ahead of the organisation's 50th anniversary gala dinner in the Ramada Plaza on March 26 and which the speaker is CBI director-general John Crisfield, and entertainment will come from the mentalist David Meade. For details email [andrea.savage@cbi.org.uk](mailto:andrea.savage@cbi.org.uk) or click on [www.cbi.org.uk/about-the-cbi/uk/northern-ireland/events](http://www.cbi.org.uk/about-the-cbi/uk/northern-ireland/events)

## VENTURE CAPITAL CONFERENCE

■ The 14th InterTradeIreland annual venture capital conference, hosted north and

south on alternate years and always a sell-out, takes place at The Helix, DCU, Dublin, on March 11. It brings together the island's new and growing companies seeking investment along with all of the funds and individuals with money to invest.

Speakers include Cathal McGloin, chief executive of FeedHenry - recently acquired by Red Hat; and Niamh Bushnell, Dublin's first Commissioner for Start-ups. Delegates can also share the experience of four companies and how they raised funding for their businesses.

## DIGITAL MARKETING DIPLOMA

■ RUA Digital has been selected to deliver the Professional Diploma in Digital Marketing in partnership with the Digital Marketing Institute (DMI). The diploma - which is recognised in more than 40 countries - provides participants with an in-depth understanding of the various channels and activities required to plan, implement and manage a comprehensive digital marketing plan for a business. It is suitable for anyone who is involved in the

implementation of an organisation's online strategy.

The course is available in four different locations (Belfast, Derry, Newry and Sligo) from early March and runs over 10 weeks on a part-time basis. Places are limited for the diploma and the deadline for booking your place is Friday February 20. You can book by phoning RUA Digital on 018 87755784 or online at [www.digitalmarketinginstitute.com](http://www.digitalmarketinginstitute.com). The full course fees including accreditation are £1,200 + VAT.



Sponsorship and Events - Ulster Bank sponsors NI Women in Business Conference - Windows Internet Explorer provide Technology Se

http://intouch.bsgg.net/sponsorship/stories/2015\_05\_25/Women\_in\_Business\_NI\_Conference/default.asp

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## Ulster Bank sponsors NI Women in Business Conference

27/05/2015



Women in Business held their seventh annual conference on 21 May, sponsored by Ulster Bank, with Rosaleen Blair (Entrepreneurial Global CEO of Alexander Mann Solutions) as the keynote speaker.

Elvina Graham was also asked to speak at the conference where she stated:

*“Ulster Bank has a strong track record of supporting female entrepreneurship, through initiatives such as our BusinessWomenCan networking events and resources, and we would encourage local women to engage with the bank as we can provide support for their exciting plans for growth.”*

Click [here](#) to read a report from the conference from the Ulster Bank team in attendance.

**New membership campaign**

Women in Business currently boasts one of the largest business memberships in the country with more than 1,200 women from a vast range of business sectors. However in a one-off bid to double these numbers over the next twelve months, it has slashed its annual membership fee to a mere €25, whilst promising an increase in its services to members making it an excellent time for women from all walks of work to join. It has also launched a billboard campaign featuring Shauna Burns, Head of Mid-Ulster Business Centre, Ulster Bank.

Shauna was selected to be a key figure in their billboard as Ulster Bank has always been a huge supporter of the campaign and the quest for equality across all business platforms. As a bank we strive to create a fair and diverse enterprise environment and we are delighted to be the face of the banking market in the Women in Business poster and a key sponsor of their conference.

Shauna expressed her pleasure in being featured by saying:

*“I am delighted to be involved in the campaign. Women in Business is a great organisation which helps women across the country achieve success. Being a part of their campaign is a privilege and I hope to see an increasing number of women starting a business in the future.”*

Business  
Architecture  
Baltimore  
Business Activities Awards  
Ahead for Business

Upcoming Events  
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Sponsorship and Events - Balmoral - Windows Internet Explorer provide Technology Services - Cfg C v517

http://intouch.bsgg.net/sponsorship/business/balmoral/default.asp

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## Ulster Bank Supports Sponsorship Microsite

Balmoral Show 2015

History of the Balmoral Show  
Why we Sponsor the Balmoral show



### Ulster Bank 'Best in Show' at Balmoral Show

22/05/2015

Balmoral Show was a great success this year for Ulster bank and our customers...

[Read More](#)




Farm Safety animation winner unveiled at Balmoral Show

13/05/2015

Downpatrick pupil wins animation competition

[Read More](#)



Get the family ready!

It's almost time for the Show!

08/05/2015

Here's an overview of all the Balmoral Show activity...

[Read More](#)



Staff get a taste of Balmoral Show & Ticket Competition

01/05/2015

Win tickets to the Balmoral Show!

[Read More](#)

BALMORAL SHOW 2015  
BALMORAL PARK  
13<sup>th</sup> - 15<sup>th</sup> MAY  
Ulster Bank

Upcoming Events  
[View Full Calendar](#)







Help for what matters - Richard Ramsey and Terry Robb brief Causeway Chamber of Commerce member - Windows Internet Explorer pro


http://intouch.bisgrp.net/magazine/2015\_05\_04/Causeway\_Chamber\_of\_Commerce/default.asp?div=3

Help for what matters - Richard Ramsey and Terr...

**Ulster Bank**  
Help for what matters

Home Customer News **Features** Community Sponsorship One Week in June Values Contact Us Search:

**Richard Ramsey and Terry Robb brief Causeway Chamber of Commerce members**  
05/05/2015 [Comment on this article](#)



Richard Ramsey - UB Chief Economist, Ian Donaghey - President Causeway Chamber of Commerce and Terry Robb - Head of North BC

Over 30 local business people attended the Ulster Bank Economic update in the Royal Court Hotel, Portlough on Thursday 29th April, hosted by Richard Ramsey, Ulster Bank's Chief Economist and Terry Robb, Head of Business Banking North Area.

Local accountants, intermediaries, customers and members of the Causeway Chamber of Commerce were briefed by Richard on the main drivers of the current economic situation in NI, the UK, the Euro zone and Globally.

Terry Robb then updated the audience on Ulster Bank's Ahead for Business strategy, highlighting the success of the £1bn lending commitment in 2014 and confirming the goal this year to increase funding to a minimum of £1.5bn to businesses across the Island of Ireland.

Terry Robb, Head of North Business Centre commented

*"Today's event was a great chance to engage with key stakeholders locally and to provide a meaningful economic update that will allow them to better plan their strategies for the months and years ahead. Our colleagues all worked well together to showcase the wider Ulster Bank offering and the feedback from customers has been excellent"*

Richard Ramsey, Chief Economist, NI, said

**Help for what matters**

- Think outside the bank
- Values
- Yes Check
- Making a difference
- Community
- Recognition
- FreeTime

**Helpful stories and photos**

Share your Helpful stories and photos with your colleagues.

[Contact us here](#)

**Volunteer**

Done

Local intranet | Protected Mode: Off

89.58 27/05/2015

Corporate & Commercial Banking



That's not just £275,000 of extra finance, that's another 25 people on your workforce.

Our relationship managers are sector specialists. So they understand when you need financial support and the difference it can make.

