

CUSTOMER PROTECTION GUIDE

This guide is to assist you in the management of Customer Protection. The customer protection online platform allows you to manage all aspects of your customer protection; from applying for limits, reporting overdues, and completing claims.

Customer protection is a service we offer to our invoice finance clients. By obtaining the benefit of customer protection, you can protect your business from losses caused by insolvency or protracted default of your customers, thus protecting your cashflow and giving you peace of mind.

This guide is not intended to be a full summary of the terms which apply to Customer Protection, please refer to your Customer Protection Credit Limit and your Invoice Finance Agreement for further details.

Key responsibilities – you will need to:

- Promptly issue invoices for delivered goods or services where terms of payment do not exceed the maximum terms of payment stated within your Invoice Finance Agreement
- · Obtain an approved Customer Protection Limit
- Adhere to the Minimum Credit Control Procedures
- Complete monthly reporting requirements
- Not to despatch any goods or complete further services when invoicing is overdue by more than 60 days or when you suspect the customer is experiencing financial difficulties

Key exclusions:

Certain sales to customers will not be eligible for Customer Protection. Your Invoice Finance Agreement will provide further detail, but these include:

- Disputed debts:
- · Any amounts above the relevant Customer Protection Credit Limit or where no Customer Protection Credit Limit has been obtained;
- Debts which are overdue by more than 60 days after the due date for payment at the time at which you apply for a Customer Protection Credit Limit.
- · Any new debts that were created for a customer, when there are outstanding debts aged in excess of 60 days past the due date;
- In the case of Take On Notified Debt, where an invoice is aged in excess of 30 days past due date, then the whole balance for such customer will not be covered until the account is brought up to date.

This guide is designed to assist you in the management of Customer Protection. It is important for you to decide that this is the right service for you.

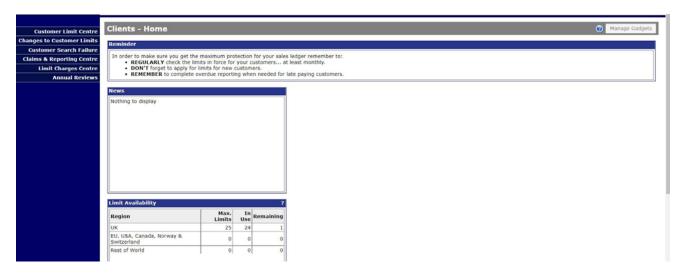
Getting started

LOGGING IN

You will receive an email from our administrator **user@e-bonded.com** containing a link to set up your access. Your Username will be your email address, and the system will take you through to create a password and keyword. Access to the site can be found through **https://www.paragonbank.co.uk/** click on the green login button and select **Asset finance – E-bonded**.

HOME SCREEN

The home screen shows reminders on the account and details the number of customer limits held, used and remaining. The left hand side details the main menu options available



Clicking on each menu option will being up a sub list of further options available.

Customer Limit Centre



Applying for a customer protection limit couldn't be simpler, you can apply with the business number or business name and address. Please ensure the correct company is identified as limits applied against incorrect businesses could result in a failed limit/future claim.

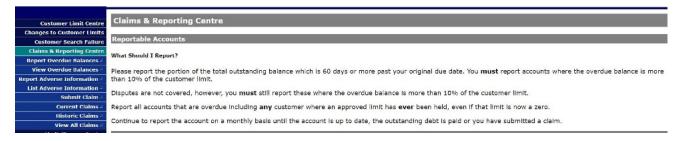
Changes to Customer Limits



Customer Search failure



Claims and Reporting Centre



By the 20th monthly, you must report outstanding balances which are 60 days or more past due.

Disputes are not covered; however, you must still report these where the overdue balance is more than 10% of the relevant Customer Protection Credit Limit. If you have no overdues to report, under the claims and reporting centre section please click on 'I have no overdues to report'.



In respect of any repayment plans with customers, approval must be obtained prior to any commencement of arrangement and no new invoices will be protected until the repayment plan has been paid in full.

Claims

You must inform us within 2 business days of a customer failure of an event, that is likely to result in a claim. You have 6 months to submit your claim, please speak to your Account manager who will be able to assist with future claims.

Claims are calculated and paid as per the following example;

Protected Percentage - 90%

Minimum Retention - £1,000

Debt amount (gross) - £6,000

Less VAT - £1,000

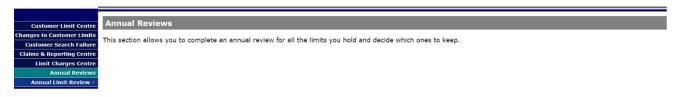
Net debt amount - £5,000

Debt (net of VAT) less the minimum retention: -£5,000 - £1,000 = £4,000

Protected percentage of the debt: $-£5,000 \times 90\% = £4,500$

The debt less minimum retention would be paid, being the lower of the two figures above - £4,000.

Annual reviews



The Annual Limit review screen will only become available 30 days prior to renewal. At this point you will receive an email asking you to log into E-bonded and review all your credit limits before the renewal date. If you no longer require a limit, then please remove the tick next to the customer details.

Please note the Protected Percentage rate specified in your Customer Protection Offer Letter is subject to annual review.

SME0091-001 (11/2021)

