

ABFA CODE, PROFESSIONAL STANDARDS & COMPLAINTS FRAMEWORK

OVERVIEW

A new self-regulatory framework for the asset based finance industry in the United Kingdom and the Republic of Ireland is in operation from 1 July 2013.

The framework comprises three key components:

- A revised ABFA Code and supporting Guidance;
- An independent Complaints Process; and
- A Professional Standards Council.

The ABFA Code, together with the supporting Guidance, sets and promotes standards of best practice and professionalism for ABFA Members. Complementing the Code, the Complaints Process provides an independent mechanism available to clients who believe they have been treated unfairly by a Member of the ABFA.

The Professional Standards Council (PSC) oversees the ABFA Code, Guidance and Complaints Process and ensures that they are up to date and effective. The PSC is also charged with making appropriate recommendations to protect and enhance the reputation of the industry. The chairperson of the PSC is independent of the industry and the majority of the members of the body are also independent.

The Members of the ABFA have supported many hundreds of thousands of businesses in the United Kingdom and the Republic of Ireland over the last 50 years. The overwhelming majority of client businesses are happy with the services received from ABFA Members. In a small minority of cases, however, a client may feel that they have been treated unfairly by an ABFA Member. Where that happens it is important to have in place a clear set of principles and an independent process through which concerns can be investigated and adjudicated upon.

This framework provides current and future clients with further confidence in asset based financing. It is a positive evolution for the industry and is a reflection of how important the industry is in supporting the UK and Irish economies.

This document provides an overview of the framework as a whole. More detailed information on the Complaints Process is available at www.abfa.org.uk/standards/complaintsprocess.pdf and a detailed map of the Complaints Process is available at www.abfa.org.uk/standards/complaintsprocessmap.pdf.

The answers to some Frequently Asked Questions about the Code and Complaints Process are available at www.abfa.org.uk/standards/FAQs.pdf.

Links to all downloads referred to in the text are compiled at the end of this document.



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ABOUT THE ABFA

The Asset Based Finance Association (ABFA) represents the asset based finance industry in the United Kingdom and the Republic of Ireland. ABFA Members provide invoice finance (factoring and invoice discounting) and asset based lending services to businesses of all sizes. The industry has particular expertise in supporting Small and Medium Sized Enterprises (SMEs).

ABFA Membership comprises the specialist asset based finance businesses of the main UK and Irish banks, a number of international banks, a range of independent financiers and the business finance divisions of a number of large commercial organisations.

Formal Membership of the ABFA is restricted to businesses whose primary purpose is the provision of asset based finance to client businesses. Compliance with the ABFA Code is a condition of Membership, as are a number of other technical criteria.

In addition to the ABFA's formal Membership, there are a number of organisations associated with the industry referred to as Affiliates. These organisations generally provide professional services to the industry. Affiliates are not formally covered by the ABFA Complaints Process but they have an important role to play in helping Members meet the requirements of the Code. In addition, many of these industries or professions will have their own regulatory or self-regulatory mechanisms in place. Complaints about the behaviour of such third parties should be made to the relevant representative or regulatory bodies.

The provision of invoice finance and asset based lending services is not subject to formal statutory regulation in the UK or the Republic of Ireland at the current time. However some ABFA Members are divisions of, or are subsidiary companies of, banking businesses that are subject to some aspects of statutory regulation.

Further information about the ABFA, its Members and the services they offer is available at www.abfa.org.uk.

ABFA CODE & GUIDANCE

From 1 July 2013, ABFA Members commit to operate in accordance with a revised ABFA Code. The Code sets out the key commitments that Members must meet in their relationships with clients, prospective clients and guarantors.¹

The commitments are drawn from the Treating Customers Fairly principles set out by the Financial Conduct Authority.

In summary, ABFA Members commit to treating their clients fairly and responsibly, and to operating with integrity at all times. They also commit to being timely, transparent and unambiguous in their dealings with clients and with each other.

The Code is broad and principles-based, rather than prescriptive, to ensure that it remains up to date and is always focused on outcomes for clients rather than on process.

The ABFA Code is available at www.abfa.org.uk/standards/code.pdf.

The principles set out in the Code are supported by more detailed Guidance, which is available at www.abfa.org.uk/standards/guidance.pdf. This Guidance is intended to support Members in implementing those principles and sets out examples of best practice.

The Guidance is not, in the main, designed to be prescriptive (significant elements, preceded by the words “shall” or “must” are however). Nor is it intended to be exhaustive; for instance, ABFA Members that already operate to some extent in a formally regulated environment will interpret the principles of the Code in the context of their existing practices and policies. There should be no conflict between the ABFA framework and any existing statutory regulatory systems – if there is, however, the latter will always prevail.

Downloads:

[ABFA Code](#)
[Guidance](#)

¹ ‘Client’ is the default term used in this document, however the Complaints Process is open to clients, prospective clients and also the guarantors/indemnifiers of clients and prospective clients of an ABFA Member company.



COMPLAINTS PROCESS



In addition to meeting the commitments enshrined in the ABFA Code, from 1 July 2013 all ABFA Members are subject to the independent Complaints Process. This is a system of dispute resolution managed by an independent specialist third-party organisation, Ombudsman Services.

The Complaints Process is designed to be:

- Independent;
- Accessible;
- Focused; and
- Effective.

The Process is available to the majority of the industry's clients and has been specifically designed to support smaller client businesses that will particularly welcome the reassurance provided by an independent system. It is currently accessible to ABFA Members' clients with annual turnovers up to £6.5 million / €7.7 million. This covers over 80 per cent of the industry's current client base.

Accessing the Complaints Process is free to the Complainant, regardless of whether the complaint is ultimately upheld. The costs associated with dealing with a complaint will be paid by the Member involved.

The Complaints Process complements rather than replaces Members' own complaints systems. A Member will normally be best placed to address the issues raised in a complaint in the most efficient manner and a complaint will need to have been considered under a Member's own complaints system before it can be taken through the independent Complaints Process.

More detailed information about the Complaints Process can be found at www.abfa.org.uk/standards/complaintsprocess.pdf and a detailed map of the process at www.abfa.org.uk/standards/complaintsprocessmap.pdf

Further information about Ombudsman Services is available at www.ombudsman-services.org

Downloads:

[Complaints Process](#)

[Complaints Process Map](#)



PROFESSIONAL STANDARDS COUNCIL

The Professional Standards Council (PSC) oversees the ABFA Code, Guidance and Complaints Process and ensures that they are up to date and effective. The PSC is also charged with making appropriate recommendations to protect and enhance the reputation of the industry.

Within its Terms of Reference, the PSC has significant freedom to meet these objectives and it has been designed to operate independently from the ABFA. Its membership comprises a range of individuals from within and outside the asset based finance industry, with independent lay-members comprising the majority. Individuals from within the industry are required to provide appropriate expertise and experience.

The PSC is chaired by an independent member. It is currently chaired by Lucy Armstrong. Lucy's biography is available at www.abfa.org.uk/standards/lucyarmstrongbiography.pdf.

The PSC does not consider individual complaints. These are examined through the Complaints Process by the specialist independent Ombudsman Services. Further detail on the Complaints Process is available at www.abfa.org.uk/standards/complaintsprocess.pdf. The PSC's role is to consider issues emerging from the Complaints Process and matters otherwise brought to its attention, as well as wider reputational issues.

Where appropriate, the PSC can impose a range of sanctions regarding the conduct of ABFA Members under the ABFA Code and Guidance. These sanctions will be kept under review and they currently range from warnings to expulsion from the ABFA. The PSC can also require an ABFA Member to change its procedures, documentation and practices.

In addition, the PSC considers and approves applications for Membership and Affiliate membership of the ABFA. The PSC has the power to expel both Members and Affiliates from the ABFA.

Downloads:

[Biography of Lucy Armstrong](http://www.abfa.org.uk/standards/lucyarmstrongbiography.pdf)



FURTHER INFORMATION

For further information on the ABFA Code and supporting Guidance, the independent Complaints Process and other associated elements is available at www.abfa.org.uk/standards or by contacting the ABFA on: +44 (0)208 332 9955.

The ABFA Code is available at www.abfa.org.uk/standards/code.pdf and the supporting Guidance is available at www.abfa.org.uk/standards/guidance.pdf.

Further detail on how the independent Complaints Process operates is available in a summary document at www.abfa.org.uk/standards/complaintsprocess.pdf and in a detailed map of the Process at www.abfa.org.uk/standards/complaintsprocessmap.pdf.

Further information about Ombudsman Services can be found at www.ombudsman-services.org.

Some answers to Frequently Asked Questions about the framework are available at www.abfa.org.uk/standards/FAQs.pdf.

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