

IMPORTANT UPDATE

NOTIFICATION TO ALL LENDERS

Issue Date: 15 April 2021

Delivery: By email only

Introduction

Geoffrey Bouchier and Robert Armstrong of Kroll (a trading name of Duff & Phelps Ltd.) have been appointed Joint Administrators of Business Loan Network Limited (“the Company”) at 11.10am on 15 April 2021 by order of the Court following an application by the directors.

The sealed Court Order will be posted on the Company’s website and circulated when available.

The directors of the Company took this decision, having regard to its present and likely future financial position, in order to protect the interests of its creditors as a whole.

The application to Court was made because in the circumstances directions of the Court were required to assist the Administrators in carrying out their functions.

The effect of the Administration appointment is to provide protection to the Company and prevent any creditor taking action against it.

The Administrators have assumed the responsibility for managing the Company’s affairs.

Conduct of the Administration

On 9 December 2019 the Company made the decision to close to new business and, following consultation with the FCA, commenced a managed run off plan in relation to loan recovery and distribution to lenders.

The Administrators’ wind-down of the remaining loan book will continue during the Administration process. The Administrators have appointed ESF Capital Limited (“ESF”), the Company’s parent which has been providing services to support the managed run off plan prior to the Administration, as wind down servicer to assist in this process.

ESF will continue to be the primary contact with borrowers and lenders on behalf of the Company in Administration. ESF has the know-how, systems and personnel and is believed to be best placed to achieve this objective in an orderly and cost-efficient manner.

Website and Lender Portal

Lenders will continue to have access to the online Portal via the Company’s website (<https://www.businessloannetwork.co.uk/>) as well as have access to the internal messaging system within the Portal.

Queries from lenders submitted via the internal messaging system or via admin@businessloannetwork.co.uk will continue to be answered in the usual way.

Lender Loan Updates

Lenders will also continue to receive updates on loans for which they are invested by email in the usual way and as follows:

- Loans which are not subject to recovery proceedings, updates will be provided where there is a significant development, and;

- Loans which are subject to recovery proceedings, updates will be provided monthly or when there are material developments.

These updates will be provided by the Company by email in the usual way.

Client Monies held as at the date of the Administrators' appointment

Where a firm is holding client money upon the appointment of the Administrators (i.e. monies held in lenders' accounts with the Company), the FCA's Client Assets Sourcebook (CASS) requires these monies to be notionally pooled, forming a client money pool ("CMP").

The Administrators are required to conduct a reconciliation of the CMP prior to allowing lender withdrawals. They are also required to ensure that appropriate Anti Money Laundering and Know Your Client checks have been performed prior to permitting lender withdrawals. It is currently anticipated that this work (predominately in relation to checking appropriate Anti Money Laundering and Know Your Client checks have been performed) will take some time to complete but the Administrators will endeavour to provide updates to lenders when progress has been made and meaningful updates can be provided.

Loan Recoveries received after the date of the Administrators' appointment

Loan proceeds received after the Administrators' appointment will include amounts to which Lenders are entitled ("Client Assets") and amounts (fees and reimbursement of the costs of action taken by the Company – "Company Assets") the Company is entitled.

The Court has granted certain ancillary relief to assist the Administrators to achieve an orderly wind-down of the loan book and return of Client Assets to lenders.

The sealed Court Order will be posted on the Company's website and circulated when available, together with more details about the circumstances in which it was obtained and the practical consequences.

Frequently Asked Questions

Although some of the content of this notification is included within the attached FAQ, there is other information contained within the document which may be helpful such as:

- General information about Administration and the Administrators;
- Whether lenders are creditors of the Company;
- Complaints made to the Financial Ombudsman Service;
- Whether the Financial Services Compensation Scheme (FSCS) will respond given the Administration of the Company;
- What to do if firms contact lenders offering lenders assistance recover lenders' investments facilitated by the Company.

Formal Notification of the Appointment of Administrators

The Joint Administrators will be issuing a communication all creditors and lenders (who will be treated as contingent creditors), of the Company within 7 days of the Administrators' appointment.

This communication will include further information regarding the timing of further formal updates in accordance with Insolvency legislation as well as provide lenders and creditors with access to a website portal where the formal updates will be posted. This communication will set out how lenders and creditors can lodge a claim in the Administration.

Lenders should please note that in treating them as contingent creditors, no admissions are made by the Administrators as to the validity or value of any claim.

Other

In the event that you have a specific query for the Administrators, a dedicated email address for creditors to contact the Administration team has been set up by the Administrators. The address is BLN@kroll.com.

Alternatively, you may write to us at: BLN Case Team, C/O Kroll, 32 London Bridge Street, London, SE1 9SG.

Notices

- I. *The affairs, business and assets of the Company are being managed by the Joint Administrators, Geoffrey Bouchier and Robert Armstrong who act as agents of the Company and without personal liability. Geoffrey Bouchier and Robert Armstrong are licensed as insolvency practitioners in the United Kingdom by the Insolvency Practitioners Association.*
- II. *The General Data Protection Regulation requires that individuals whose data is being held be contacted and provided with information about their rights. A privacy notice is available at <https://www.kroll.com/privacy>.*