Search: NatWest Commercial Banking  
Call: 0800 529 8091 Text relay: 18001 0800 529 8091  
Open Mon-Fri 9am to 5.30pm

**NatWest**

Corporate & Commercial Banking



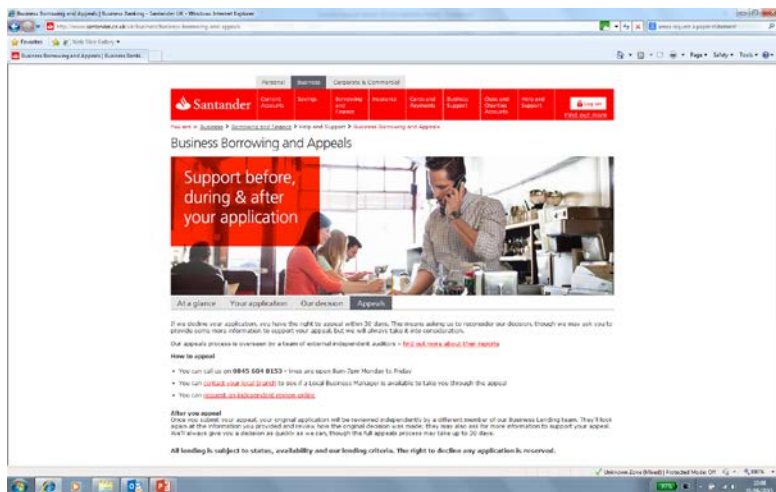
That's not just a £300,000 investment, that's an extra 60,000 units a week.

Our relationship managers are sector specialists. So they understand when you need financial support and the difference it can make.

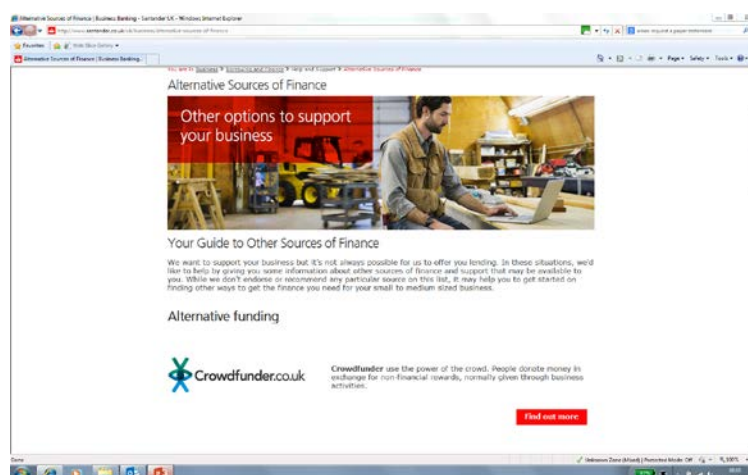
Search: NatWest Commercial Banking  
Call: 0800 529 8091 Text relay: 18001 0800 529 8091  
Open Mon-Fri 9am to 5.30pm

**NatWest**

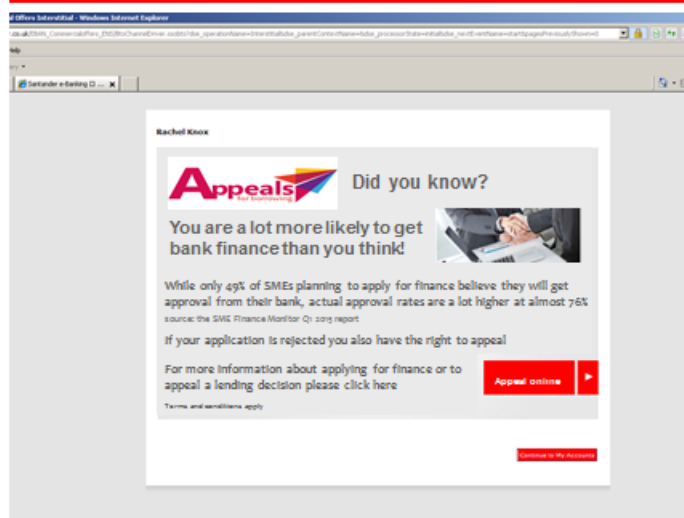
## 1. New Business Borrowing and Appeals Website



## 2. New Alternative Sources of Finance Signposting



## 3. New Online Banking Pop-Up Banner





With a bank holiday coming up, a combination of late payments from customers, additional staff holidays and delays in deliveries can impact on both your productivity and your cash flow.

So, if you're thinking you may need finance for paying suppliers, bolstering your cash flow or taking advantage of opportunities as they arise, we may be able to help.

As we've pre-assessed your business for lending and based on the way you operate your account, we should be able to provide you with a quick response to your funding application and avoid any last minute concerns.

Apply in just a few minutes by **logging into your online banking**, or if you prefer, give our lending specialist team a call today on **0333 202 743\***.

Yours sincerely,



## How to appeal against your lending decision



### The appeals process

Our SME business lending appeals process enables you to appeal against a lending decision if you've been declined or aren't completely satisfied with the terms of a lending offer.

Informing you about this process is part of our commitment to supporting you and your business. The process is monitored by an independent, external auditor to ensure that it's fair and effective.

### When can I appeal?

You can appeal if your application was declined and:

- The turnover for your business is under £25 million (if it's part of a group of companies, this applies to the full group)
- Your lending application was declined in the past 30 days
- You provided all the required information to your Barclays Business Manager
- You have not previously appealed this decision
- Your existing lending isn't subject to formal demand or enforcement or legal proceedings
- Your application doesn't breach UK law and regulations, doesn't involve cross-border transactions in countries subject to UN sanctions, and isn't linked to a product may be used to evade tax

You can appeal if your application was approved but you're not satisfied with the terms of this finance. This excludes the costs of borrowing, agreed fees and standard terms we apply to the lending facility.

If you don't fit any these criteria, please talk to your Barclays Business Manager to discuss other ways we can help.

### How do I appeal?

Appeals need to be made within 30 days of the original decision about your lending. Make sure to outline your reason for appealing and include any additional information to support your case. To give yourself the best chance of success, talk to your Barclays Business Manager to understand why you were declined, so those reasons can be addressed.

There are 3 ways to appeal:

1. You can submit the appeal to your Business Manager, preferably in writing
2. If you applied for the lending by phone, you can appeal by calling 0345 605 2345 <sup>1</sup> (select the option for lending)
3. You can [submit your appeal online](#) using the Better Business Finance appeals form

### Who reviews my appeal?

Your appeal will be reviewed by an experienced lending specialist within Barclays who was not involved in the original decline decision to make sure the appeal is handled objectively and fairly.

### How long does it take to get a decision?

We'll respond within 30 days of your appeal with written notification. Following this, you can also have a detailed discussion with your Barclays Business Manager.

### What can I do if I've already appealed unsuccessfully?

If you've appealed a decision unsuccessfully, you have the right to make a formal complaint. If you're not eligible to appeal, we urge you to discuss this with your Barclays Business Manager.

We take our role as responsible lenders very seriously and are committed to working with you to find other sources of funding. This includes a wide range of free support services to help you make the most of your existing resources. You can find them in [Business loans help](#).

### Alternative sources of finance

Although Barclays Business may be unable to support your borrowing request at this time, there are [alternative sources](#) available to small and medium businesses.

You may want to consider approaching a local Community Development Financial Institution (CDFI), which can be contacted at [www.cdfa.org.uk](http://www.cdfa.org.uk)

Other options include finding a business mentor to provide support and guidance at [www.mentorsme.co.uk](http://www.mentorsme.co.uk) and general advice at [Better Business Finance](#) or [Business Finance For You](#)

For more information about the appeals process, see [Appeals process FAQs](#).

