
FINANCE IRELAND

Information Booklet

Small & Medium Enterprises in or facing
Financial Difficulty



Introduction

Small and medium sized enterprises play a vital role in the Irish economy and are key to growth and employment. Finance Ireland is committed to supporting small and medium sized enterprises and endeavor to be clear and transparent in all our customer interactions and to comply with our obligations as required by the Central Bank (Supervision and Enforcement) Act 2013 (Lending to Small and Medium-Sized Enterprises) Regulations 2015. (“SME Regulations”).

The SME regulations apply to micro, small and medium sized enterprises which are defined in the regulations as follows:

“micro and small enterprise” means an enterprise which employs fewer than 50 persons and which has an annual turnover and annual balance sheet total which does not exceed €10 million;

“micro, small and medium-sized enterprise” means an enterprise which employs fewer than 250 persons and which has an annual turnover not exceeding €50 million and an annual balance sheet total not exceeding €43 million.

SME Regulations

The Finance Ireland entities in scope below (i to iv) aim to ensure that when dealing with arrears or financial difficulties cases, our aim will be to assist borrowers to meet their obligations and resolve their financial difficulties, or otherwise deal with the situation in an orderly and appropriate manner.

This booklet outlines our procedures when dealing with SMEs in or facing Financial Difficulties and gives details of the support which will be provided to customers in this situation.

This booklet outlines the procedures to be applied to the following business units which form part of the Finance Ireland Group:

- i. Finance Ireland Credit Solutions DAC t/a Finance Ireland Leasing
- ii. Finance Ireland Credit Solutions DAC t/a Finance Ireland Agri
- iii. Finance Ireland Credit Solutions DAC t/a Finance Ireland Motor & Leasing
- iv. Finance Ireland Credit Solutions DAC t/a Finance Ireland Commercial Mortgages

Although Finance Ireland Group’s procedures herein generally apply to customers of Finance Ireland Property Finance DAC t/a Finance Ireland Commercial Mortgages, the specific requirements of the SME Regulations do not apply, including those that relate to appeals and referral of complaints to the Financial Services & Pensions Ombudsman.

We treat each case individually and our decision is based on the information you provide, the loan agreement in place between us, and any relevant security that we hold.

We recommend that you read all the information contained in this booklet and contact us as soon as possible if you are, or feel you may be, facing financial difficulties. It is in your interest to engage with us about arrears or financial difficulties.

If you would like a copy of the SME Regulations, the document can be downloaded from the Central Bank website at: <https://www.centralbank.ie/docs/default-source/Regulation/consumer-protection/other-codes-of-conduct/39-gns-4-2-7-central-bank.pdf>

What are Financial Difficulties?

Under the SME Regulations a borrower must be classified as in financial difficulties when one or more of the following events occur:

- the borrower is in arrears under a credit agreement or alternative payment arrangement for three consecutive months; or
- Finance Ireland has determined that the borrower is in financial difficulties following an assessment.

What are Arrears?

The SME Regulations define arrears as a payment or part of a payment due in accordance with a credit facility agreement or alternative arrangement which has not been paid by the scheduled due date for payment.

What should I do if I am in financial difficulties?

We understand that from time to time you may face financial difficulties which could affect your ability to re-pay your credit agreement with us. If you find yourself in this situation our staff are on hand to help you and can work with you to try and arrive at a solution.

Below are some steps that enable us to help you as soon as possible:

- Contact us as soon as you are not able to make your payments.
- Tell us as soon as there are any changes to your financial circumstances that could impact your ability to repay your agreement.
- Engage promptly and fully co-operate with Finance Ireland to agree an approach to rectify your financial difficulties position
- Provide relevant and reliable business information within the timeframe specified by Finance Ireland so that we can assess your situation as soon as possible
- Complete any documentation within the timeframes requested.
- Keep us informed of any further developments if your circumstances change.

We strongly advise that you contact us and fully cooperate at all stages of our discussions. If you do not co-operate with us you may be classified as not co-operating.

What does not co-operating mean?

The SME Regulations describes not co-operating as a situation in which:

- The borrower has failed to make a full and truthful disclosure to us on the information we have required to assess the borrower's financial situation, within the timeframe we have specified,
- We have issued a warning letter warning that the borrower may be classified as not co-operating should certain conditions not be met, and
- The borrower has not carried out the specified action or actions within the timeframes in the warning letter.

Where Finance Ireland considers a borrower to be 'not co-operating', we will write to the borrower and any Guarantor, advising that the borrower will be classified as 'not co-operating' if the borrower does not perform specific actions within a designated timeframe as detailed in the letter or email. The implications for borrowers of 'not co-operating' are that Finance Ireland will be unable to put in place an alternative arrangement and will have no option other than to commence the process of seeking repayment of all sums outstanding which may lead to Finance Ireland having to enforce any security we hold.

Where security is realised and there is still a balance remaining the borrower will remain liable for any outstanding debt.

I have informed you of my situation or have been assessed as being in financial difficulties what happens now?

