

The LSB's Information for Practitioners

The Standards of Lending Practice for
business customers

Governance and oversight
Covid-19 update

May 2020

This document has been produced by the LSB and sets out the relevant updates to the Governance and oversight Information for Practitioners in relation to the Covid-19 pandemic.

The Information for Practitioners provides non-exhaustive examples of the approach Registered Firms (Firms) may wish to take into consideration when seeking to adhere to the Standards of Lending Practice for business customers (the Standards) on governance and oversight.

Registered Firms must be able to demonstrate to the LSB that they are adhering to the Standards of Lending Practice; however the LSB does not monitor compliance with the content of this document and as such, it is not intended to be prescriptive nor binding on Registered Firms. The LSB acknowledges that each Firm will have its own way of demonstrating that it is adhering to the Standards without the need to refer to, or take account of, the content of this document.

Where a reference is made to the Consumer Credit Act 1974, as amended (the CCA), the Consumer Credit Sourcebook (CONC), other Financial Conduct Authority (FCA) requirement or wider legislation, the examples or suggestions which follow represent the LSB's view on how the Standard could be achieved.

Customer outcome: business customers will receive a fair outcome when taking out a credit product and throughout the whole customer lifecycle, wherever the interaction with the customer takes place

Firms will achieve this: with processes, controls and governance arrangements that ensure that there is effective senior management oversight of the Firm's achievement of the customer outcomes contained in the Standards of Lending Practice for business customers

- 8. Firms should ensure that the product design stage takes into account internal and external risks which could impact upon a customer's ability to maintain their repayments so that new products do not lead to unsustainable borrowing.**
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Update to take account of measures introduced by the Government to support lending to SMEs impacted by the Covid-19 pandemic.

HM Government has established the Coronavirus Business Interruption Loans Scheme (CBILS) and Bounce Back Loan Scheme (BBLs) to support the continued provision of finance to SMEs throughout the Covid-19 pandemic. It is recognised that registered firms are prepared to support business customers experiencing disruption caused by the coronavirus pandemic, and in doing so may be prepared to offer products under CBILS and BBLs in reliance on the Government guarantee under each scheme.

It is recognised that by participating in the Government schemes firms may not be able to apply in full effect all provisions within this section of the Standards as certain aspects of the products are determined by the Government, and as such firms have a limited or no role in the design of products.

Given this firms cannot reasonably be expected to apply the provisions of paragraph 8. to the design of products offered under CBILS and BBLs as the parameters of the products are set out by the Government.

- 9. Firms should undertake both post-launch and cyclical product reviews to ensure that their products are, and remain, fit for purpose.**
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It is recognised that by participating in the Government schemes firms may not be able to apply in full effect all provisions within the Standards as certain aspects of the products are determined by the Government.

Given this firms are not able to determine design or the duration of the availability of the product, they will not reasonably be expected to undertake products reviews in a normal way. However, the LSB would encourage firms to take account of the schemes within the product review process.