#### Important information

1. Lines are open Monday to Friday, 8am to 7pm. To maintain a quality service, we may monitor or record phone calls. [Call charges](#)

## Business lending

### Find an International Trade Manager

Our team of experienced International Trade Managers covers the UK, providing businesses with expert support and guidance on trading overseas.

#### Get in touch

#### I'm interested in

Business overdrafts  
Business loans under £25,000  
Business loans over £25,000  
Commercial mortgages  
Commercial conveyancing  
Credit cards for business  
Alternative forms of finance

#### I need to

Skip I want to links  
Finance my business  
Business health check  
Keep on top of my cashflow  
Release cash tied up in invoices

#### Tools

Skip I want to links  
Business loan calculator

Find out how much it could cost to take out a small business loan

## Borrowing money

### Business overdrafts

Our Business overdrafts are quick to set up, let you borrow when you need to within agreed limits and you only pay interest on the amount you use.

They can help your business be flexible, providing working capital for growth and headroom for unexpected costs. Overdrafts support your day-to-day cashflow and can be used to cover expenses when you are waiting for customers to pay you.

Overdrafts are subject to application and status.

### Unsecured and secured lending

From £1,000 to £5million.

Having the right cash at the right time is vital. We've made it quicker and easier to take out a Barclayloan for Business.

Terms are subject to application and status.

### Commercial mortgages

Looking to buy? You can apply to borrow up to 80% of the valuation or property purchase price, and we have a range of repayment options so your mortgage meets your needs.

NOTE: ANY PROPERTY USED AS SECURITY, WHICH MAY INCLUDE YOUR HOME, MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE.

[Visit barclays.co.uk/business-borrowing](http://barclays.co.uk/business-borrowing) to find out more.

To get in touch | 0345 605 2345\* | [barclays.co.uk/business](http://barclays.co.uk/business)

Subject to agreement, you can take an initial capital repayment holiday of up to 36 months, with the option of a further 12 months holiday during the life of the mortgage. Interest continues to be charged during repayment holidays.

Commercial Mortgages are subject to application and status.

### Cashflow Finance

Whether you need working capital to fund growth or simply to help with day-to-day obligations, Cashflow Finance can release up to 80% of the value of your unpaid invoices (the money tied up in your sales ledger), letting your business use this cash sooner rather than later. The rest of the invoice value is paid (minus fees) when the invoice is settled.

This service is designed for businesses forecasting sales of at least £100,000 in total per year, with a spread of debtors. You also need to be selling on normal credit terms, with no stage payments.

We can fund most types of business, but the industries we typically fund are Manufacturing, Engineering, Transportation, Wholesale and Recruitment.

Fixed debt protection can also be made available if required.

Cashflow Finance is subject to application and status.

Visit [barclays.co.uk/cashflow-finance](http://barclays.co.uk/cashflow-finance) or call 0800 015 0353\*\* to find out more.

Lines are open 8am to 5pm Monday to Friday

Our business lending appeals process enables you to appeal against a lending decision if you've been declined. Referring your decision process is part of our commitment to supporting you and your business. The process is monitored by an independent, external auditor to ensure that it's fair and effective.

## Alternative funding solutions

The key to helping start-ups get access to finance is offering alternatives to customers who cannot source finance through conventional means.

### Launcher Loan

- Provided by School for Startups, backed by the government, new businesses can apply for loans of up to £9,900, subject to meeting certain eligibility criteria.
- The loan is a government-backed low-interest business loan with a rate of 6.19% APR (fixed). The business can choose a repayment period from 1 to 5 years.

### Enterprise Finance Guarantee (EFG) scheme

- A government guarantee available to business customers with viable lending propositions but who are unable to provide enough security to meet our normal borrowing criteria.
- Loans of between £1,000 and £1 million are available through the scheme, with the government guaranteeing 75% of the loan.

### Community Development Finance Institutions (CDFI)

- We can also advise on other funding options, such as a loan from a Community Development Finance Institution (CDFI) or an angel investor group, which can lend the capital to help businesses when they need it most.

### Appealing a lending decision

- Our business-lending appeals process enables businesses to appeal against any lending decision whether they have been declined or aren't completely satisfied with the terms of a lending offer.

With the creation of the Launcher programme, School for Startups will provide start-up loans recipients with high-value training and mentoring in addition to free-to-attend boot-camps, access to our online community of start-ups and invaluable online support.

**Deag Richard**  
Founder, School for Startups

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 BARCLAYS

The National  
**Telegraph**

Date: 08 December 2014  
Page: 20,21

 eClips



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## ONE TOWN, THREE TOP ACHIEVERS...

Craigavon companies  
carry off awards at  
all-Ireland competition

BY CLARE NEILL

THREE CRAIGAVON COMPANIES WON MAJOR AWARDS AS PART OF AN ALL-IRELAND COMPETITION.

Pharma firm Almac was named overall winner in this year's Ulster Bank Business Achievers Awards at the final at the Mansion House in Dublin, the fourth successive Northern Ireland company to pick up the top accolade.

The awards are run in association with Invest Northern Ireland, Enterprise Ireland, the Belfast Telegraph and SmallBusinessCan.com.

The companies were judged on financial performance, company relations and achievements, future strategy and the development of new products and services.

Two other companies with headquarters in Craigavon also picked up awards in the ceremony ahead of a record crop from all over Ireland.

Avoncycle Foods was the all-Ireland winner of the Food and Drink Award while Janet McWilliam, chief executive of May Park, won a Judges' Special Recognition Award for her achievements.

The judges noted Almac's success in drug discovery, cancer diagnostics, research and development, and support of global clinical trials.

The firm employs more than 3,500 staff worldwide and with a turnover of £350m, the Almac Group was described as "truly a global leader in its field".

Deag Cooke, vice president of corporate marketing at Almac Group, said that the company had triumphed over other "outstanding companies" from all

over Ireland. "This is a fantastic recognition of the hard work by all our global teams and dedicated employees, without whom this success would not be possible," he said.

"These congratulations to everyone at Almac on making winning this coveted award possible – it is a true honour for all of us."

Almac will receive a comprehensive prize package including a bespoke publishing business with the Belfast Telegraph or Irish Independent and business mentoring from Enterprise Ireland.

In August the company and Invest Northern Ireland announced an investment of £54m over the next five years which will expand its Northern Ireland workforce by 10%, creating 300 jobs.

Last year the company opened hubs in Asia and the Pacific, and new packaging facilities will open in Singapore in the next few months.

Eileen Graham, head of Ulster Bank Northern Ireland, said that the awards recognised and rewarded great innovation.

"The calibre of entries we have seen this year was excellent, from those across the technology, environmental and service industry sectors to those that promote the island's world-class agriculture and food industries," she said.

"Ulster has traditionally punched above its weight in these awards and it's great news that Almac is keeping the title of Overall Business Achiever in the region for another year."

## Bank sets aside £1bn for loans to business

ULSTER Bank is making £1bn available for business lending this year.

This represents additional lending facilities and the bank is seeking applications from large and small companies and from both existing customers and non-customers that have growth plans.

Ken Mullanaghan, head of business banking at Ulster Bank, said: "In 2014 we are delighted to have £1bn available to help business as the real drivers of growth, employment and confidence in our economy."

"We know that many of our business customers view 2014 as a key year in terms of implementing growth plans, from introducing new products and services to expanding overseas and hiring additional employees."

"Access to funding is essential to ensuring they are able to fulfil these ambitions."

