

# LBL Default Management

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## Default Management

Our company is proud of how we manage bad debt. We keep this to a minimum, primarily due to our strict underwriting process. The FCA's stringent rules on affordability act as a further insurance that we only lend to customers who can afford to both service and repay their loans.

Bad debt on our Pawnbroking arm of the business is zero. We will only lend a maximum of 50 per cent on the asset and as it's kept in one of our secure facilities, the risk is minimal. To keep our bad debts as low as possible we use an industry veteran to advise us. Neil Petty has been in the debt purchase industry for over 25 years and holds vast knowledge. This enables us not only to minimise bad debts but also to generate profits by purchasing other bad debt opportunities that emerge within the industry.

Neil is a prolific debt buyer and accomplished lending principal, he currently heads up BloomSmith who make fast loans in the Commercial Real Estate market on HMRC VAT receivables. Neil brings a wealth of experience. Prior to joining Logbook Lending as a Consultant, his company Lantern Debt recovery, founded by him in 1997, as well as purchasing over £2bn of distressed debt, was the first FCA accredited debt purchase company to operate in the sensitive high cost short term arena.

Having sold a majority stake in his business in 2017, he remains a shareholder and now enjoys driving excellent results for companies such as ours. Since his restrictive covenant lifted late last year, he has returned to advisory and purchasing debt books internationally at pace. Many say it's in his blood!

Neil says "I like to think I have a strong sense of what the average UK consumer needs and wants therefore the businesses that serve them requires good strategy and policies that are kept to if I am to be involved investing my time and or money in those businesses, my business was working with two million customers who had difficulty in meeting small personal payments and we were heavily regulated by the FCA. We all sometimes forget that behind the suppliers to retail businesses, there is always a dependency, ultimately on the consumer. The current climate is all about change and evolution, both of which require investment and liquidity. This will begin where there is most distress and the high street in general is at the epicentre of the current consternation. We are optimistic for the future because this transition is underway and some of our more prescient customers return to make sure they have the liquidity needed to take advantage of such change".

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## **FCA:**

LBL Asset Finance has been authorised & regulated by the FCA since 2014. LBL had to go through one of the most robust due diligence exercises in order to be authorised. The high level of commitment to apply in the first place involves weeks / months of preparation and self-auditing. All systems and controls were examined closely. How LBL approach and market their service is scrutinised and measured against exacting standards to achieve the right customer outcomes.

There seems to be a barrier to entry in this space currently as the FCA are reluctant to issue new licences within the Logbook Loan sector. We know of quite a few companies in the HCSTC space looking to add Logbook Loans to their product offerings and have been declined authorisation.

Currently we know of only 5 active lenders in the UK offering Logbook Loans. We believe that this places a high value to our licence.

## **Capital injection / Business growth:**

Although Logbook Lending Ltd was founded in 2010, it was originally part of a larger entity called TGS Pawnbrokers which traded from 15 retail units around London sale Andrew Lazarus was one of the owners with a third share in the business. TGS was sold to the Money Shop Group in October 2013. LBL was hived out from the sale.

Andrew took an early retirement and after a 6 year sabbatical of watching the High Cost Credit market grow, in early 2020 Andrew teamed up with Industry experts Matthew Miller & Neil Petty and decided that the time was right to relaunch LBL and concentrate on building a substantial loan book.

Matthew was part of a group that purchased Suttons & Robertson Pawnbroking company around 2010 – These were the UK's 2 oldest Pawnbroking stores founded in the 1800's and combined boasted the UK's largest Pawnbroking Loan Books. Neil Petty owned one of the UK's largest HCSTC (High cost short term credit) debt purchase company. He has vast experience in the sector.

Between them, nearly £850k has been injected in equity & debt. Andrew & Matthew together are now actively involved in the day to day running of the business with a view to becoming market leaders within the UK. Andrew runs the Logbook Loan side of the business with Matthew concentrating on the Asset Finance (Pawnbroking) Loans. Neil Petty acts as a consultant to the business providing his wealth of knowledge as well as funds. This has brought the current asset book to around £1.7m including the license.

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