



Pronimen Trade Credit Application Form

Company/Trading Name (in full) of Customer :

Nature of Business:

Type of Legal Entity:

Tel No:

Email Address:

Established (No. of Years):

Invoice Address:

<<Town>>

Registered/Principal Office Address :

<<Town>>

<<Postcode>>		<<Postcode>>	
Contact Name:		Company Registration No:	
E-Mail address:		VAT Registration No:	
Business accounts available	<<Yes/No>>	Years available:	<<State years e.g. 2021/22>>
Bank Name:	A/c Name:	A/c Number:	Sort Code:

Sole Trader/Partner 1/Director 1

Partner 2/Director 2

Full Name:	DOB:	Full Name:	DOB:
Home Address:		Home Address:	
<<Postcode>>		<<Postcode>>	

Bank Reference

Trade Reference 1

Trade Reference 2

Institution Name:	Company Name:	Company Name:
Contact Name:	Contact Name:	Contact Name:
Address:	Address:	Address:
<<Postcode>>	<<Postcode>>	<<Postcode>>
Telephone No:	Telephone No:	Telephone No:
Duration of Relationship:	A/C Open Since:	A/C Open Since:
	Credit Limit:	Credit Limit:
Expected Monthly Sales: £	Credit Limit Required: £	
Credit Terms Required:	30 Days	45 Days
		60 days

Agreement to the Company's Terms and Conditions

1. The Customer notes and agrees that the Company's Terms and Conditions for the Supply of [Goods] [and] [Services] ("the Terms") which the Customer has received or are attached will apply to all sales to the Customer, and that the Customer will abide by the Terms in relation to each transaction. The Customer accepts and agrees that the Company may vary those Terms from time to time and that the Terms as varied on each occasion will apply to those transactions taking place after the Company has notified it of the variation.
2. The Customer notes and agrees that if the Company accepts this application, the Terms will thereby be varied so as to allow the Customer payment terms of <<30>> days from date of invoice. The Customer hereby confirms that if credit facilities are approved it will pay the account as per those payment terms and it agrees that if it does not pay the account as per those payment terms, the Company may forthwith, without notice, withdraw the credit facility and that all sums then outstanding will become due forthwith.
3. In processing this application for credit facilities the Company will make enquiries of credit reference agencies and other third parties who may record those enquiries. The Company may also disclose information about the conduct of the Customer's account to credit reference agencies and other third parties. The information obtained from or provided to credit reference agencies or other third parties may be used when assessing further applications for credit terms, for debt collection, for tracing and for fraud prevention.
4. The Customer hereby consents to a credit search being made on the Customer and the signatory below hereby consents to a credit search being made on him/her as owner/partner or director of the Customer, both now and at any future date. All of his/her personal information that the Company uses for that purpose will be collected, processed, and held in accordance with the provisions of Data Protection Legislation and his/her rights under the Data Protection Legislation.
5. For complete details of the Company's collection, processing, storage, and retention of personal data including, but not limited to, the purpose(s) for which personal data is used, the legal basis or bases for using it, details of his/her rights and how to exercise them, and personal data sharing (where applicable), please refer to the Company's Privacy Notice available from <<insert location>>.
6. "Data Protection Legislation" means all applicable legislation in force from time to time in the United Kingdom applicable to data protection and privacy including, but not limited to, the UK GDPR (the retained EU law version of the General Data Protection Regulation ((EU) 2016/679), as it forms part of the law of England and Wales, Scotland, and Northern Ireland by virtue of section 3 of the European Union (Withdrawal) Act 2018); the Data Protection Act 2018 (and regulations made thereunder); and the Privacy and Electronic Communications Regulations 2003 as amended.
7. The signatory below declares that the information given above is accurate.

This application must be signed by a <<Director/Partner/Proprietor>> of the Customer.

Signed:		Print Name:	
Date:		Position:	
Company Credit Control Use			
Credit Limit: £	Authorised by:		Customer Advised:

Guidance Note: Trade Credit and Credit Control

1. Introduction

This Guidance Note is designed to assist businesses which trade with any of their customers on credit terms - that is, they allow time to pay rather than requiring payment in advance or with order, or on or before delivery of goods or supply of services. Management time is wasted chasing late payments and initiating court actions to recover debts, and legal costs will be incurred once you issue court proceedings. It is prudent to try to minimise such time wasting and expense by taking preventative measures.

We have therefore outlined below:

- points to be considered where a customer wishes to benefit from credit terms;
- some of the measures you might take and processes that you might operate within your business for that purpose before you grant credit; and
- suggestions as to how to manage the situation (i.e. credit control) when you do operate such credit facilities.

This note does not also deal with debt recovery or legal action. Our **Guidance Note: Debt Recovery and Legal Action** deals with the means by which you may seek to recover payment where a customer fails to meet his payment obligations to you. Where the debtor is a sole trader, you might need to take account of whether The Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium) (England and Wales) Regulations 2020, effective from 4 May 2021 ("the Regulations") limit or prevent you from taking steps to obtain payment (see our **Guidance Note: Debt Recovery and Legal Action**).

2. Credit Checks

You should perform adequate credit checks on new customers before offering them any credit facility. This could include any or all of the following:

Court Judgments

You might check whether a new trade customer has any court judgments outstanding against them. This can be checked by an online search, for example at <http://www.trustonline.org.uk>.