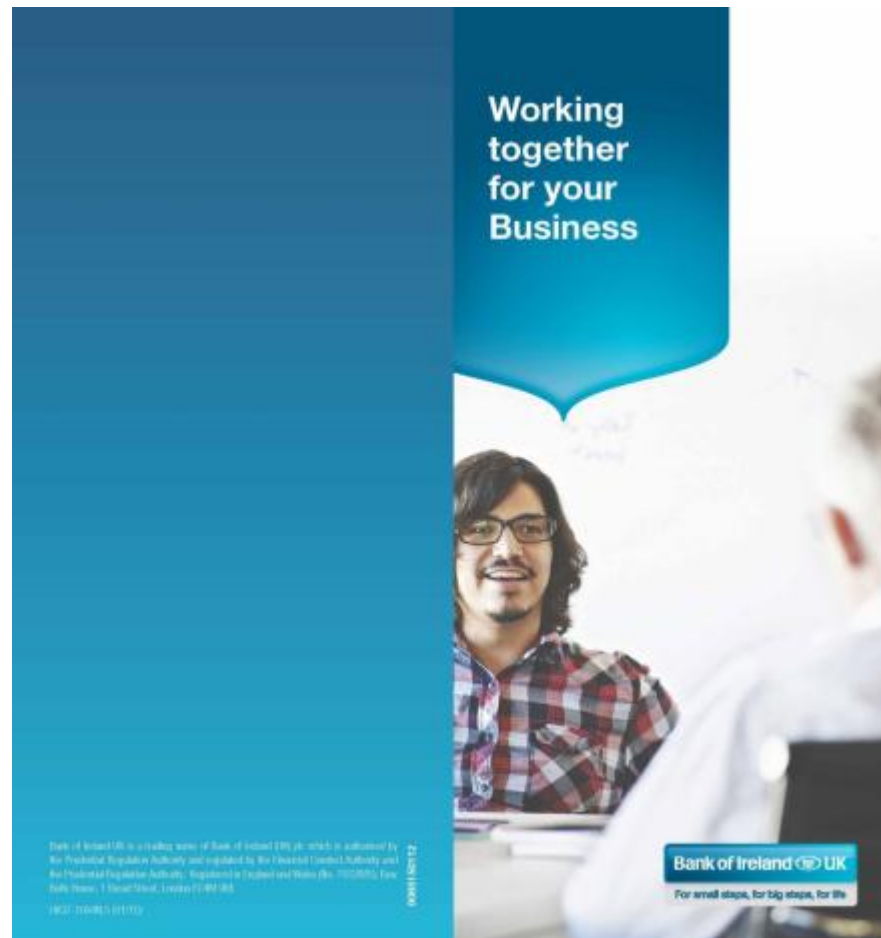
In support of the additional finance, Ulster Bank is holding support and networking events, entitled 'Ahead for Business'.

These will be held during the year in Belfast, Limerick, Galway, Cork, Drogheda, Sligo and the north west.



Ulster Bank is to lend support and networking events





## Contents

- Section 1: **Talk to us**
- Section 2: **Reviewing your business for the future**
- Section 3: **Managing your business today**
- Section 4: **Financial solutions**  
How we can help
- Section 5: **Applying for credit**  
What we look at  
What we look for  
Further areas to consider
- Section 6: **Our doors are open**



## Section 1

### Talk to us

When it comes to making the most of your business, Bank of Ireland UK is here to work with you and support you in finding the best way forward. This booklet aims to introduce you to Business Banking and how this might work for you and your business. Keeping lines of communication open is really important, so that you have all the support and guidance you need from us and to ensure we have a good understanding of you and your business and any issues you are facing.

Getting into the habit of regularly talking to your account manager will mean that they are better equipped to help you when you need it.

The following points will be helpful in building an effective working business with us:

- ▶ Always keep your account manager informed. Your account manager needs to understand your business, so talk to us and let us help you through the good times and the challenges
- ▶ Keep us updated on your business performance. For instance, you should regularly provide up-to-date management accounts with aged debtor / creditor listings. Your account manager will set this up for you
- ▶ Your account manager may ask to visit your premises; this is a good way for us to better understand your industry and operations
- ▶ We are here to help and can take you through funding arrangements and business banking options for your business; we know this is vital to growing your business
- ▶ Get the most from your bank. Ask your business manager for an annual review and ensure that you are aware of all the support that is available to you.

#### We will explain

- ▶ How we assess loans to businesses
- ▶ What information is key to us as your bank
- ▶ How you could improve your cash flow
- ▶ Alternative day-to-day banking solutions which may suit your needs.

See section 5 in this booklet for information on this. Section 2

## Section 2

### Reviewing your business for the future

The most important thing you can do to ensure the success of your business is to have a realistic plan for the future. A business plan is more than a tool to use while talking to us, this is a document which should be capable of moving with the times and keeping up with changing economic conditions. Taking time out to review the current state of your business and to identify any challenges that your business plan may be facing is a great way to start.

Reviewing your business plan will help you to identify any changes you need to make to help your business reach its full potential. With this information to hand you can begin to develop a plan of action which suits your business and enables you to work with us to drive your business. This plan could involve anything from reducing your cost structure and improving your debt collection processes to entering a new market.

In order to assist you in the process of putting your business plan together, we have provided an online template that can be accessed by visiting [www.bankofireland.co.uk/business](http://www.bankofireland.co.uk/business) and follow the link for our Credit Application Process.

Below are some questions to consider when conducting your business review:

1. Are you effectively managing your cash flow?
  - ▶ Debtor collection days
  - ▶ Creditor payment
  - ▶ Stock levels
2. Have you considered what might happen if your business suffered a financial loss due to the unexpected illness of you or your key staff?
3. Have you critically assessed your management capacity?
4. Is your business model sustainable and viable?
5. Do you have the capacity to trade through challenging times?
6. Are you examining your cost base regularly to ensure that it is in step with sales?
7. Are you looking at potential new markets – international, national or local?
8. Are you introducing new products or services to supplement your current activities?
9. Are you looking for new channels, such as online channels to reduce stock?
10. Are you being realistic in your projections? Do you need to adjust your projections?
11. Are you looking to sell unprofitable lines?
12. Have you thoroughly reviewed the market – sector performance, prospects, competitors, opportunities and threats?

## Section 3

### Managing your business today

While looking after your finances and keeping a close eye on your cash flow may seem run of the mill, it is always helpful to take a fresh look. Below we've included some areas to review, as well as some useful tips that should help you to re-examine your business processes and ensure that everything can run smoothly.

#### Debtors

Good credit control does not just happen. It is important that you have an effective system in place to ensure that you get paid on time. An effective and organised system will help you to control your cash flow and encourage your customers to pay you on time.

#### Stock levels

Don't carry more stock than you need. High stock will result in high storage and insurance costs and the risk of obsolete stock if your customers' demands change. While attractive discounts may make it seem like a good idea to hold high stock quantities, you must consider whether holding the stock will cost you more than the discount is worth.

#### Creditors

A well managed supply chain saves time and money. Make sure you receive benefits for purchasing in bulk and that the credit terms are favourable for the cash flow of the business. Build and maintain strong business with suppliers and understand their business.

