

What is Debtor Protection?

It's an additional service that Ultimate Finance provides you with which sits alongside your invoice finance facility and can help protect your business from bad debts. Debtor Protection is not an insurance policy and at no point do you have a contract with any insurer.

Benefits of Debtor Protection

Debtor Protection transfers the risk of non-payment from you to us and means that you can extend credit safely knowing that your invoices are protected should the worst happen.

Types of Debtor Protection available:

There are two types of Debtor Protection:

- Selective Debtor Protection means that the service will only apply to a selected number of debtors, subject to an agreed limit being in place.
- Whole Turnover Debtor Protection means the service will apply to all debtors, subject to an agreed limit being in place.

What is covered?

Debtor Protection applies to invoices that remain unpaid because of a debtor's insolvency or protracted default. It normally pays 90% of the net invoice value subject to a minimum retention by you of £1000 or 10% whichever is greater, per claim.

What isn't covered?

Invoices that are connected to or unpaid due to:

- Disputes
- Government bodies
- Trade (supplier transactions)
- Damages
- Compensation
- Penalties
- Pay when paid
- Fraud
- VAT

How to ensure an invoice is protected by Debtor Protection

- You will need to apply for limits which will be individually agreed via the online platform we provide you with access to. You are not guaranteed any limits and whether a limit is given for a particular debtor will depend on a number of things.
- Limits should be requested and agreed in writing before you supply the goods or services. If this does not happen it is likely to mean that the debtor you want Debtor Protection for is not covered.

Charging

- Debtor Protection is charged as a fixed % of your ledger, plus VAT depending on whether it is selective or whole turnover Debtor Protection.
- All active limits are charged at a set fee per month, plus VAT.
- [Full details of these charges are included within your agreement with us].

What support will I receive?

- We have a dedicated team on hand to help you with any queries
- You will be provided with online access and a guide on how to use the online system.
- You will be able to request, view and cancel any limits on the online system.

Your obligations

- You must ensure you always apply for limits on the correct legal entity of the debtor you are trading with. This is very important! If you are unsure, you should check your contract with the debtor for details.
- Debtor Protection has a maximum extension period of 60 days. This means if an invoice remains unpaid 60 days past its due date, any further invoices will not be covered until the account is brought back into line. For example, if your payment terms are 30 days date of invoice, once an invoice reaches 90 days, it has reached the maximum extension period. It is at this point you must notify us immediately and we recommend you place your customer on stop, until payment is received.
- Invoices must be raised within 45 days of goods being dispatched or services provided.
- The maximum terms of payment are 120 days, and you must inform us if they are greater. If you do not do this, this will affect the Debtor Protection available to you.
- It is imperative that if you become aware of any adverse information regarding your customers, it is reported to Ultimate Finance immediately. For example, customers who indicate cash flow difficulties and knowledge of the Insolvency of a customer.
- When carrying out credit control, please ensure you retain notes, as these may be required in the event of a claim.