

Principles for lending

Application

Below are the overarching principles that registered firms which lend, and/or undertake associated debt collection activities, to business customers should use to govern their relationship with them.

The Principles for Lending and Standards of Lending Practice apply to:

- Overdraft, loan (excluding trade loans), commercial mortgage, credit card and chargecard products.
- Registered firms and any third parties that retail and service the lending products listed above on behalf of a registered firm.

Registered firms will ensure that their business customers:

- a. Are told about the products the firm has to offer and provided with clear information to enable them to choose a product that meets their needs.
- b. Are provided with information about how to apply for the different products a firm offers; what the application process entails and any other requirements a firm may have.
- c. Are aware of the high level basis on which the firm will make its decision to lend to them. If the customer's application is declined the primary reason for this will be provided.
- d. Are aware that they have the right to appeal a firm's decision to decline their application and, where appropriate, have the option to be referred to alternative sources of finance.
- e. Will be provided with clear and understandable documentation which sets out their obligations under their agreement with the firm.
- f. Are aware of the options open to them if they anticipate, or a firm becomes aware, that they will have or are experiencing difficulty in repaying their borrowing.
- g. Will know what happens when they have repaid their borrowing or no longer require it.