



The Standards Framework

for Invoice Finance and
Asset-Based Lending

A photograph showing two women in professional attire. The woman on the left has curly hair and is wearing a light green blazer over a dark top and a striped scarf. The woman on the right has straight hair, wears glasses, a blue blazer, and a patterned skirt. They are both smiling and looking at a document held by the woman on the right. The background is a bright, modern office space with large windows and other people in the distance.

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Introduction

This guide provides information about the Standards Framework, including the standards that UK Finance Invoice Finance and Asset-Based Lending (IF/ABL) members will meet, how to make a complaint about an IF/ABL member, and the role of the Professional Standards Council. It also provides the answers to some frequently asked questions (FAQs) and links to further information.

The Standards Framework was established in 2013 by the then Asset Based Finance Association (ABFA). From 1 July 2017 ABFA was fully integrated into a new trade association, UK Finance, which represents more than 300 firms in the UK providing credit, banking, markets and payment-related services. UK Finance takes on many of the activities of ABFA along with those of the British Bankers' Association, the Council of Mortgage Lenders, Financial

Fraud Action UK, Payments UK and the UK Cards Association. The costs of the Framework are met by UK Finance and its IF/ABL members, and the complaints process is free for client businesses who wish to use it. Compliance with the Framework is overseen independently by the Professional Standards Council, and complaints which are referred are adjudicated upon independently by a specialist dispute resolution service provider.

The Standards Framework (“the Framework”) only covers the provision of invoice finance and asset-based lending products and services, as provided by UK Finance’s IF/ABL members.

The Standards Framework has three core components:

1. **The Invoice Finance and Asset-Based Lending Code** sets the standards of practice that all IF/ABL members must meet in their treatment of clients, prospects and other associated parties.
2. **The independent Complaints Process** is provided by CEDR Services Limited and provides clients with an independent mechanism through which any concerns can be adjudicated upon.
3. **The independent Professional Standards Council (PSC)** oversees the Code and the independent Complaints Process to ensure that they are working effectively. The PSC seeks to protect and enhance the reputation of the invoice finance and asset-based lending industry through the development of the Code and monitoring and upholding its provisions. The PSC has a range of powers that it can use to do this.

Invoice Finance and Asset-Based Lending

Invoice finance and asset-based lending are forms of commercial finance used to support companies of all sizes, from start-ups to larger corporates, and across all industry sectors. The products and services are normally used for growing businesses and can also be used to support client businesses that are transforming or restructuring.

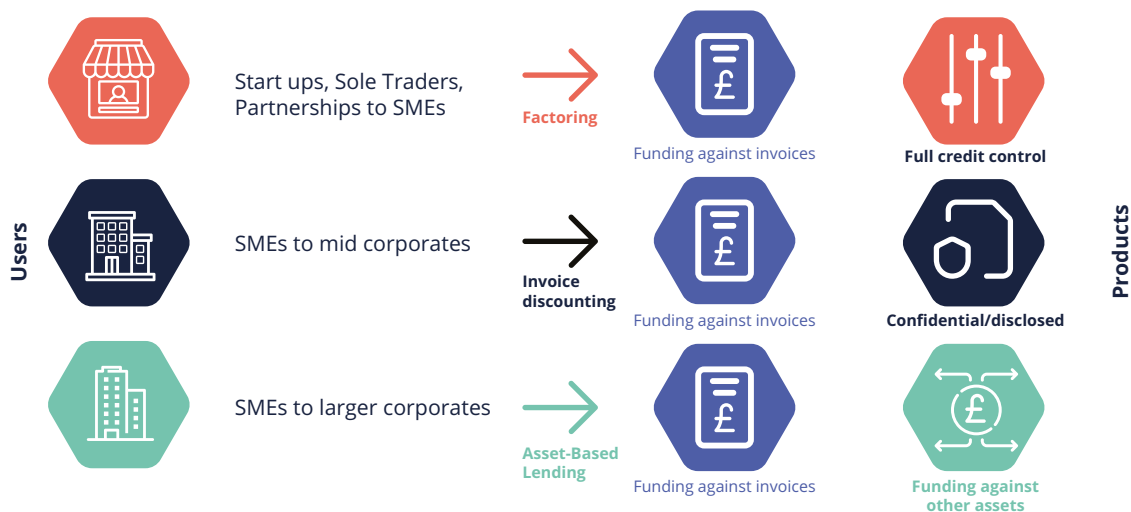
Invoice Finance

The most commonly known type of invoice finance is factoring, which supports many thousands of client businesses. The most significant product in the UK, however, in terms of both volume of funding provided and numbers of clients supported, is invoice discounting. With both factoring and invoice discounting, funds are provided against the debts owed to a client business by their customers (debtors). The debtor book will often be the most significant asset that a business will have and invoice finance allows the client business to unlock the funding tied up in its debts, releasing finance for working capital and growth.

A finance provider would normally purchase the right to payment of the debts owed, rather than take security against them.

Asset-Based Lending

In addition to providing funding against the debts owed to a client business, some finance providers can offer clients a wider range of funding facilities secured against other assets. These can include stock, plant and machinery, property and land, and sometimes intangible assets such as intellectual property and forward income streams. This is referred to as asset-based lending as the finance provider will generally take security (will lend) against the wider assets of a business.



List of members <https://www.ukfinance.org.uk/invoice-finance-and-asset-based-lending-members>

34,000 | By the end of 2024, invoice finance and asset-based lending supported 34,000 UK businesses

£315B | Those client businesses have combined sales turnover of over £315 billion

£21B | At any point in time, IF/ABL members will be advancing over £21 billion of finance to those businesses

Providers

Invoice finance and asset-based lending products and services are available from a wide range of finance providers, from the specialist divisions of the UK banks, as well as a range of independent non-bank finance providers.

The majority of invoice finance and asset-based lending providers in the UK are IF/ABL members of UK Finance and thus comply with the requirements of the Standards Framework. Members are permitted to use the UK Finance Standards Framework logo on their website and in communications.



UK Finance

Invoice Finance and Asset-Based
Lending Member 2025

Why there is a Standards Framework

Members have supported many hundreds of thousands of client businesses in the UK over the last 50 years. The overwhelming majority of client businesses are happy with the products and services they receive and how they are treated.

In some cases, however, a client business may be unhappy with the service they receive. Where that happens, it is important to have a clear set of principles and standards in place and independent processes through which concerns can be explored and, if necessary, addressed. Finance that is provided to businesses, as

opposed to consumers or individuals, is not generally subject to government regulation in the UK as far as conduct is concerned. The Framework has been established to provide current and prospective clients of this industry with confidence in using these forms of finance.

The Code and Guidance

All UK Finance IF/ABL members must operate in accordance with the Code. This Code, and the supporting Guidance sets the standards that IF/ABL members are required to meet in their dealing with clients, prospective clients and other specified associated parties in the provision of invoice finance and asset-based lending products and services. It does not cover members' conduct in the provision of any other services that they may offer, although separate regulatory systems may exist.

The commitments within the Code are broadly based on the principles of Treating Customers Fairly. The Code is generally principles-based rather than prescriptive. This is to ensure that it remains focused on outcomes for clients rather than on process.

Members that already operate to some extent in a formally regulated environment – such as those that are part of banks – must interpret the principles of the Code in the context of their existing practices and policies.

There should be no conflict between the Standards Framework and statutory regulatory systems and if there is the latter will always prevail.

The commitments of the code are:

1. Members shall abide by this Code, its Guidance and all applicable laws and regulations.
2. Members shall act with integrity and deal fairly and responsibly with clients and guarantors.
3. Members shall provide clients and guarantors with all appropriate information in a timely and transparent manner.
4. Members shall ensure that legal documentation issued by them is clearly and unambiguously written.
5. Members shall provide effective and timely client services in accordance with their legal agreements.
6. Members shall operate their own appropriate complaints procedures and the Professional Standards Council may from time to time request details of such procedures and anonymised data as to their outcomes.

Each of the above commitments have more detailed requirements which are set out within the full Code document.



Switching invoice finance provider

As well as the Code and Guidance, members agree to comply with a standard procedure to make it as easy as possible for a client business to switch invoice finance provider.

This procedure is called the Inter Member Transfer Process (IMTP) and will normally be followed whenever a client transfers from one IF/ABL member to another. The IMTP includes a number of commitments and timescales that the members involved will meet in relation to the transfer.

If a client business believes those commitments have not been met, they would be able to raise a complaint with the member involved. If the issue is not addressed to their satisfaction, they would then be able to access the independent Complaints Process under the Standards Framework, subject to the eligibility criteria.



CEDR Services Limited



Impartial

Accessible

Professional

CEDR is one of Europe's leading Alternative Dispute Resolution (ADR) service providers. CEDR provides dispute resolution services in a number of different industries, including telecommunications, water, aviation and property sectors, and more recently in the invoice finance and asset-based lending sector. These services are delivered in the form of sector specific schemes that have been developed by CEDR in collaboration with multiple stakeholders and regulators over the last ten years.

CEDR also delivers dispute resolution services on behalf of membership organisations, working with the Royal Institution of Chartered Surveyors (RICS) and Solicitors Regulation Authority (SRA).

CEDR covers the full spectrum of ADR methodologies including: conciliation, adjudication, complaints review, early neutral evaluation and expert determination.

When dealing with complaints about members, CEDR's aim is to ensure the following:

To provide an independent, impartial and cost effective means of resolving disputes outside the courts

To give an accessible and independent review of complaints

To work with the Professional Standards Council, UK Finance and its members to improve the service they give to their clients, making recommendations for improvements or change within the industry.

CEDR will consider complaints relating to alleged breaches of the Code and Guidance. In handling complaints, carrying out adjudications and reaching final decisions, CEDR will adjudicate fairly, independently and on a case by case basis.

Further, CEDR will consider what is fair and reasonable in the circumstances, having regard to any relevant legislation or regulations, principles of common law (judge-made decisions), good practice, equitable conduct, contractual obligations and good administration.

The independent Complaints Process

The independent Complaints Process is one of the key ways that compliance with the Code is monitored and enforced. It is provided by the specialist dispute resolution organisation, CEDR Services Limited (CEDR), CEDR.

The independent Complaints Process complements members' internal complaints systems - it does not provide an alternative to them.

The process is focused on outcomes and the objective is to enable an issue to be addressed and resolved to the satisfaction of the complainant as quickly as possible. The member will normally be best placed to address the

issues raised and therefore a complaint must be registered under the member's own complaints procedure, before it can be transferred to the independent Complaints Process.

The Complaints Process is intended to be compensatory not punitive. The maximum award available through the independent complaints process is £50,000.

The Professional Standards Council

The Professional Standards Council (PSC) is responsible for the effectiveness of the Standards Framework, overseeing the Code, as well as Members' complaints processes and the independent Complaints Process.

The PSC is supported by but operates independently of UK Finance. Its membership comprises a majority of independent lay-members (non-industry), including an independent chair, with a minority of industry representatives to provide appropriate expertise and experience.

The PSC does not, in normal circumstances, consider individual complaints; these are the responsibility of CEDR. The PSC's role is to consider issues emerging from the complaints processes and other matters brought to

its attention, as well as wider issues that may affect the reputation of the industry.

As well as making recommendations to the IF/ABL Product and Service Board regarding conduct and practices, the PSC can recommend a range of sanctions regarding conduct and, where necessary, continuation of membership.

More information

Complaints process / Making a complaint

Call [+44 \(0\) 203 934 1456](tel:+442039341456) or email IF/ABLstandards@ukfinance.org.uk
ukfinance.org.uk/system/files/UKF-IF/ABL-Complaint-Process-2018-.pdf

Frequently asked questions

Why was the Standards Framework established?

The Framework was established to support the industry's clients and provide them – as well as businesses that may be considering using invoice finance or asset-based lending – with confidence in using the products. Invoice finance and asset-based lending providers have supported hundreds of thousands of client businesses over the last 50 years. However, in some cases a client may feel they have been treated unfairly and so it is important to have a clear set of principles and a process through which concerns can be investigated and addressed.

The Framework is part of the industry's commitment to meet and exceed the expectations of current and future clients.

What are the key principles behind the Standards Framework?

The Standards Framework requires IF/ABL members to treat their clients and associated parties fairly and responsibly, and operate with integrity at all times. They are also required to be timely, transparent and unambiguous in their dealing with clients and each other.

Is invoice finance and asset-based lending regulated?

Invoice finance and asset-based lending are forms of commercial finance for businesses and are not provided to individual consumers. The provision of commercial finance - rather than consumer finance - is not generally subject to statutory conduct regulation at the present time in the United Kingdom.

Whilst many IF/ABL members are part of organisations that are subject to statutory regulation in respect of other products and services, invoice finance and asset-based lending are currently not.

The Standards Framework was independently established by the ABFA and now part of the UK Finance IF/ABL Product and Service Board. The Standards Framework is overseen by the independent Professional Standards Council.

Which finance providers are covered by the Standards Framework?

The Framework covers the conduct of all UK Finance IF/ABL members in the provision of invoice finance and asset-based lending. All IF/ABL members agree to comply with the Code in their treatment of all clients and associated parties as a requirement of membership.

