



**BETTER
BUSINESS
FINANCE**
.CO.UK

LENDING PRINCIPLES FOR LARGER BUSINESSES



What the Principles cover

The Lending Principles set minimum standards of good banking practice that larger business customers¹ can expect when banking and doing business in the UK.

The Principles cover key aspects of the relationship between banks and larger business customers, from product information and credit application to ongoing communication and dealing with difficulties if things go wrong.

Who they apply to

The Principles apply to businesses with a turnover of less than £25 million but do not cover the smaller business segment, which is protected by the Lending Code².

Which banks follow them?

These Principles are followed by the five largest UK banks. The banks are Barclays, HSBC, Lloyds, RBS and Santander.

Each bank will use their systems and publications to promote and reinforce these Principles, and will make sure that all relevant staff understand and apply them.

1 Financial Institutions are not covered by these principles

2 The Lending Code applies to firms with a turnover below €2 million per annum. It can be found at www.lendingstandardsboard.org.uk

How to use them

You can use these Principles to check that your bank is dealing with you in line with the commitments they have made to support UK business. If you believe that your bank has failed to meet these standards for lending then you should raise this with your bank.

If a satisfactory outcome cannot be achieved you have the right to complain through the bank's formal appeals process³.

Our key commitments to you

- We will act fairly and reasonably in all our dealings with you
- We will always lend money responsibly
- We will make sure our business managers put these Principles into practice.

³ Details of your bank's formal appeals process can be found on its website or by asking for details in branch

THE LENDING PRINCIPLES

To ensure you can get appropriate information about our products and services, we will:

- make sure our advertising and promotional literature is fair, clear and not misleading
- provide clear information about products and services: how they work, their terms and conditions and the interest rates and charges that apply to them
- use either in-house guides or industry-standard literature to provide guidance on the factors that determine our pricing.

To ensure you are treated fairly if you are interested in our products and services, we will:

- be happy for you to bring professional advisers with you to support you in your discussions with our business managers
- give you clear guidance on the information and documents we will need to see during your application
- always inform you of the time it is likely to take for a lending decision to be made
- confirm the conditions of any agreement (borrowing, guarantees, bonds, and so on) in writing
- discuss with you, before you accept the agreement, what sort of monitoring information we need and how often we need it.

If we are not able to accept your application for finance, we will:

- provide you with proactive and clear feedback
- tell you where to find information and advice about improving your creditworthiness
- provide information on alternative forms of finance, if appropriate
- have in place a fair and effective appeals process to review our decision
- inform you of your right to appeal.

If you have finance with us, we will:

- contact you periodically to review your circumstances and ensure the services we provide to you are still appropriate
- contact you in advance of any changes we need to make in our relationship with you
- work with you and your advisers – when you ask – to clarify any aspects of our relationship, products and services
- initiate a dialogue with you at least 12 months ahead of any term loan coming to an end, when refinancing may be required (this applies for loans expiring from January 2012 onwards).

If your business suffers financial difficulties, we will:

- consider your circumstances sympathetically and positively. If we have concerns about your business or our relationship with you, we will let you know in writing and offer to discuss these with you personally.
- support a rescue plan, if we believe it will succeed.

USEFUL RESOURCES

Useful information can be found here:

→ www.betterbusinessfinance.co.uk

→ www.businessgrowthfund.co.uk

→ www.businesslink.gov.uk

ABOUT BETTER BUSINESS FINANCE

Better Business Finance provides impartial information and support to business customers looking to raise finance. It is supported by the British Bankers' Association and the banks involved are Barclays, HSBC, RBS, Lloyds and Santander. More information can be found at www.betterbusinessfinance.co.uk