Once you have informed us of your situation or you have been assessed as being in financial difficulties the following steps will be taken:

1) We will ask you for some financial information, this may include up to date certified or audited accounts; up to date management accounts and cash flow statements; up to date business plan and / or a proposal of how you intend to meet the repayment obligations; a profile of your business assets, liabilities, income and expenditure and confirmation of your current tax status. Depending on your business or activity there may be further documents required, we will let you know about this if we need more information.

2) We will appoint a dedicated contact point and inform you of the relevant contact details of the designated contact point within the respective business unit.

3) We will complete an assessment of your position for an Alternative Arrangement to assist you in resolving your financial difficulties, subject to your meeting our alternative arrangement assessment criteria and to an individual assessment of your situation. This assessment will be based on relevant facts, including your particular circumstances; your overall indebtedness; business plan and proposal; your repayment capacity and repayment history. We aim to provide you with a decision regarding an Alternative Arrangement as quickly as possible from receipt of all the relevant documents and information we request. This will normally take less than 15 working days. Complex reviews or exceptional circumstances may take longer.

4) Once we have made a decision on your Alternative Arrangement we will communicate our decision and explain the next steps to you.

5) If you are unhappy with our decision concerning the Alternative Arrangement you will have the opportunity to appeal by writing to us at the address provided in the 'how do I contact you' section below.

How does the appeal process work?

Finance Ireland's appeals process enables you to appeal against a credit decision in the following circumstances:

- You have submitted a formal request for an Alternative Arrangement which was declined within the previous 21 working days.
- Your appeal relates to an Alternative Arrangement which was approved with special terms or conditions that you feel are unacceptable.
- Your appeal relates to the refusal, withdrawal or reduction of a credit facility.
- Your appeal relates to financial difficulties, and you have been classified as 'not co-operating' by Finance Ireland.

If you appeal to us within 20 working days of our decision concerning the Alternative Arrangement, Finance Ireland will acknowledge receipt of your appeal within 5 working days and provide you with contact details of a designated person.

The appeals panel will include new decision makers who have not been involved in your case previously. Finance Ireland will issue you with a written decision on the outcome of the appeal within 15 working days, or where a decision cannot be made within 15 working days we will send you an explanation as to why and how much longer it will take.

Decisions taken in such circumstances are without prejudice to our legal and / or regulatory rights and obligations and our contractual enforcement rights.

They are also dependent on your co-operation in meeting any requests we make of you.

What other information should I be aware of?

If you miss any payment we will be entitled to charge you default fees and interest in accordance with the terms of your credit agreement. Please refer to your credit agreement for more information.

Your data in relation to the arrears may be shared with the Central Credit Register or a relevant credit reference agency or credit register, in accordance with our credit agreement. This may have an impact on your credit rating and make obtaining credit more difficult in the future.

Can I appoint a third party to help me?

Yes you may employ third party advisors to help you and they can accompany you during any discussions that we have whether they be face to face or not.

Further information for SMEs in or facing financial difficulties

What steps can be taken to mitigate emerging financial difficulties?

- Don't ignore the problem and act quickly to address potential issues.
- Talk to your accountant/financial advisor.
- Review/reduce costs – wages, fuel, light, rent, drawings, vehicle running costs etc.
- Prompt debtor collection, early invoicing and payment follow-up and possible discounts to good customers.
- Negotiate payment terms with suppliers if cashflow issues arise.

Do I have a right to complain?

Yes, if you have a complaint you can contact us by any of the methods shown in the 'how do I contact you' section below. We take all complaints seriously and will endeavour to resolve the matter straight away. Some complaints do take a little more time to resolve and if we have been unable to resolve your complaint within 5 days we will write to you explaining who is dealing with your complaint and will then write to you regularly with updates until your complaint is resolved.

Once we have investigated your complaint we will write to you confirming the outcome, explaining what we are going to do to resolve it for you.

If after 40 days we have been unable to resolve your complaint or you are not happy with the outcome you may take your case to the Financial Services and Pensions Ombudsman, we will provide you with the details of how to do that at the time.

How do I contact you?

Finance Ireland Motor and Leasing**Address:**

Customer Service Department, Finance Ireland Motor and Leasing,
85 Pembroke Road, Dublin 4, Ireland

Email: customersupport@financeireland.ie

Telephone: +353 (1) 639 1333

Finance Ireland Leasing**Address:**

Customer Service Department, Finance Ireland Leasing,
85 Pembroke Road, Dublin 4, Ireland

Email: leasing@financeireland.ie

Telephone: +353 (1) 639 1370

Finance Ireland Commercial Mortgages**Address:**

Customer Service Department, Finance Ireland Commercial Mortgages,
23 Shelbourne Road, Dublin 4, Ireland

Email: commercialmortgages@financeireland.ie

Telephone: +353 (0) 1 639 1380

Finance Ireland Agri**Address:**

Customer Service Department, Finance Ireland Agri,
85 Pembroke Road, Dublin 4, Ireland

Email: agri@financeireland.ie

Telephone: +353 (1) 647 0255

If you would like any further information about the regulations please see the link below.

Central Bank (Supervision and Enforcement) Act 2013 (Section 48) (Lending to Small and Medium-Sized Enterprises) Regulations 2015:

<https://www.centralbank.ie/docs/default-source/Regulation/consumer-protection/other-codes-of-conduct/39-gns-4-2-7-central-bank.pdf>