

Credit Control Policy – May 2015

Introduction

Effective credit control is essential to minimise the risk to the Guernsey Registry ('the Registry') of bad debt. This policy sets out the credit control terms and conditions for customers of the Registry:

1. New Accounts

- 1.1 All new clients will be required, as a minimum, to complete a Client Credit Application Form, and submit a bank reference in support of their application.
- 1.2 Where it is deemed appropriate or where the client does not have a previous trading history, the Registry may seek up to two further professional references.
- 1.3 Where the client is a limited company, a director of the company is required to sign the application form.
- 1.4 Where the client is a partnership, all partners are deemed to be jointly and severally liable for all debts upon approval of credit facilities irrespective of the number of partners signing the form.
- 1.5 Where an application for credit is refused the client may be offered a cash account. This type of account will require cleared funds to be received by the Registry before the supply of services.
- 1.6 When an existing client sells his/her business, the purchaser of the business will be treated as a new client unless the purchaser is an existing credit account holder.

2. Terms of Trade

- 2.1 The Registry's standard terms and conditions require payment of the account balance in full no later than 30 days from the date of the account statement. The Registry may agree to alternative terms and conditions, which will need prior agreement in writing between both parties.

- 2.2 Accounts will be deemed overdue if payment is not received by the 31st day after the date of the account statement or other such payment period as may be agreed in writing.
- 2.3 The Registry may charge interest on a compounded daily basis, at the per annum rate of 3% above the variable Bank of England base rate on all overdue amounts until such time as the Registry receives cleared funds in full payment of the outstanding debt.
- 2.4 Reduced periods of credit or cessation of credit facilities may be imposed by the Registrar where it is reasonable to do so. Reasons will include clients having a record of late payment, erratic or inconsistent payments resulting in an unnecessary administrative burden for the Registry staff or where the client is or may be suspected to be in financial difficulty.
- 2.5 Where it is necessary to invoke 2.4 above, the Registry will work positively and in good faith with the client to find, wherever possible, a solution which is satisfactory to both parties.
- 2.6 Where payment has not been received within 14 calendar days after the date at which the debt becomes overdue and a satisfactory solution has not been found to resolve the issue the Registrar will seek to recover the debt through the courts.
- 2.7 Where credit facilities have been withdrawn for any reason the client will be required to submit a further Client Credit Application Form in order to re-open a credit account.

3. Credit Limits

- 3.1 The Registry will allocate each credit account client with a maximum credit limit. This maximum credit limit will be based on twice the client's average monthly submission value over a 12 month period. For new account holders the credit limit will be based on an estimated monthly submission value. During January client account credit limits may be increased to reflect the increase of submissions due to annual validation. Any increase in credit limit will be subject to the account payment history being satisfactory.
- 3.2 Clients may request, in writing, a higher credit limit. The Registry is not obliged to agree any higher credit limit but will evaluate the request using a risk based approach, which will take into consideration the following:
 - (a) the payment history of the client.
 - (b) the bad debt risk to the Registry.
 - (c) the risk to the client's business if the credit limit is not raised.
 - (d) the monthly average number of submissions made by the client

- (e) any other information that the Registry deems to be relevant including matters that would be relevant if the client were applying for the grant of credit facilities.
- 3.3 Where a higher credit limit is refused the client will have the option of making submissions or enquiry orders on a cash in advance basis or depositing a sum with the Registry on their account. This will allow uninterrupted supply up to the credit limit, plus cash deposited, less amounts already invoiced and outstanding.
- 3.4 The Registry will, if deemed necessary, and may do so without notice, reduce clients credit limits, but in doing so will refer to the criteria set out in 3.2.

4. Payment

- 4.1 The following payment methods are available to customers without an administration charge.
- (a) cash
 - (b) cheque (made payable to "The Guernsey Registry")
 - (c) bank transfer (e.g. BACS) - There must be no additional bank charges to the Registry other than those charges which fall within its normal trading agreement with its bankers.

5. Dispute Policy

- 5.1 Where a client disputes an element of supply or charges made for submissions or enquiry orders he or she shall immediately notify a member of the Registry's administration staff.
- 5.2 Where the client has not received confirmation within 7 business days that the dispute has been resolved the client should write to the Deputy Registrar, who will consider the matter and respond in writing to the client.
- 5.3 If the matter is still un-resolved after 21 business days the client may request the dispute be referred to the Registrar for resolution and thereafter will respond in writing to the client.

6. Effective Date

6.1 This policy was approved by the Registrar on: 29th May 2015

6.2 This policy will be effective from: 1st June 2015

Signed:

Client name:



Client signature:

Helen Gains
Registrar

Date: