

August 2011

Can the Credit Review Office help you?

The Credit Review Office was established in March 2010 by the Department of Finance. This office offers a simple and effective review process for small and medium-sized enterprises (SMEs), sole traders and farm enterprises that have been refused credit from banks participating in the NAMA scheme (Allied Irish Bank, Bank of Ireland, Anglo Irish Bank, EBS and Irish Nationwide Building Society).

Where a borrower feels that they have a viable business proposition and that their application for credit has been unjustifiably refused or reduced or their credit facilities have been withdrawn altogether, they may bring an application to the Credit Review Office to carry out an impartial review of the bank's decision.

The following eligibility criteria apply:

- The business is an SME, sole trader or small to medium-sized farm;
- The business has applied for credit facilities from €1,000 up to €500,000 with one of the participating banks in the NAMA scheme; and
- The credit facility was refused and the business has exhausted the banks internal appeals process.

The Credit Review Office will review the facts and either overturn the bank's decision and recommend that lending should be made or uphold the banks' decision not to lend. In the latter case, the Credit Review Office will seek to provide alternatives and guidance to the borrower to help the business move forward.

At the end of July 2011, the ceiling for credit refusals was raised from €250,000 to €500,000. This development will significantly increase the number of businesses now eligible for the Credit Review Office's help.

CASE STUDY

Overview

In one recent case where our client was refused extended credit from their bank, we made them aware of the existence and role of the Credit Review Office. We acted on their behalf in dealings with their bank and the Credit Review Office.

Process

Our client advised us that their application for increased credit was refused. We examined our client's proposition and assisted them in preparing an appeal to bring to the banks internal appeals committee. The initial decision was upheld by the bank internal appeals committee and credit was refused. We then worked with our client to prepare an application to the Credit Review Office requesting that they carry out an independent review of the decision. The submission included a business plan and financial projections.

Outcome

The Credit Review Office reviewed the facts, the submissions of our client (the borrower) and the submissions of the bank (the lender). Based on the information available and the argument put forward by both sides the Credit Review Office's decision was that the credit facility should be granted by the bank. The bank accepted this decision and granted the facility.

If you require any advice on any of the points raised above, please contact us.

Seamus McCarthy

Tel: 021 4272900

Email: smccarthy@crowleysdfk.ie

For more information, please contact us at: marketing@crowleysdfk.ie

This publication is intended only as a general guide and should not be used as a substitute for professional advice.

www.crowleysdfk.ie



16/17 College Green
Dublin 2
Ireland

Tel +353 1 6790800
Fax +353 1 6790805

Fifth Floor
5 Lapp's Quay
Cork
Ireland

Tel +353 21 4272900
Fax +353 21 4277621

Washington Lodge
Newtown
Waterford
Ireland

Tel +353 51 844441
Fax +353 51 844443