

Invoice Finance and Asset-Based Lending Code (2025 Edition)

Introduction

This document comprises the Invoice Finance and Asset-Based Lending (IF/ABL) Code and supporting Guidance. It covers all UK Finance IF/ABL Members. The Code sets the commitments that IF/ABL Members must meet when providing the following products and associated services to businesses in the United Kingdom:

- a. Factoring
- b. Invoice discounting
- c. Asset-based lending

This Code lays down key commitments for IF/ABL Members to ensure that they treat business clients and their guarantors fairly and responsibly in relation to the offering and delivery of these products and associated services. The Guidance provides further details about how the commitments set out in the Code can be implemented in practice.

It is a condition of membership of the UK Finance IF/ABL Product and Service Board that Members declare and maintain their compliance with this Code. Any reference in this document to “Members” shall be treated as being Members of the UK Finance IF/ABL Product and Service Board, unless otherwise specified.

It should be noted that only Members of the UK Finance IF/ABL Product and Service Board are covered by the IF/ABL Standards Framework. The clients of a UK Finance Member business that does not subscribe to the UK Finance IF/ABL Product and Service Board will not be covered.

Clients and guarantors should be aware that UK Finance itself is not a public regulatory authority and has no financial or other responsibility to anyone arising out of the actions and dealings of its Members.

Explanations

The Code and Guidance are designed to ensure that the fair treatment of clients and guarantors is central to the corporate culture of each IF/ABL Member, but without thereby restricting their ability to compete with each other for clients’ business.

The six commitments of this Code do not seek to define in precise or restrictive terms actions to be taken or omitted. They set out key principles which IF/ABL Members are expected to apply with good sense and, where appropriate, by referring to the Guidance for further clarification.

Those Members which are regulated¹ will also have regard to practices and policies imposed to ensure their own regulatory compliance.

IF/ABL Members shall advise all clients and guarantors of the existence of the Standards Framework, including the Code and Guidance, and the independent Complaints Process, and that all of these documents can be viewed on the UK Finance website at <https://www.ukfinance.org.uk/invoice-finance-and-asset-based-lending-members>.

Where the context permits, references to the “Code” shall be treated as including the Guidance and references to a “client” or a “guarantor” shall be treated as including a prospective client business or a prospective guarantor. A “guarantor” or “guarantee” includes an indemnifier or an indemnity.

¹ “Regulated” means that a Member is part of, or is ultimately or intermediately owned by, an entity which is registered or authorised by Financial Conduct Authority or Prudential Regulation Authority (or successors) to carry on a regulated activity under the Financial Services and Markets Act 2000 or is a subscriber to the Lending Code of the Lending Standards Board. “Regulated” also means a Member similarly authorised by a regulator in the EEA.

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Matters mentioned under the heading “Explanations” are not intended to affect the key commitments set out in the Code.

In conjunction with this Code, UK Finance will:

- a. publish a Complaints Process that all Members of the IF/ABL Product and Service Board agree to follow, relating to matters in this Code;
- b. establish a Professional Standards Council, responsible for overseeing this Code and the independent complaints process.

This Code, its enforcement, any complaints, its review and updating are the ultimate responsibility of the UK Finance IF/ABL Product and Service Board. It will delegate these responsibilities, as appropriate, to the IF/ABL Professional Standards Council. From time to time the UK Finance IF/ABL Product and Service Board may issue amendments to this Code, Guidance or the Complaints Process.

This version of the Code is effective from 1st January 2025 and supersedes the IF/ABL Code for Members (2018 edition) in relation to business arrangements entered into, or actions taken, on or after that date.

The Code

IF/ABL Members are required to set and maintain rigorous and exemplary professional standards in their relationships with clients and guarantors. To achieve such standards, key commitments have been established which require that:

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

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Guidance to the Code

1.1.1. Guidance has been prepared to complement the Code and to support Members in complying with its six commitments.

COMMITMENT 1: Members shall abide by this code and all applicable laws and regulations.	
1.1 Abiding by the Code	<p>Members shall:</p> <ul style="list-style-type: none"> 1.1.1. follow the Code and all applicable laws in all areas of their business activities; 1.1.2. regularly review compliance with the Code and provide annual confirmation of the same to UK Finance; 1.1.3. annually provide UK Finance with copies of its audited accounts; 1.1.4. provide adequate training for staff, including completion of the UK Finance IF/ABL Standards Framework online course annually, bringing to their attention those aspects of this Code that are relevant to them and require them to carry out their duties in accordance with it.
1.2 Maintaining standards of professional conduct	<p>Members shall:</p> <ul style="list-style-type: none"> 1.2.1. respect the confidentiality of information supplied by clients, or guarantors; Members are reminded of their duties of confidentiality imposed by all applicable Data Protection legislation and associated legislation; 1.2.2. only disclose information to external parties about clients or guarantors in accordance with data protection and other associated legislation; 1.2.3. ensure that their marketing activities, whether through advertising, sales literature or verbal assertions shall be honest, fair and clearly understandable; 1.2.4. ensure that their advertisements do not infringe the relevant codes of advertising practice; 1.2.5. ensure that any services promoted by them are actually available to the extent and quality described; 1.2.6. ensure that any arrangement for the making of commission or other payments to third parties in connection with the referral or introduction to the Member of a client is disclosed in writing to the (prospective) client prior to the completion of the legal documentation; such disclosure shall include relevant details of the party receiving the payment as well as detailing the right of the prospective client to request and receive in writing details of the amount of any known commission and the method of calculation of future commission; 1.2.7. Members must avoid any actions that bring the industry into disrepute; 1.2.8. have adequate processes in place to ensure as far as possible that all third parties with whom they work act in a manner that is consistent with the principles and standards of behaviour set by the Code.

COMMITMENT 2: Members shall act with integrity and deal fairly and responsibly with clients and guarantors.	
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<p>2.1 Making agreements that are in the interests of the client and appropriate to their needs</p>	<p>2.1.1. Products and associated services should perform as clients have been led to expect;</p> <p>2.1.2. Any guidance should be suitable and take account of the particular circumstances of the client/recipient;</p> <p>2.1.3. Members shall provide funding responsibly and only offer facilities to a client which they believe are appropriate to the client's needs.</p>
<p>2.2 Protecting the reputation of the Industry</p>	<p>2.2.1. Members shall notify UK Finance of any matters which might adversely affect the reputation of the industry or UK Finance, provided that client confidentiality is respected, and all legal requirements are complied with;</p> <p>2.2.2. Complaints by one Member about the behaviour or non-compliance with this Code of another Member shall only be reported in writing by a director (or CEO of the Member's relevant business) of the Member lodging the complaint;</p> <p>2.2.3. Members must have an appropriate whistle-blower policy in place.</p> <p>2.2.4. Where a director (or CEO of the Member's relevant business) of a Member in good faith raises a matter with the Professional Standards Council about another Member, then such director and any employee connected with the complaint must be protected from possible reprisals, harassment or victimisation;</p> <p>2.2.5. Members shall not knowingly misrepresent facts to clients, guarantors and others.</p>
<p>COMMITMENT 3: Members shall provide clients and guarantors with all appropriate information in a timely and transparent manner.</p>	
<p>3.1 Providing information on fees and charges</p>	<p>3.1.1. All standard charges (e.g. any charge that is payable as a matter of course and does not relate to services requested by the client on an ad hoc basis) associated with a facility should be made clear in the offer of facilities and in the agreement signed by the client;</p> <p>3.1.2. Members should make a prospective client aware that charges additional to the standard charges may apply and, if requested, provide the prospective client with clear and concise details of all such charges which may be applicable during the duration of the agreement, in a timely fashion, to allow the comparison of different quotations;</p> <p>3.1.3. Members should notify a client in advance of fees payable for services requested by the client on an ad hoc basis;</p> <p>3.1.4. Unless provided to the contrary in the legal documentation, any changes in fees and charges during the duration of the facility should be advised to the client with a reasonable period of advance notice before their implementation;</p> <p>3.1.5. If a client requests an early termination of the facility without wishing to serve the contracted full period of notice then, if the Member is prepared to accede to such request, any additional fees and charges which the Member will require should be clearly and comprehensively explained in order that a client may make a reasonable evaluation of whether to proceed with such termination;</p> <p>3.1.6. Any payments, charges or any increases (and, where applicable, their method of calculation) coming into effect upon breach of the agreement, whether or not the facility may be terminated, should be clearly stated or explained in the offer of facilities or the legal agreement;</p> <p>3.1.7. Where charges and fees are incurred then a breakdown of their calculation</p>