#### Cash flow

- ▶ Ensure you have a cash flow plan in place and that you or someone in the business is monitoring on a weekly or monthly basis
- ▶ Try using 'what if' scenarios to see what will happen to your cash flow if sales are 20 / 30% greater or less than your forecast
- ▶ Stress test your cash flow. For example, if your debtors take an extra 30 days to pay or if your creditors want payment up front, how will this impact your cash flow?
- ▶ Be cautious about how quickly you expect your customers to pay you. It's better to expect slow payment and then receive the cash more quickly
- ▶ Try to have a contingency reserve of cash to cover unexpected costs or a sudden shortfall in receipts
- ▶ If you run into difficulty and cannot pay a supplier on the due date, talk to them immediately. The earlier you talk to them, the more flexibility they will be able to show and the more likely they are to accommodate an extension

## Section 4

### Financial solutions

- ▶ Try our online Cash Flow Planner, which has been specifically designed by Bank of Ireland UK to support business by visiting [www.bankofireland.co.uk/business](http://www.bankofireland.co.uk/business) and follow the link for our Credit Application Process.

#### Communicate with your staff

It is vital that all staff are aware of any changes you are making to your business. This will motivate them during uncertain times.

#### Bookkeeping

Don't solely rely on your accountant producing annual accounts – you need a system in place to capture and decipher financial information regularly. Knowing how your business is performing at all times will enable you to react quickly to any issues identified. It's worthwhile considering doing your own bookkeeping.

#### Managing existing debt

- ▶ Ensure you are using the correct form of borrowing for your business. Perhaps an alternative method would be better for your business e.g. invoice finance instead of an overdraft
- ▶ Present up-to-date financials on a regular basis and ensure the figures are accurate. Avoid delays submitting up-to-date information if it has been requested, as this may be perceived as a 'warning sign'
- ▶ Be aware that if your debt goes 90 days in arrears, it is deemed 'in default' and may affect your credit rating going forward
- ▶ Avoid unauthorised excesses, missed payments, lack of turnover in account etc., as these will all affect your credit rating and increase your costs
- ▶ If you have a need to refinance or restructure existing debt, contact your account manager as soon as possible. They will work with you and help you in any way they can
- ▶ Make sure you show awareness of any issues facing your business and illustrate systems / plans that will be put in place to address these.

There are various sources of finance available to business customers. It is important to consider the suitability and benefits of each source. The options available to you when looking to raise finance for your business include:

- ▶ Your Own Resources
- ▶ Venture Capital Funding
- ▶ Internal Company Sources
- ▶ State Support
- ▶ Business Banks.

In the following section, we outline the financial support available.

#### How we can help

No matter what kind of business you run, there could be a financial product that will suit it. Your account manager can talk you through a product that matches your business needs, but for a quick overview take a look at the more common types of bank debt facilities available.

### Overdraft\*

#### What is it?

- ▶ An agreed amount that your current account can go overdrawn by
- ▶ Repayable on demand
- ▶ Interest rate is variable and fluctuates in line with general market rates

#### What should it be used for?

- ▶ Seasonal or temporary cash flow requirements
- ▶ 'Bridge' the period between supplying goods and getting paid. This is a key cash flow management tool

### Term Loan / Loan\*

#### What is it?

- ▶ Negotiated for a fixed period
- ▶ Repayments are structured
- ▶ Interest rates can be fixed or variable

#### What should it be used for?

- ▶ To fund capital arrangements/purchase of assets

### Lease (or Asset Finance)\*

#### What is it?

- ▶ A form of rental
- ▶ Equipment is chosen by the lessee who will be responsible for the suitability and condition of the asset chosen
- ▶ Lessor retains ownership of the asset
- ▶ Lessee makes regular agreed payments to the lessor
- ▶ Typically for periods of 3 to 5 years.
- ▶ What should it be used for?
- ▶ Vehicles, Equipment and Plant.

\*Subject to Bank of Ireland UK lending requirements

### Invoice Finance (Sometimes called Invoice Discounting or Commercial Finance)

#### What is it?

- ▶ A versatile and efficient source of finance that enables you to convert your trade debts into cash
- ▶ Release typically 85% of the value of your invoices with the balance available to you, less our charges when your customers pay
- ▶ There is usually no need to pledge additional security as the facility is secured on your sales ledger.

#### What should it be used for?

- ▶ Profitable, growing business with a need for additional working capital.

### Business Credit Card\*

#### What is it?

- ▶ Specifically designed for businesses to assist in the efficient management of business expenses
- ▶ Can have as many cardholders as necessary on one account
- ▶ Accepted worldwide
- ▶ Currently an annual fee on the card.

#### What should it be used for?

- ▶ Business expenses e.g. travel, petrol, toll charges, client entertainment, etc.

## Section 5

### Applying for credit

When it comes to approaching us for credit many people are unsure as to what they will need to do. Talk to your account manager to understand what this entails. You'll be asked to produce certain documentation or information which we will use to assess your credit application based on a range of criteria.

This section outlines what type of documentation you may be asked for and why. It also sets out the key areas we will look at when assessing credit applications and other factors that are important in the overall process.

For online Tools & Support in making an application for credit, visit [www.bankofireland.co.uk/business](http://www.bankofireland.co.uk/business) and follow the link for our Credit Application Process.

### What we look at

Your application will be assessed under a number of headings. Some of the key areas include:

#### Business owners background

Your account manager will first look to you as the business owner, and your track record in dealing with previous bank borrowings. We may do this by searching your records held by credit reference agencies. Please refer to our brochure A Guide to Banking for Business Customers for further information on Credit Reference Searches or speak to your account manager.

#### Ability

Your ability to provide evidence that you are planning for the future and are dealing with the issues that your business is facing is a key element in helping us assess the finance application. Your account manager will also look at your track record in business, and your management ability and experience.

#### Purpose

The purpose of the loan is very important, for instance, is the loan needed for working capital, investment capital or expansion? Always ensure that the purpose of the loan fits with the strategic objectives of the company, as we will need to understand how the new funds will benefit your business.

#### Amount

You need to ensure that you apply for the right level of facility and must consider all costs when looking to raise new finance. For example, the purchase of a machine might cost £50,000, but with installation and other costs, the actual cost might be £55,000. Underestimating the total funding amount needed can be harmful as this may eat into valuable cash.

#### Repayment capacity

Your business needs to be able to repay the finance facility. If it's a term loan or lease, we will look to see whether the income of the business will be able to meet the repayments of the loan / lease.

We will also look at all other financial commitments and the source of repayment. In the case of an overdraft, we will need to see that this facility is there to support the cash flow of the business. The Business Current Account should not have to use the overdraft all of the time.



#### Market

The market and your business' place within it are central to an assessment of your application. We will review the local market to identify anything that might have either a positive or negative impact on your business, as well as reviewing any assumptions that you have set out in your business plan against normal market trends.

#### What we look for

Evidence that you are planning for your business e.g. cash flow projections or brief action plan.

- ▶ This allows us to gain an understanding of you as a business owner, the market, product / service, the assumptions supporting the financial projections and details of your future plan.

Up-to-date financials and management accounts with up-to-date information on debtors and creditors, stock, work in progress, etc.

- ▶ This enables us to gain background information on how your business performed in the past and how it is likely to perform in the future.

Tax confirmation by Accountant.

- ▶ This clarifies that all tax payments are up to date and in order.

Proof of contracts, copies of invoices and letters from customers.

- ▶ This backs up information on order book.

Business and / or personal bank statements (only if your account is held with another financial institution).

- ▶ This enables us to review current account operation.

Certification of incorporation & certificate of business name.

- ▶ This enables us to comply with anti-money laundering requirements.

Documentation of company directors i.e. proof of name and proof of address.

- ▶ This enables us to comply with anti-money laundering requirements.