The current membership is available at www.ukfinance.org.uk/invoice-finance-and-asset-based-lending-members

What types of finance are covered?

The Framework covers the provision of invoice finance (factoring and invoice discounting, primarily) and asset-based lending products and services. It does not cover other products and services that may be provided by members, although these may be subject to other statutory or non- statutory regimes.

Does the Framework cover all invoice finance and asset-based lending providers?

It is estimated that IF/ABL members provide at least 90 per cent (by volume) of the invoice finance and asset-based lending available in the UK. However, membership is not compulsory and not all providers of invoice finance and asset-based lending are members. In particular there are a number of companies providing online invoice trading services – client businesses using those services are not covered by the Framework.

It is expected that all finance providers would seek to meet the standards set by the Code whether they are members or not. But it is not possible to complain or raise concerns about the behaviour or actions of a finance provider that is not an IF/ABL member.

Only IF/ABL Members are permitted to use the Standards Framework logo.

Does the Framework cover Associate Members of UK Finance?

There are a number of organisations that provide professional services to the industry – these are referred to as Associate Members. The Standards Framework does not directly apply to associates but associates would be expected to support IF/ABL members in meeting their requirements under the Framework. In addition, depending on the nature of their services, many associates will be subject to a specific regulatory system and it may be possible to raise concerns with alternative bodies.

Who can make a complaint or raise a concern?

The independent Complaints Process is available to any client, prospective client (or guarantor/ indemnifier to the same) of a UK Finance IF/ABL member. Designated representatives are also able to make a complaint on behalf of a qualifying party. Members must meet the standards set out in the Code in dealing with all clients regardless of size, however, and anybody can raise a concern about the behaviour of an IF/ABL member with the Professional Standards Council.

How do I make a complaint?

The first step will be to register the complaint with the finance provider and request that they address the issues raised.

If a member does not do so to the satisfaction of the complainant, the complainant may be eligible to use the independent Complaints Process provided by CEDR. For further information about how to make a complaint please call [+44 \(0\) 203 934 1456](tel:+442039341456) or by email IF/ABLstandards@ukfinance.org.uk

What can the Professional Standards Council or CEDR do?

Depending on the outcome of an individual complaint, CEDR has the authority to direct a member to put in place a number of remedies. CEDR can require the member to apologise and provide an explanation of what went wrong and, if possible and appropriate, to take steps to put this right. CEDR can also direct an IF/ABL member to make a compensatory financial award to a successful complainant.

CEDR can make reports to the PSC about the conduct of an IF/ABL member or members, and make recommendations about practices within the invoice finance and asset-based lending industry more generally, as appropriate.

The PSC has the power to make directions and recommendations to members and can recommend the imposition of a range of sanctions regarding the conduct of individual members. These can include sanctions around continuation of membership.

About UK Finance

UK Finance represents more than 300 of the leading firms providing finance, banking, markets and payments- related services in or from the UK.

UK Finance currently represents around 95 per cent of invoice finance and asset-based lending (IF/ABL) providers in the UK. At any one time, IF/ABL members will be advancing over £22 billion in finance to around 40,000 client businesses.

UK Finance's IF/ABL membership includes a wide range of finance providers, including the specialist divisions of the UK banks as well as a range of independent non-bank finance providers.

In addition to the Standards Framework, UK Finance provides a vast array of courses including certifications, online modules and day courses to educate industry staff about the products,

services and best practice expected of members.

Regular forums also exist to ensure the industry is focused on evolving to better meet the needs of businesses.

In addition to finance providers, UK Finance has a number of associate organisations that provide services to the industry. For the avoidance of doubt, these Associates are not covered by the Standards Framework but they may be covered by other industry codes or regulatory systems.

IF/ABL membership is restricted to businesses involved in the provision of invoice finance and asset-based lending. Compliance with the requirements of the Standards Framework is a condition of membership, as are a number of other technical criteria.

Further Finance Information

Further information about invoice finance and asset-based lending, and about UK Finance, can be found at www.ukfinance.org.uk

Further information about a wide range of business finance solutions can be found through the British Business Bank and ICAEW's Business Finance Guide, produced with the support of UK Finance and many other organisations.

thebusinessfinanceguide.co.uk

Standards Framework Online

Please visit the website for the most up to date information on the Code, the supporting guidance or to making a complaint about a member.

www.ukfinance.org.uk/invoice-finance-and-asset-based-lending-members