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	<p>should be provided to the client upon request;</p> <p>3.1.8. Where Members agreements enable fees to be paid by a client in respect of third party engagement (such as accountants or business advisors), any fees payable should be reasonable. In addition the fees likely to be payable should be communicated to the client as soon as practicable, along with information about the scope of the engagement and services to be provided;</p> <p>3.1.9. Guarantors should be provided with clear and concise details of fees, charges and any information about the client’s financial obligations to the Member at any time upon request. Members should ensure that clients give advance consent to such disclosure;</p> <p>3.1.10. Where Members rely on Certificates of Indebtedness, Members should, upon request, provide at least a breakdown of transactions affecting the indebtedness since the last statement provided.</p>
<p>3.2 Providing information on services during the agreement, on notice periods and on what happens upon breach or at the ending of the agreement</p>	<p>3.2.1. Legal agreements with clients should clearly state the rights and duties of all parties to the arrangement particularly specifying:</p> <ul style="list-style-type: none"> a. any minimum period of notice required in order for either the client or the Member to terminate the facility; b. any minimum period during which notice to terminate cannot expire; c. the events giving the Member the right to terminate the facility without any period of notice, even if termination does not take place, together with the financial and other consequences. <p>3.2.2. Members’ agreements which require a period of notice from a client to terminate the facility should not impose any other time restrictions in respect of such notice, such as:</p> <ul style="list-style-type: none"> a. only expiring on an anniversary of the start date; or b. not permitting the client to give a longer notice than that specified in the agreement; c. requiring an unreasonably excessive period of notice. However, this advice does not preclude the use of such provisions or the inclusion of a minimum period from the start date during which a notice cannot expire; <p>3.2.3. Where a client requests termination of a facility without the required or any period of notice, even though Members may not have any legal obligation to agree, they are encouraged to give reasonable consideration to such request, particularly where additional liquidity from a new facility will alleviate hardship;</p> <p>3.2.4. Members’ agreements should make it clear that breach thereof can give rise to a claim for damages by the Member, particularly where the client ceases to perform its obligations;</p> <p>3.2.5. Members’ agreements should be clear about the consequences of any event giving a right to terminate the facility;</p> <p>3.2.6. Where Members’ agreements require fees to be paid in the event of a client ceasing to trade, any fees payable should be reasonable and justifiable. Members should be able to demonstrate that the fees charged are clearly defined within the agreement and might relate to areas such as costs incurred relating to the recovery of indebtedness, and outstanding contract periods;</p> <p>3.2.7. In the event of a Member appointing an administrator in respect of a client, Members should be able to demonstrate, in writing, how they arrived at the decision to appoint that particular administrator;</p> <p>3.2.8. Unless a Member can demonstrate that to do so would put the security of advances at risk, a Member should allow clients online access to their account information. This should apply regardless of whether notice of termination has been served by either party;</p>

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	3.2.9. Prospective guarantors should be advised to take independent legal advice regarding any document which the Member may ask them to sign.
3.3 Providing information on obligations relating to debts within the agreement	3.3.1. The Client should be made aware that their legal responsibilities to the Member are significant and that if they are, in any way, unsure as to the extent of those responsibilities they should seek independent legal advice prior to the signing of the agreement. Where a Member believes it is likely that a guarantor may be called upon, in due course, to honour their obligations then Members should advise the guarantor of this fact.
COMMITMENT 4:	Members shall ensure that legal documentation issued by them is clearly and unambiguously written.
4.1 Clarity of documents	4.1.1. Members shall provide clients and guarantors with legal documentation that is clearly written, simple to understand and does not obscure the client's or guarantor's obligations.
4.2 Presentation of documents	4.2.1. Members are encouraged to undertake regular reviews of their documentation in the light of the Code and Guidance.
COMMITMENT 5:	Members shall provide effective and timely client services in accordance with their legal agreements.
5.1 IF/ABL Members shall provide an effective and professional service	<p>IF/ABL Members shall:</p> <p>5.1.1 have effective procedures in place for promptly responding to (and where appropriate investigating) client enquiries or requests;</p> <p>5.1.2 provide services with adequate processes in place to seek to effectively pursue debts and promptly allocate funds;</p> <p>5.1.3 upon the completion of any requisite notice period, facilitate a move from one finance provider to another should a client wish to make such a change; UK Finance has an established set of procedures and commitments to facilitate the transfer of clients between IF/ABL Members;</p> <p>5.1.4 promptly settle any bad debt losses relating to credit approved debts, in accordance with the terms of their legal agreement with the client.</p>

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COMMITMENT 6: Members shall operate their own appropriate internal complaints procedures and the Professional Standards Council may from time to time request details of such procedures and anonymised data as to outcomes.	
6.1 Complaints procedures	<p>Members shall:</p> <p>6.1.1. have in place appropriate internal procedures for addressing complaints;</p> <p>6.1.2. provide details of the structure of their internal complaints handling procedures to the Professional Standards Council upon request;</p> <p>6.1.3. provide details of the UK Finance IF/ABL Complaints Process to clients and guarantors at the commencement of the facility and whenever a complaint has not been resolved by the Member to the complainant’s satisfaction;</p> <p>6.1.4. deal promptly and reasonably with disputes and complaints from clients and guarantors;</p> <p>6.1.5. maintain a log of complaints received and their resolution, making anonymised data from the log available to the Professional Standards Council upon request. The Professional Standards Council will not require any information that is not in line with data protection obligations.</p>
6.2 Participation in the UK Finance IF/ABL Complaints Process	<p>6.2.1. Members shall adhere to / abide by / the UK Finance IF/ABL Complaints Process. Details of this are set out in the accompanying Complaints Process document.</p>