#### Further areas to consider

##### Security / Collateral

Security, also known as collateral, may be requested as part of the terms of borrowing. Collateral such as property or assets are used as security against a loan. When a borrower repays the loan in full and on time the collateral is returned to them. However, should a default occur, the Bank will have the right to the collateral as part of the terms of the borrowing. This may involve the Bank taking possession of the asset and releasing its value by selling it. The proceeds would then be applied to the balance of the loan owed to the Bank. In most cases, this will be used as a last resort and the institution will strive to avoid selling the assets or calling in the guarantee.

##### Level of collateral required

The level of collateral required will depend on the nature of risk inherent in the application. Most company account borrowings may require a Personal Letter of Guarantee from the directors of the company. This is to safeguard the financial institution in the unfortunate event of the company failing. A personal guarantee shows the owners' personal commitment to the business.

##### Loan Protection

In order to safeguard yourself as a borrower, it is usually a good idea to ensure that Life, and sometimes Critical Illness, cover on the borrower(s) is in place. Talk to us to find out more.

#### Our risk rating system

The Basel framework is an international business standard that requires financial institutions to hold enough cash reserves so as to cover their risks. In accordance with Basel, Bank of Ireland UK uses a risk rating system to assess credit applications from business customers. The result of your risk rating will affect our willingness to lend, the interest rate applicable and the conditions of the loan. It is worth noting that:

- ▶ All customer risk rating levels are updated on an ongoing basis based on new loan applications, the operation of the existing account and new / annual information e.g. financial statements
- ▶ If your individual credit rating weakens over time it can result in tighter control of your account and a reduction in the availability of credit
- ▶ As a business owner it is your responsibility to manage your accounts and stay close to your bank, in order to better inform them of the performance of your business.

#### Interest rates

We will assess the level of risk in the application and determine the cost of the loan / facility based on the risk and cost of us funding the amount being borrowed. Different rates are available with different finance options, so ensure that you are using the correct type of solution for your business; otherwise you could be paying higher interest rates than necessary. Talk to your account manager to find out more.

#### Timings

Under normal circumstances and subject to receipt of all necessary information, your account manager will inform you of the decision on your application for credit within 2-3 days.

#### Credit approval

If your application is successful we will write to you setting out our agreement. We will make our requirements clear and will recommend that you obtain independent advice before entering into any agreement. Information on the rates applicable to your facility will be included in your facility letter.

Where an application for credit is declined, we will explain the reason why and how you can appeal

against the decision.

Appeals should be sent in writing to the following address within 30 days of receiving your declined decision:

Bank of Ireland UK  
Business Banking Central Team  
7th Floor  
1 Donegall Square South  
Belfast  
BT1 5LR

#### Arranged overdraft limits

If you exceed your arranged overdraft limit, you may incur increased fees and charges, including higher interest rates. Please refer to our Rates and Product brochure for details.

If the present limit on your current account is not adequate, discuss the possibility of increasing your limit with your account manager.

## Section 6

### Our doors are open

At Bank of Ireland UK we are committed to helping you at every stage of your business.

We have a range of support and advisory guides with information relevant to all aspects of starting and running a business.

Dedicated account managers in our local branches and business centres are contactable between 9.30a.m. to 4.30p.m. Monday to Friday (excluding Bank / Public Holidays).

Information on our range of products and services and details of how to make an enquiry online, can be found at [www.bankofireland.co.uk/business](http://www.bankofireland.co.uk/business)

Internet Banking  
[www.boi-bol.com](http://www.boi-bol.com)

Telephone Banking  
08457 365 555

Commercial Finance  
[cfsales@boini.com](mailto:cfsales@boini.com)

#### Useful business supports

Business Banking  
[www.bankofireland.co.uk/business](http://www.bankofireland.co.uk/business)

Lending Standards Board  
[www.lendingstandardsboard.org.uk](http://www.lendingstandardsboard.org.uk)

Companies House  
[www.companieshouse.gov.uk](http://www.companieshouse.gov.uk)

Federation of Small Businesses  
[www.fsb.org.uk](http://www.fsb.org.uk)

HM Revenue & Customs  
[www.hmrc.gov.uk](http://www.hmrc.gov.uk)

Law Society  
[www.lawsociety.org.uk](http://www.lawsociety.org.uk)

Department for Business Innovation & Skills  
[www.bis.gov.uk](http://www.bis.gov.uk)

Intellectual Property Office  
[www.ipo.gov.uk](http://www.ipo.gov.uk)

Market Research  
[www.mrs.org.uk](http://www.mrs.org.uk)

Invest NI  
[www.investni.com](http://www.investni.com)

Business Information  
[www.nibusinessinfo.co.uk](http://www.nibusinessinfo.co.uk)

Intertrade Ireland  
[www.intertradeireland.com](http://www.intertradeireland.com)

European Investment Bank  
[www.eib.org](http://www.eib.org)

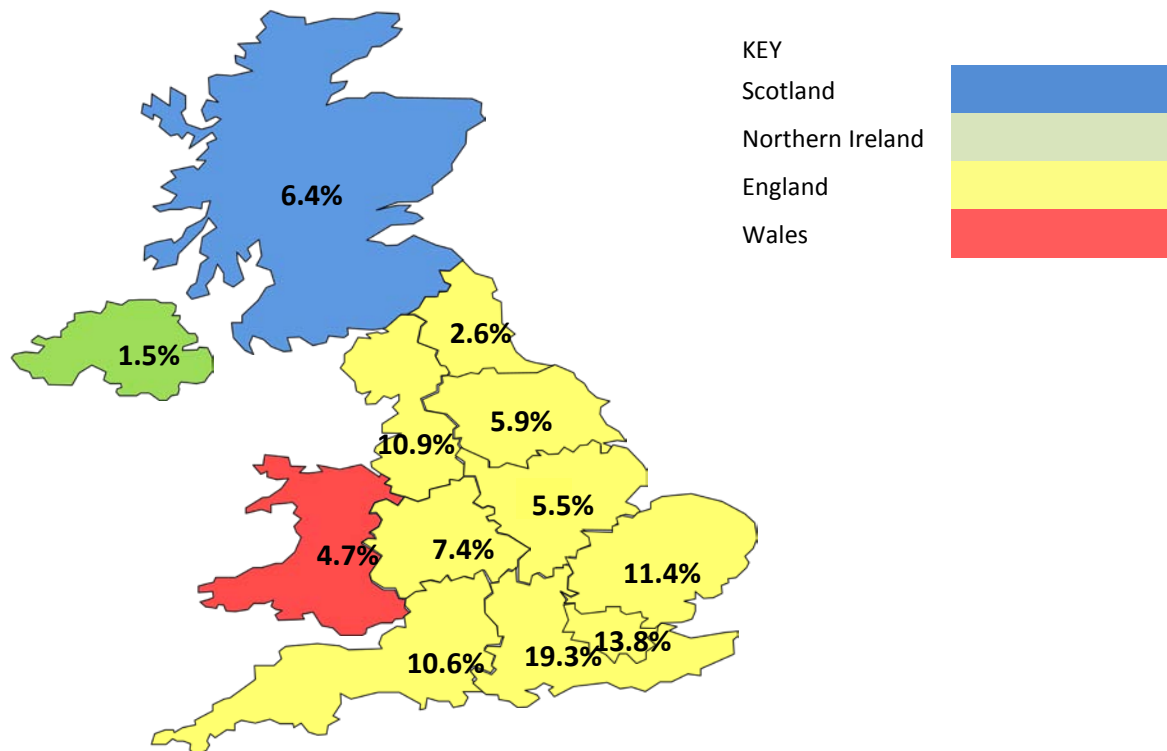
UK Loan Guarantee Scheme  
[www.gov.uk/understanding-the-enterprise-finance-guarantee](http://www.gov.uk/understanding-the-enterprise-finance-guarantee)

