

# Factoring Guide



# Why are we providing this guide?

As part of our commitment to treating clients fairly we want to provide you with information which is clear and gives you a good understanding of our product. This guide provides an overview of the key features of your Factoring facility.

Capitalised words carry the same meaning as defined in the Factoring Terms or Agreement between us.

# How it works

## FacFlow

We realise you want to manage your account as quickly and easily as possible. With this in mind we have designed FacFlow™ – a system that actually reduces your administration burden.

### Benefits of FacFlow

**Fast** – you can usually make requests and receive payments on the same working day.

**Intuitive** – the system is well designed and easy to use.

**Robust** – FacFlow can handle large volumes with ease.

**Thorough** – FacFlow is extremely comprehensive, and can produce reports.

**Well supported** – most customers who call our Web business support team have their queries resolved by the end of the call.

**Accredited** – FacFlow has been accredited by the Institute for Chartered Accountants in England and Wales (ICAEW), under its IT Accredited Product Scheme. Visit the ICAEW website for further information at [www.icaew.com](http://www.icaew.com)

**Online** – use FacFlow anywhere you have an internet connection, anytime.

### Submitting Invoices

Schedules for Existing Customers and New Customers can be submitted through FacFlow. This will contain a listing of the dates, invoice numbers and values of the invoices.

Each invoice and every copy of it, including the customer copy and your file copy, must have the Notice of Assignment. FacFlow will then be updated on the same day so you can see exactly what funds you have available to draw down.

### Other Adjustments to your Ledger

You must send a schedule on a weekly basis as a minimum, detailing all changes to your sales ledger including invoices, credit notes, settlement discount and any other adjustments e.g. bad debt write off.

### Notices of Assignment

All invoices raised that are notified to RBS Invoice Finance must contain the below assignment notice. This highlights to the customer that the debt belongs to RBS Invoice Finance.

The debt due under this invoice has been assigned and must be paid to RBS Invoice Finance Limited, Smith House, PO Box 50, Elmwood Avenue, Feltham, Middlesex TW13 7QD. Only payment to RBS Invoice Finance Limited will discharge your liability for the debt.

# Ineligible items which may affect the amount of funding available

Ineligible Debts are withheld from the payment availability calculation; reasons may include:

- invoices in dispute
- customer accounts where we have commenced legal action
- customer balances subject to direct payment
- customer balances which have exceeded the limit set by RBS Invoice Finance
- customer balances which have exceeded the concentration limit
- customer accounts which are overdue.

Ineligible items can be viewed on the FacFlow Payment Availability Screen.

## 1. Dispute notices

- If we become aware that a customer is disputing an invoice or their liability to pay, a dispute notice will be notified to you via FacFlow. In such cases you must contact your customer directly in order to resolve the query or dispute. If you agree that a credit is due then a credit note must be issued and you must notify to us that you have done so.
- If you disagree with your customer's comments, a detailed written reply must be sent directly to them. Copies of all correspondence must also be sent to your Credit Controller, referring to our dispute notice.
- If a dispute is not answered within 35 working days, the invoices in question may, at our discretion, be automatically reassigned to you.

## 2. Legal action

- We have the option of resorting to legal action if outstanding invoices have not been paid following our normal collection efforts. You will be notified via FacFlow.

## 3. Direct payments

- Any customer cheques received by you in respect of invoices notified (or offered) to us must be forwarded to us immediately on receipt, together with any remittance advice(s) received.
- Any electronic payments received by you from your customers must be forwarded to us immediately on receipt, together with any remittance advice(s) received.



## 4. Limit exceeded

- When the balance outstanding on a customer's account exceeds the funding limit set, the difference between the set limit and the amount outstanding on the customer's account is held back from the payment availability calculation.
- An increase in the funding limit can be requested through FacFlow.
- If we provide you with a non-recourse facility we set credit limits. Again before or when your balance outstanding on a customer's account exceeds the credit limit an increase can be requested through FacFlow.

## 5. Concentration

- The concentration limit is a percentage specified by RBS Invoice Finance of the total outstanding ledger balances from all your customers.
- If any individual customer balance exceeds the set concentration limit percentage, the balance in excess of this will be held back from the payment availability calculation.

## 6. Overdue accounts – Debts at your risk ('C' risk)

- Debts at your risk will be notified via FacFlow and on Reports will be shown as 'C' risk.
- Invoices become overdue when they are a number of days (as set out in the Schedule of your Factoring Agreement) past the due date i.e. 60 days. At this point, the value of the relevant invoices will be held back from the payment availability calculation.



