



**MARKET  
FINANCE**



# Recovery Loan Scheme

## AN INTRODUCER GUIDE

The Recovery Loan Scheme is managed by the British Business Bank on behalf of, and with the financial backing of, the Secretary of State for Business, Energy & Industrial Strategy. British Business Bank plc is a development bank wholly owned by HM Government. It is not authorised or regulated by the PRA or the FCA. Visit <http://www.british-business-bank.co.uk/recovery-loan-scheme>



# About us

At MarketFinance, our vision is for entrepreneurs to have the time to build the world we all want to live in.

That's why we're making it quick and easy to get funding through our seamless funding solutions. So entrepreneurs can get on with growing their business, instead of having to worry about cash flow. We're here to unlock the endless possibilities that arise when entrepreneurs have time to focus on what they love.

We've funded over £2.6bn worth of invoices and business loans since inception, using a marketplace model. This means we have businesses that want a loan or funding against outstanding invoices on one side, and investors who advance those funds on the other. Our smart online platform connects these two communities.

Our platform investors include Barclays UK, the British Business Bank, institutional investors, family offices and high net worth individuals.

## OUR PARTNERS INCLUDE



The Recovery Loan Scheme (RLS) is a new funding opportunity for businesses looking to fuel recovery and growth as we make our way out of the pandemic.



# MarketFinance RLS loans

In 2020, your clients made it through the height of pandemic disruptions. Now that they've weathered that storm, they're looking to new horizons and thinking about how to fuel the next phase for their business. That's where the Recovery Loan Scheme (RLS) comes in.

RLS loans are designed to accelerate your clients' post-pandemic recovery. Clients can borrow between £50,000 and £350,000 to boost business and focus on the future.

With MarketFinance, arrangement fees are capped at 4% and repayments are interest-only for the first six months.

## OVERVIEW

### FUNDING LIMIT

£50,000 to £350,000

### PRICING

- 4% arrangement fee
- Interest from 8.49% to 10.59%
- No charge for early repayment

### REPAYMENT

Interest-only payments for the first 6 months, interest and principal repaid thereafter

### TERM

A choice of 4, 5 or 6 years

### INFORMATION REQUIRED

- Last 6 months bank statements (dated to within 2 weeks)
- Director's details
- Latest statutory accounts

### SECURITY

Unsecured, with loans above £250,000 subject to a personal guarantee in line with the RLS scheme

## HOW IT WORKS

### APPLICATION

It takes just a few minutes online

### DECISION

Get approved within 72 hours

### FUNDING

Within 48 hours of signing docs

### INTEREST PAYMENTS

For the first 6 months

### FULL REPAYMENTS

Pay interest and principal from month 7

### WHAT TYPES OF BUSINESSES CAN APPLY?







- UK registered limited company
- Turnover of at least £200,000
- Trading for 3 years or more
- Currently trading and profit-making
- Director is a homeowner

### BEST FOR BUSINESSES THAT...

- Have an established trading history and customer base
- Pivoted during the pandemic and want to fund new business models
- Are looking to invest in post-pandemic growth
- Need to bridge a temporary cash shortfall
- Operate in any sector except for banks, building societies, insurers and reinsurers, public sector bodies and state funded schools

# Process for introducers

Interested in submitting an application for a client? We've outlined the process from start to finish below. Once you've submitted, we'll get back to you with our decision within 72 hours.

- **APPLICATION RECEIVED**  
Submit an application on behalf of your client using your portal
- **RISK PRE-SCREEN**  
Our team reviews and rejects applications that don't meet our eligibility criteria
- **RISK REVIEW**  
The application is labelled as *Approve*, *Reject* or *More information required*.  
If we need more information, we'll send you a request for the required documents
- **RISK APPROVAL**  
Offer details will be emailed to you to send to your client
- **OFFER ACCEPTED**  
Client accepts offer and will electronically sign a direct debit mandate and the MarketFinance Loan Documents
- **FUNDS ADVANCED**  
Receive funds within 48 hours of signing docs



# What good looks like

## PLACING RLS LOANS WITH MARKETFINANCE

### //1 Loan amount as a proportion of turnover

What good looks like:  $\frac{\text{Loan amount (requested)}}{\text{Turnover}} \leq 0.2$  or less (20% or less)

### //2 Loan amount as a percentage of EBITDA

What good looks like:  $\frac{\text{EBITDA}}{\text{Loan amount (requested) / Term amount (requested)}} \geq 0.5$

OR EBIT (Operating profit) is at least half the annual loan repayment

### //3 Experian scores

Delphi minimum: 20  
What good looks like: Delphi > 50

### //4 Affordability from bank statements

Bank statements must show an average of at least 1x coverage ratio for any new debt incurred (including any new and potential MarketFinance loan). Existing outstanding debt is fine, as long as signs of servicing is evident.