Notes

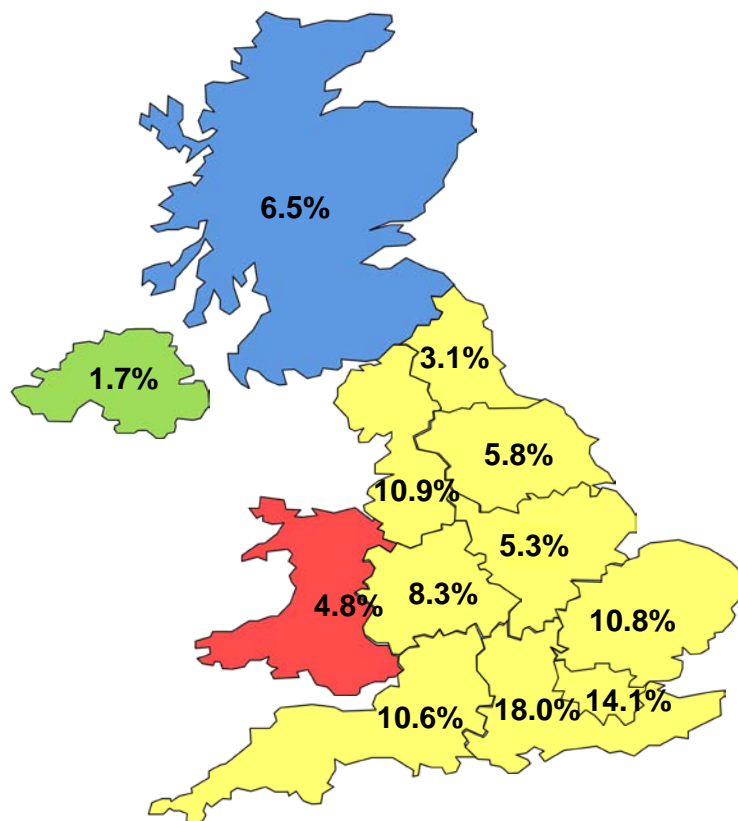
Notes

## Annexe H – General Tables – Updated May 2015

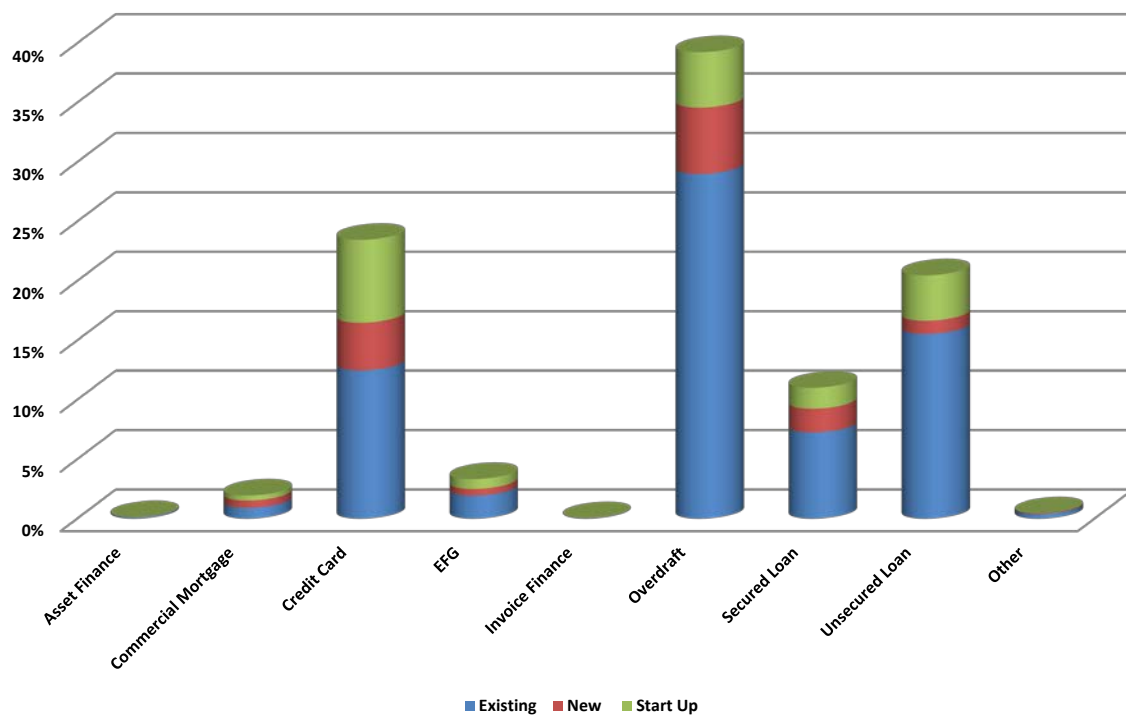
### Appeals by Government Office Region – (Apr 2011 – Mar 2015) - Combined



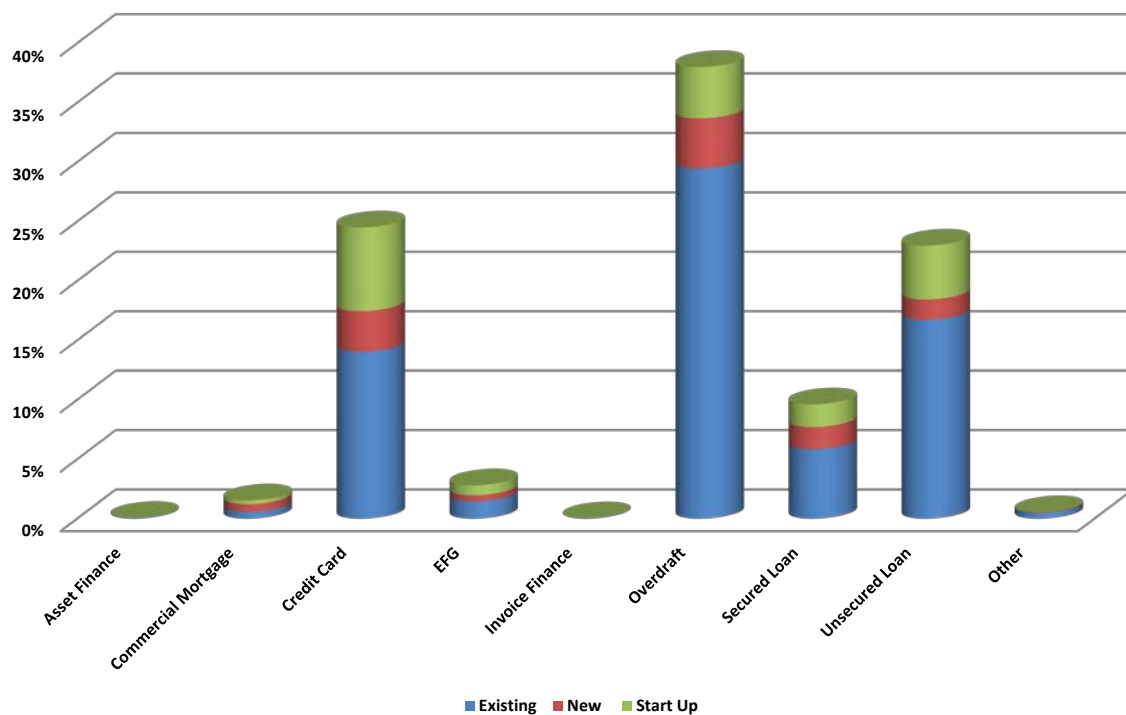
### Appeals by Government Office Region – Years 3 & 4 only



