



The Association
of Alternative
Business
Finance

AABF Operating Principles

Transparency | Responsibility | Fairness | Security

Transparency

Provide transparent information that allows customers to make educated financial decisions.

- Disclose all fees and charges together with the amount of funds provided, and the total amount owed to the Member. These terms should be disclosed in a clear and transparent way in documentation that is easily understood
- Clearly disclose how the funding and repayment process works, the frequency of payments, and the amount of each payment (as applicable)
- Clearly disclose any charges that may be applied and how.
- Clearly disclose any early repayment policies and if early repayment charges apply (if applicable)
- All marketing and promotional material must be clear, balanced, fair and not misleading and set out properly the key features, benefits and risks associated with the members lending proposition.
- At the members' sole discretion, it may provide the reasons for rejecting an application for funding.
- Provide direct access to customer service representatives to provide support for customers in respect of detailed and accurate information about their account, the process, and the products offered by the funding provider.
- A Member may seek a waiver from any one or more of the Principles, but will need to demonstrate that their alternative approach is consistent within their objectives. Waivers are subject to the approval of the Board of the Association.
- Each Members website or other publically available information must include:
 - (a) details of its complaints procedure;
 - (b) details of the senior management team (if appropriate);
 - (c) the legal form of the business, location of its head office and date of incorporation

Responsibility

Only provide financing to businesses that can reasonably demonstrate the ability to repay their financial obligations.

- Ensure that suitable underwriting processes exist that can determine whether the small business will likely be able to service its existing credit/debt obligations.
- Make reasonable enquiries and take assurances that the customer will use the funds for business purposes only.
- When a customer fails or defaults, treat the customer with good faith and make reasonable effort to resolve the issue in a manner that is professional and respectful.
- Adhere to the terms of the agreement with the customer; if any of the terms relevant to the funding agreement are changed then notice must be given to the customer in compliance with the terms of the agreement in question.
- Try to reasonably ensure that the funding requested is suitable for the customer and the purpose for which the funding is required.
- Seek to reasonably verify the other material outstanding financing obligations of the customer and to take proper account of these in each Members underwriting and decision making processes.
- Follow policies and procedures to comply with applicable regulatory and legal framework in which it operates
- Members should retain appropriate records for regulatory reporting purposes, responsible management of their business and fair treatment of customers
- The governance of member businesses should comply with established principles of corporate governance in a proportionate way

Fairness

Be truthful and fair in dealings with customers

- Treat every customer equally, determining creditworthiness based on the business' credit/debt proposition.
- Provide marketing materials and promote sales practices that are clear and understandable.
- Monitor marketing and sales practices to ensure transparency, honesty and fairness.
- Comply with applicable marketing laws and regulations when communicating the merits and costs of funding products
- Ensure that commitments and promises communicated by Members sales team, website or any other marketing method can be demonstrated by results
- Debt recovery should be undertaken in compliance with the relevant legal frame work in which the Member operates, which in England and Wales is the Civil Procedure Rules (as amended)
- Ensure that brokers and lead generation partners are aligned with these principles and act in accordance with acceptable industry standards and practices in respect of treating customers fairly.
- If applicable comply with any regulatory and legal requirements in respect of cooling off and cancellations periods (relevant only for FCA regulated members).

Security

Ensure all reasonable steps are taken to protect sensitive information and the small business / customer from fraud and other malicious misuse of their information.

- Members must safeguard and protect the privacy of customer information in line with data protection requirements adhering to the relevant privacy standards that satisfy applicable law.
- Members must always obtain the proper authorisation before sharing data.
- Members must have suitable underwriting procedures in place (as detailed by the member) to verify the identity of the customer receiving financing and to be able to confirm beneficial ownership and that the owners / directors and officers are not subject to sanctions or other such actions or appear on warning lists.
- Have compliant and secure portals, database management and CRM systems that safeguard the identity and details of their customers.
- Members must ensure that their overall information technology (IT) strategies and systems are secure, reliable and proportionate to the nature, scale and complexity of their business and are sufficiently robust and fit for purpose.
- Have appropriate certificated secure data and money transfer methods that are compliant protecting customers from cybercrime and fraud
- Members must comply with applicable anti-money laundering regulations and such other anti-fraud measures as it reasonably considers appropriate and in line with best practice. Non-FCA regulated platforms should ensure their AML/Fraud prevention systems are under constant review, updated and improved as required.