

Your guide to factoring



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What is factoring?

With factoring, you issue your invoices to your customers as normal but we collect the debts, effectively becoming your credit control service. Based on the terms of your agreement, we send you up to 90% of the value of the invoice in 24 hours, collect the payments from your customers and, once received, send you the remaining value of the invoice (less our service charge).

FacFlow – making invoice finance easy

You'll have access to our 24/7 online tool FacFlow to manage your account, invoices and payments quickly and easily. It's designed to be user-friendly and comes with a range of other benefits:



Fast – you can usually make requests and get payments on the same working day



Well supported – our Web Business Support team will aim to resolve your query straight away



Robust – easily handles large amounts of data



Accredited – evaluated and independently accredited by the Institute for Chartered Accountants in England and Wales (ICAEW), meaning you can be sure that FacFlow is reliable and you'll get strong customer support



Thorough – can produce a full range of comprehensive reports



Online – enjoy the convenience you need by using FacFlow anywhere and any time you have an internet connection

How to submit invoices

Use FacFlow to submit invoice schedules for existing customers and new customers. FacFlow will contain a listing of the dates, invoice numbers and values of the invoices, and will be updated on the same day so you can see exactly what you've got available.

You must make sure each invoice and every copy of it (including the customer copy and your file copy) contains the notice of assignment details as shown below. This lets the customer know that the debt belongs to us.

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.

Other adjustments to your ledger

FacFlow is also the place you'll tell us about all changes to your sales ledger including invoices, credit notes, cash/cheques, settlement discount and any other adjustments like bad debt write-off.



How to check activity on your facility

Client accounting

You'll be able to view a 'debts purchased control account' statement and a 'client account' statement each calendar month.

Accounts are summarised to give you an overview of them. You can access further details in the '**Accounts**' screen or from the '**Reports**' menu in FacFlow.

Debts purchased control account statement

This mirrors your sales ledger and shows all the notification/offer schedules and credit note listings we receive, including:

- Notifications – invoices notified/offered to us
- Payments received from customers
- Discounts given to customers
- Credit note listings etc.

Client account statement

This shows all other transactions with us, as well as service charges and VAT. The service charge applies every time you send us an invoice schedule. We also agree a discounting charge with you which is deducted from the client account on the last day of the month.

You should retain copies of these statements for accounting purposes.

About our charges

You can find the full pricing structure at: rbsif.co.uk/our-pricing/

Our main charges are:

Discount margin: this is a charge payable on your drawn amount. It's calculated and accrued daily, and debited either daily or monthly as stated in your agreement.

Service charge: this is either a fixed fee payable monthly or quarterly or is calculated as a percentage of the turnover you put through the facility and is debited monthly (a minimum service charge applies).

Annual renewal fee: either an agreed fixed fee or calculated as a percentage of your facility limit (a minimum renewal fee applies).

How your available funds could be affected



1. Dispute notices

- If we become aware that a customer is disputing an invoice or refusing to pay, a dispute notice will be sent to you on FacFlow and you must contact your customer directly to resolve the query or dispute. If you agree that a credit is due, a credit note must be issued and you must let us know
- If you disagree with your customer's comments, you must send a detailed written reply 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 to take legal action if outstanding invoices haven't been paid following our normal collection efforts. You'll be told about this via FacFlow



3. Direct payments

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



4. Limit exceeded

- When the balance outstanding on a customer's account is more than the funding limit that's been set, the difference is not included in the availability calculation
- You can request an increase in the funding limit through FacFlow
- If we provide you with a non-recourse facility, we also set credit limits. Before or when the balance outstanding on a customer's account goes over the credit limit you can request an increase via FacFlow



5. Concentration limit

- We set a concentration limit, which is a percentage of the total outstanding ledger balances from all your customers
- If one of your customer's balances is more than the concentration limit, the excess balance will not be included in the availability calculation



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

- We will notify you through FacFlow of debts at your risk. They will also be shown on reports as 'C' risks
- Invoices become overdue when they are a certain number of days past the due date, as set out in the schedule of your factoring agreement. When this happens, the value of the relevant invoices will be deducted from the payment availability calculation

How to find details about your customers

Customer listings

FacFlow will show customer details, including:

- Customer name
- Customer account number
- Customer address
- Customer limit
- Customer account status

To find the information you need, select **'Customers'** which enables you to find, filter, sort and view data.

You'll also be able to see which items are in dispute or have become overdue, or where legal action has commenced.

A customer details summary report can be printed and emailed to us, and can be created about specific customers.

You can also request limit increases from this screen. To do this for:

- **Limited Companies:** we'll need the full registered name of the company and the correct company registration number
- **Non-Limited Companies:** we'll need the proprietors' full names and their business address. 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 on FacFlow shows 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've commenced legal action against any customer, the limit will be removed.

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

How to view reports

You can access a variety of reports using FacFlow, as listed below. Click on **'Reports'** and FacFlow will guide you through what you need to do.

- 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
- Selective transactions report
- Client account transactions report
- Customer accounting transactions report
- User administration report
- Notification – offer of debts report

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

Aged debtor analysis report

The aged debtor analysis report is an open item report available on FacFlow. It provides the total amount of outstanding invoices on each customer account, the overdue amount and any unapplied credits.

Unapplied credits are included in the account balance and occur:

- Where a payment has been received with no remittance advice
- Where a payment has been made 'on account'
- Where credit notes have been issued by you

The overdue columns (1-30, 31-60, 61-90 and 90+ days) indicate the number of days outstanding invoices are past due.

You can find the aged debtor analysis report by clicking on the FacFlow **'Report'** icon and selecting from the menu.

Your questions answered

What funds have I got available?

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

Can invoices be loaded if they're faxed to RBS Invoice Finance?

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

How do I open a new debtor account?

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

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

What's the difference between factoring and handling my own credit control?

With factoring, our collections team is 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 us, but an email is sent to you prior to legal action. This service is sometimes referred to as CHOCS (Client Handles Own Collections).

What date are statements sent?

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

Need more help?

Our helpdesk is available to answer your questions about payslip adjustments, represented cheques, processing issues and general queries about payments from either the UK or abroad.

Our dedicated team is available Monday to Friday between 9am and 5pm on:



Call **0800 711 911**

Text Relay **18001 0800 711 911**

Security may be required. Product fees may apply.