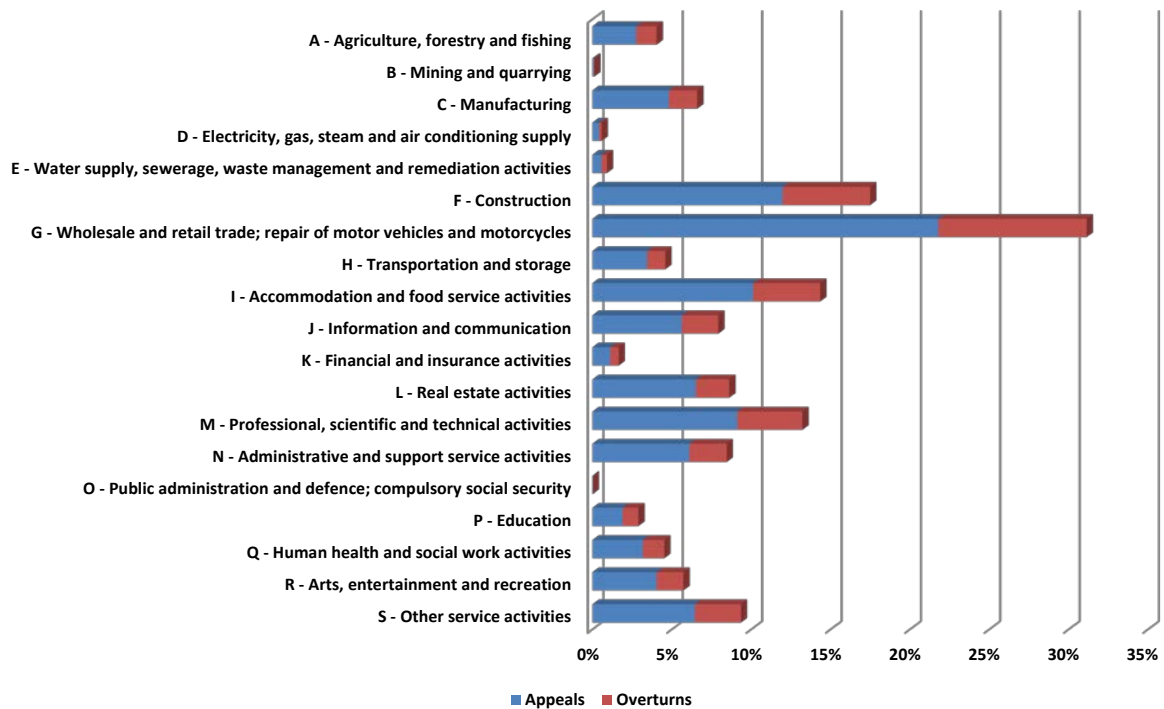
**Appeals by Lending Product / Type of Customer Years 1 - 4 (April 2011 – March 2015)**



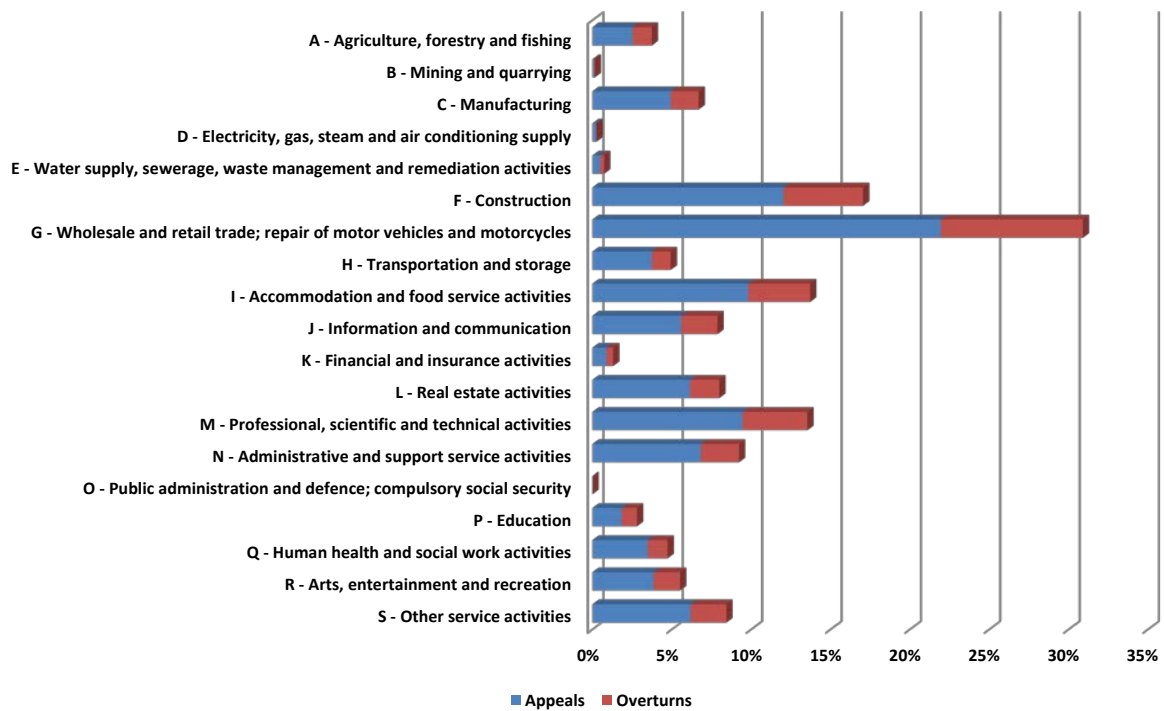
**Appeals by Lending Product / Type of Customer Years 3 & 4 only**



### **Appeals by Industry Sector - Years 1 - 4 (April 2011 – March 2015)**



### **Appeals by Industry Sector - Years 3 & 4 only**





### Appeals by Size of Lending Request - Years 1 - 4 (April 2011 – March 2015)

Size of Lending Requested (New Monies)	Appeals	Overturns
≤ £10k*	65.5%	32.5%
£10k < x ≤ £25k	16.9%	6.0%
£25k < x ≤ £50k	4.1%	1.2%
£50k < x ≤ £100k	3.8%	0.7%
£100k < x ≤ £250k	5.0%	1.0%
£250k < x ≤ £1m	3.8%	0.7%
x > £1m	0.9%	0.1%
<b>All Lending</b>	<b>100%</b>	<b>42%</b>

\* Segment includes requests to review/renew facilities where no New Monies (additional funding) was requested

### Appeals by Size of Customer Turnover - Years 1 - 4 (April 2011 – March 2015)

Customer Turnover	Appeals	Overturns
£0 < x ≤ £100k*	53.1%	22.4%
£100k < x ≤ £250k	23.0%	9.8%
£250k < x ≤ £1m	18.6%	8.1%
£1m < x ≤ £5m	4.7%	1.8%
x > £5m	0.6%	0.2%
<b>All Lending</b>	<b>100%</b>	<b>42%</b>

\* Includes appeal cases where customer turnover is unknown