OR Average headroom in bank statements covers roughly  $\frac{\text{Loan amount}}{\text{Term in months}}$

### //5 Balance sheet

Solvent balance sheet: Positive equity  
Liquid balance sheet: Current ratio > 1

### //6 Other qualitative features

Some features from the sample of rejections (negative signs):

- 3 or more loans have been taken out in the last 6 months
- Multiple bounced payments
- Business spends time in excess of overdraft or credit limits
- Loss making business in the last 2 years
- No director has been serving the business for more than 12 months
- Business has had CCJs in the last 12 months
- Director has been involved in or is in any insolvency/ bankruptcy proceedings
- Heavy use of overdraft (utilising up-to and close to limits)
- Business is extremely behind on paying its creditors

#### RESTRICTED SECTORS

Loans for the following sectors will be capped at £150,000:

- Construction
- Retail and leisure
- Travel, hospitality and events

# Common decline reasons and next review points

Here are some of the most common reasons why we might decline a client's application. We've also included the corresponding point at which we're able to review this decision.

DECLINE REASON	NEXT REVIEW POINT
<b>Lack of affordability</b> <i>This can be due to losses or balance sheet concerns e.g. illiquid balance sheet and high debt/equity</i>	Next full set of financials covering 12 months
<b>Lack of affordability within the bank statements</b>	6 months of bank statements
<b>Heavy use of overdraft</b> <i>Utilising up to or close to limit</i>	6 months of bank statements from rejection date showing clear conduct
<b>Consumer CAIS defaults</b> <i>CAIS: Credit Account Information Sharing</i>	2 years from default date as long as default has been satisfied
<b>Insufficient data on persons with significant control</b>	3 months from decline date
<b>Ineligible loan purpose</b>	3 months from decline date

# Recovery Loan Scheme FAQs

## Existing finance facilities + RLS

### **Can a client have both an RLS loan and a CBILS facility?**

Yes, they can have both as long as they are within the RLS borrowing limits. These are 25% of annual turnover, twice the annual wage bill limit or self-certification of the total funding the client will need over the next 18 months.

### **Can a client have an RLS facility with another lender and with MarketFinance?**

If they have an RLS facility with another lender, they can apply for an RLS loan from MarketFinance as long as it's within the borrowing limits set out above. Approval will also be subject to case-by-case underwriting considerations.

### **Can an RLS loan be used to refinance a bounce back loan?**

Yes, the client would simply have to let us know how much there was left to refinance and show proof of settlement after draw down.

### **Can existing MarketFinance customers apply for an RLS loan from MarketFinance? If so, what are the restrictions on this?**

We can look at refinancing a proportion of existing loan customers onto RLS. We can also top up existing loans with new RLS facilities. We can support customers with an invoice finance facility alongside an RLS loan if required.

### **Can clients use any business banking account to apply to MarketFinance for an RLS loan?**

Yes they can.

### **If a client has an existing non-RLS loan, can MarketFinance offer an RLS loan?**

Yes, as long as they're within the RLS borrowing limits.

## Eligibility

### **Are partnerships and sole trader businesses eligible for RLS loans through MarketFinance?**

No, we can only support limited companies, LLPs and PLCs.

### **Are loss-making businesses eligible for RLS loans through MarketFinance?**

No, we can't support loss-making businesses.

### **Can MarketFinance support group structures?**

Yes, as long as the ultimate beneficiary owner is a UK national.

### **Are there any sectors that MarketFinance is excluding from RLS applications?**

There's a list of sectors already excluded by the British Business Bank in their RLS eligibility criteria. In addition to these sectors, we currently can't support real estate, or international travel with an RLS loan.

### **Can Northern Irish businesses be supported?**

Yes.

## Application process

### **Will you still require directors/shareholders to be homeowners?**

Yes, we'll need an individual with significant control to be a homeowner. This is to help reduce fraud attempts. No attempts will be made to gain control of their property in the case of a default.



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**Does MarketFinance need all shareholders' details or just ones over a certain %?**

We need details for applying directors as well as all PSCs (some directors don't have to have shares but do have a significant influence/control of the business) and shareholders with 25% and more.

