

## **DCP 413 - Value of a User's Credit**

### **Allowance in Schedule 1**

#### **Draft Legal Text**

#### **Amend clauses 2.3-2.5 as follows**

2.3 **Unless Clause 2.5(a) applies, ~~The~~** User's Credit Allowance (CA here below) shall be calculated according to the following formula:

$$\text{CA} = \text{RAV} \times 2\% \times \text{CAF}$$

2.5 Where the User does not have a Credit Rating from an Approved Credit Referencing Agency that is Ba3 / BB– or above, **CA or** CAF shall be determined as follows

2.5 (a) where there is, at the time of such determination, an Independent Credit Assessment that was carried out within the preceding 12 months and the User has not requested that the Company use the User's Payment Record Factor, **CAF** shall be determined by reference to the Independent Credit Assessment procured pursuant to Paragraph 2.7 ~~and in accordance with the table set out at Paragraph 2.10;~~

#### **Delete paragraphs 2.8-2.10, create a new paragraph 2.8 and amend the Recognised Credit Assessment Agency definition of schedule 1 as follows**

#### **Credit Assessment Score**

2.6 For the purposes of determining CAF pursuant to Paragraph 2.5(a), the User may, once a year, request that the Company obtain an Independent Credit Assessment from a Recognised Credit Assessment Agency chosen by the User.

2.7 As soon as reasonably practicable following such request (or within such other period as the Company and the User may agree), the Company shall procure from that Recognised Credit Assessment Agency (and shall provide to the User) a credit assessment of the User. Where a Recognised

Credit Assessment Agency offers more than one credit assessment product, the Company shall procure an assessment on the basis of the product that the Company and the User agree (each acting reasonably) provides the most appropriate assessment of the creditworthiness of the User when all factors are taken into consideration.

~~2.8 Where the Recognised Credit Assessment Agency that is used is listed in the table below, and it undertakes an assessment on the basis of one of its credit assessment products listed below, the results of such assessment will give rise to the corresponding Credit Assessment Score set out below:~~

Credit Assessment Score	Equivalence of the Credit Assessment Score to credit scores provided by Recognised Credit Assessment Agencies in their Independent Credit Assessments.				
	Check It (ICC)	Dunn & Bradstreet / N2 Check	Equifax	Experian	Graydons
-	Credit Score Report	Comprehensive Report	-	Bronze, Silver or Gold Report	Level 1, Level 2, or Level 3 Report
10	95-100	5A1+	A+	95-100	1A
9	90-94	5A2/4A1	A/A-	90-94	1B/2A
8	80-89	5A3/4A2/3A1	B+	80-89	1C/2B/3A
7	70-79	4A3/3A2/2A1	B/B-	70-79	2C/3B/4A
6	60-69	3A3/2A2/1A1	C+	60-69	3C/4B/5A
5	50-59	2A3/1A2/A1	C/C-	50-59	4C/5B/6A
4	40-49	1A3/A2/B1	D+	40-49	5C/6B/7A
3	30-39	A3/B2/C1	D/D-	30-39	6C/7B/8A
2	20-29	B3/C2/D1	E+	20-29	8B
1	10-19	C3/D2/E1	E/E-	10-19	8C
0	Below 10	Below E1	Below E-	Below 10	Below 8C

~~2.9 Where the Recognised Credit Assessment Agency that is used is not listed in Paragraph 2.8 (or where the credit assessment product is not listed in Paragraph 2.8), the Company shall (acting reasonably) determine the~~

~~applicable Credit Assessment Score on an equivalent basis to that set out in Paragraph 2.8.~~

~~2.10 Where the value of CAF is to be determined in accordance with Paragraph 2.5(a), the value of CAF shall be that which corresponds in the following table to the Credit Assessment Score set out below:~~

Credit Assessment Score	CAF (%)
10	20
9	19
8	18
7	17
6	16.66
5	15
4	13.33
3	10
2	7
1	3.33
0	0

2.8 The company will set the users Credit Allowance to the value recommended within the Independent Credit Assessment.

## **Definitions**

<b>Recognised Credit Assessment Agency</b>	means any of the credit assessment agencies <del>listed at Paragraph 2.8, or any other credit assessment agency</del> reasonably believed by the Company and the User to be fit for the purpose of providing credit assessments pursuant to this Schedule, taking account of all the circumstances applicable to the User <b>and shall include but not be limited to Check It, Dunn &amp; Bradstreet, Equifax, Experian and Creditsafe..</b>
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