# How to find detailed information on your customers

## Customer Listings

Customer Listings are available from FacFlow and include the following information:

- Customer name
  - Customer account number
  - Customer address
  - Customer limit
  - Customer account status
- To find the information you require, select '**Customers**' which enables you to Find, Filter, Sort and View data.
  - The screen will also show you which items are in dispute or have become overdue, or where legal action has commenced.
  - A Customer Details Summary Report can be printed and email messages to RBS Invoice Finance can be created in relation to specific customers.
  - Limit increases can be requested from this screen.

## Notes for submitting an increase in customer limit

### Limited Companies

- We will require the full registered name of the company and the correct company registration number.

### Non-Limited Companies

- We will require details of the proprietors' full names and their business address.

The customer details must be completed accurately in order for a decision to be made on the limit requested.

## Customer Limit Availability

The Customer Limit and Status report accessed from the '**Reports**' section details the customer's balance, any amounts at your risk ('C' risk), the current customer limit, the amount available for your use and the status of the customer's account. Invoices at our (Factors') risk are defined as 'F' risk.

If we have commenced legal action against any customer the limit will be removed.

Please note all invoices must be notified/offered to us whether or not we have set a customer limit.

# Statements – How do I check the activity on our facility?

## Client Accounting

Two statements are produced each calendar month reflecting your accounts with us, the Debts Purchased Control Account and the Client Account.

Summaries from both of the accounts give an overview of the information that is contained within them.

The details of both statements can be viewed in the '**Accounts**' screen or from the '**Reports**' menu in FacFlow.

## Debts Purchased Control Account

The Debts Purchased Control Account will mirror your sales ledger by showing the Notification/Offer Schedules and Credit Note Listings received by RBS Invoice Finance, including:

- Invoices notified/offered to us
- Payments received from customers
- Discounts allowed to customers
- Credit Note Listings etc.

## Client Account

This account records all other transactions with RBS Invoice Finance, service charges and VAT thereon.

The discounting charge agreed between us is accrued on a daily basis on the balance of the Client Account and is debited to the Client Account on the last day of the month.

Service charge is debited to your client account every time you notify an invoice schedule.

You should retain copies of these statements for accounting purposes.

# Reports

The reports available from FacFlow are listed below. By clicking on '**Reports**', FacFlow will guide you through the relevant information needed, such as date ranges or specific parameters for a search.

– Aged Analysis Credit Protection Report

– Aged Analysis Detail

– Aged Analysis Summary

– Cancelled and Post-Dated Cheques

– Customer Cash List

– Cleared Open Item

– Client Account Detail

– Client Non-Standard Terms

– Client Risk detailed/summary

– Customer Limit and Status

– Customer Limit Requests

– Customer Name and Address

– Customer Open Items

– Customer Sales

– Debts Purchased Account Report

– Direct Debits

– Disputes

– Legal Actions

– Overdue Open Items

Client Account Transactions Report –

Customer Accounting Transactions Report

User Administration

Notification – Offer of debts report

The '**Help**' screens may be used to access a description of the above reports. These screens will also explain how to filter and sort through the information.



# Key Report

## Aged Debtor Analysis Report

The Aged Debtor Analysis Report is an open item report available on FacFlow, that provides the total amount of outstanding invoices on each customer account, the overdue amount and any unapplied credits (UAC).

Unapplied credits are included in the account balance. UACs occur where a payment has been received with no remittance advice, where a payment has been made 'on account' or where credit notes have been issued by you.

The overdue columns i.e. 1-30, 31-60, 61-90 and 90+ days, indicate the number of days past due date of outstanding invoices.

The Aged Debtor Analysis Report can be found by clicking on the FacFlow **'Report'** icon and selecting from the menu.

# FAQ

## 1. What availability do I have to draw down today?

This can be found on FacFlow on the payment availability screen.

## 2. Can invoices be loaded if they are faxed to RBS Invoice Finance?

No, schedules of invoices, credit notes etc need to be notified via FacFlow. This can be done through the input menu.

## 3. How do I open a new debtor account?

This can be set up through FacFlow using the 'Customer' icon.

## 4. What information is required to open up an account?

The following are mandatory pieces of information for a new debtor account:

- Company Name
- Full Address
- Postcode
- Company registration number (CRN) or proprietor details (must have one of the two)
- Telephone number

## 5. What is the difference between Factoring and handling my own credit control?

With Factoring, RBS Invoice Finance Collections are responsible for calling debtors to chase outstanding invoices. If you manage your own sales ledger, you handle your own Collections and call debtors directly. Collections letters are still sent by RBS Invoice Finance, but an email is sent to you prior to legal action. This service is sometimes referred to as CHOCS (Client Handles Own Collections).

## 6. What date are statements sent?

Statements are sent once a month to all debtors. Additional statements can be manually produced if requested.