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**How many sets of filed accounts does MarketFinance need from clients to apply?**

The client will need to have filed two sets of accounts. However, we can accept just the latest set as long as it shows the last two years' figures.

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**Will MarketFinance request management accounts?**

Typically we only ask for management accounts if the last filed accounts are more than 12 months old. We may also ask for management accounts if there are other aspects of the application that we're concerned about.

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**What KYC documentation will be required?**

We currently run our KYC checks through Equifax. If this isn't sufficient, we'll ask for ID and proof of address.

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**What happens if there has been a change of ownership within the business?**

The new owners need to have been in place for at least 12 months.

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**Will MarketFinance take a debenture?**

No.

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**If a client is loss-making in their last set of filed accounts but profitable in management accounts, will MarketFinance accept the management accounts?**

We can only take this into consideration if there are 12 months in the management accounts. We'll have to revert to filed accounts for anything less than 12 months.

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**Is the maximum loan size 25% of turnover on the last set of filed accounts or will MarketFinance look at recent management information?**

The maximum borrowing limits under RLS are based on 2019 figures.

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## Decision

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**If approved, how long is the client's offer valid for?**

Up to 10 days as long as they haven't taken out any other RLS facilities during that time period.

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**If an application has been declined, will clients be able to make a new application further down the line?**

Yes, a client who has been declined can reapply after 3 months.

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**Will you be offering clients additional rationale of decline reasons?**

No, we'll be offering clients and introducers standard decline reasons.

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**Can clients settle their loans early?**

Yes, clients can settle their loans early if they want to. There are no fees to doing this.

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## Commission

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**What commission will introducers be paid and when?**

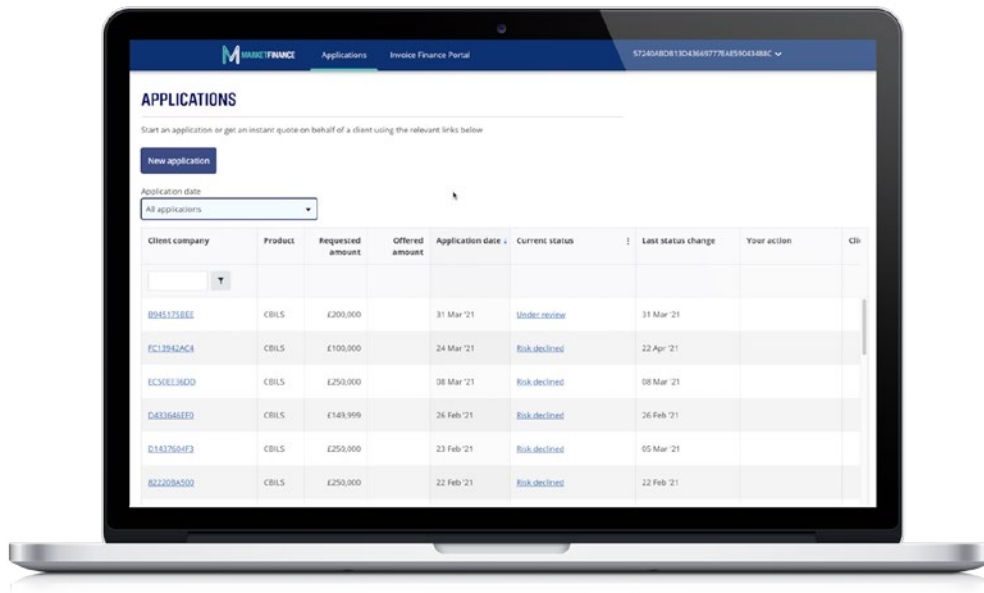
Introducers will receive a flat commission of 2.5% in arrears in the first full week of the following month.

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**If clients settle their loans early, will this affect the introducer commission?**

No, this won't affect introducer commission.

# How to refer



//1 Log in to the [introducer portal](#)

//2 Start a new application

//3 Continue through the application process, providing information on the client you're referring

If you have any questions feel free to reach out to [partner@marketfinance.com](mailto:partner@marketfinance.com) and we'll be happy to help.

## BEFORE YOU START, MAKE SURE YOU HAVE YOUR CLIENT'S:

- Company name and UK registration number for the applying company
- Date of birth and residential address for the applying director
- Last 6 months' bank statements
- Statutory Accounts
- Turnover for the calendar year 2019



Here's a video tutorial showing how it works!

WATCH VIDEO

# Here to help



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