References

You might take up references from several sources. Typically they will be from:

- the customer's bank;
- at least two other businesses that supply the customer;
- the customer's accountant and/or solicitor (or others) where substantial sums are

- involved and/or where the customer is a large entity;
- credit reference agencies.

Financial Statements

Whether your customer is a sole trader, partnership or company, you might seek copies of their accounts and balance sheets for the last complete financial year of trading and for previous years (typically two years) in order to judge their financial position.

Personal Assets

Where your customer is a sole trader or partnership, you might also ask to see evidence of ownership of their personal assets.

3. Credit Control: Preventative Measures

Terms of Contract

You should ensure, before you agree to grant credit terms to any customers (both credit and cash customers) that they are issued with a tightly drawn agreement or terms and conditions, in which payment terms are clearly set out. For example, see our:

- *Terms and Conditions for Supply of Goods and Services (Business to Business) (BUS.TC.05).*

Your terms for credit should clearly state the maximum credit period and maximum credit amount, and you should ensure that these terms are prominently shown in your terms and conditions and on your invoices.

Third Party Guarantee

Where your customer is a sole trader you might ask him/her to provide a personal guarantee from a third party. This is an option where the sole trader cannot provide you with adequate comfort about his/her trading/financial history or personal assets, but you will need to be satisfied that the financial position of any proposed guarantor will enable him/her to meet his/her guarantee obligations. Similarly, where your customer is a partnership.

Where your customer is a company, and its financial statements indicate that it might not have the wherewithal to meet its payment obligations, you might look for a third party guarantee from a director, shareholder or parent company but you will need to be satisfied that their financial position will enable him/her to meet his/her guarantee obligations.

Security Over Assets

Mortgage/Legal Charge: A more complicated option would be to obtain security over particular property or other assets of the customer (to secure payment of his/her debts to you) but this might take time to set up. Whether this is a realistic option will depend on what property or other assets the customer owns. It will also depend on whether it is actually possible to create security over the property/assets in question. For example, there might already be security over the particular property/assets in favour of a third party (e.g. a bank) and that might render it impossible to create further security over them, or it may be that further security over them will be inadequate if their value is insufficient after the third party's claim is exercised.

Floating Charge: If your customer is a company, you might be able to take security over its assets generally by means of a “floating charge” but this may not be an available option, for reasons similar to those above in relation to particular property or other assets of the customer.

Retention of Title

Where you sell goods or materials to your customer, you might be able to add a trading term to your terms and conditions of sale whereby the customer agrees that there will be a “retention of title” over the goods/materials sold. In short this means that it is agreed that when you deliver goods/materials to your customer, it will only become the owner of those goods/materials once it has paid you for them in full. Some such arrangements can be quite complicated depending on the particular circumstances and you will need to take legal advice on whether “retention of title” can be an option for you, the wording of the “retention of title” that you should use, and how you should manage the practical aspects of the arrangement.

4. Credit Control: Collecting Payment

Irrespective of any other measures (such as those outlined above) that you might take, there are, as follows, a few simple and essential procedures that you should follow in all cases.

Invoicing

You should ensure that invoices are issued in a timely manner, and in accordance with the terms and conditions or agreement.

Discount/Rebates for Prompt Payment

This can incentivise a customer to pay on time, and might boost your cashflow, but you will need to cost this properly. You also need to be aware that some customers might claim early payment discount but still pay late. You might give regular rebates to customers who have paid on time, based on a percentage of the value of their purchases.

Debt Factoring

This is a financial arrangement in which a factoring company (often a bank) buys debts from you, takes responsibility for collecting money relating to your business invoices, and immediately pays you part of the total amount owed on the invoices. It may effectively improve your cash flow but, in addition to the discount that you allow to the factor (i.e. the part of the debts that the factor does not pay to you when it buys your customer debts) there are some significant disadvantages which need to be carefully considered. You also need to be aware that a factor will only take on debts due from your customers that the factor deems creditworthy.

Reminders

Once payments become overdue, the first step is to send a reminder letter. This records the late payment, the amount outstanding, the invoice(s) in respect of the amount and the

breach of credit terms. It requests payment by return or, pending payment, correspondence to explain the delay. If the amount owed by the customer represents more than one invoice, a statement should be enclosed with the reminder letter so that the amount payable by the customer can be easily verified. You might need to consider if or how the Regulations referred to at "1" above apply in relation to sending a reminder.

Interest

If you are able to claim interest on late payment, your customer will have an incentive to pay you more quickly, or at least prioritise payment to you rather than another creditor who is not claiming interest. You might include amongst your trading terms and conditions a clause for payment of interest on monies due, but even where you do not do so, you can claim interest under the Late Payment of Commercial Debts (Interest) Act 1998 ("CDA"). Under the CDA, a creditor is entitled to charge interest on the debt where the contract is silent on the subject of interest. Please note that the CDA only applies where both the supplier and the customer are acting in the course of a business.

Third Party Takes Over the Debt

Sometimes a third party will agree to pay the customer's debt, in exchange for receiving the goods that the customer has received from the business.

Extension of Time To Pay

If the customer requests an extension of time to pay the debt, and the business agrees to this, this can be documented using a suitable form of written agreement.

Please mail the completed form to

accounts@pronimen.com