



## Business Finance case study >>

On behalf of a business in the hospitality sector, we arranged a £500,000 loan from a bank that had previously said 'no' to the request, and saved the borrower £74,000 in the process.

### About the Client

The client was an established sole trader operating in the hospitality sector. He needed £500,000 to buy the freehold of an existing public house and refit it to replicate the successful formula of an existing outlet.

### The Challenges

He had been unsuccessful in trying to raise finance from his own bank, because of the sector he operated in and the additional risk of having to close the premises for four months during the refit. Not wanting to lose what was a perfect and rarely available property he managed to secure an offer of bridging finance.

Despite having received the offer, something about the bridging lender made him nervous and he asked us whether we might be able to raise the finance through another bank instead. On reviewing the terms of the bridging offer, he was horrified when we pointed out the cost (almost £100,000 for a 12-month facility) and the strain this would put on his existing business.

### The Solution

He appointed us and we built a case around the strengths of the existing business, which was profitable and cash generative, and prepared a detailed credit paper to this effect. We also identified various ways in which lenders could mitigate their risk on lending, and demonstrated that our client had the necessary experience to manage the project.

We then selected a few experienced bank managers, who we knew from past experience had a strong enough track record of successful lending with their credit committees, and sent our credit paper to them. We also approached his own bank that had earlier declined his request for finance. We did this in an open manner advising of the previous decline and explaining why we believed the proposal was worthy of support.

### Outcome

His existing bank eventually agreed to offer the finance he needed and were pleased to have had a second opportunity to retain the business. Our client was delighted that we had seen him through an extremely stressful time and that he had secured a rarely available freehold property. The financial benefits were significant (we saved him £74,000 compared to the bridging offer, and the uplift in value of the completed property was projected at £450,000). A win/win solution!





## Conclusion

You may wonder why we were able to obtain the finance from a bank that had previously declined to assist. This is not unusual for us: having worked in banks for many years, we know exactly how to tackle almost every kind of lending situation; and because we know the ropes can negotiate on a much more equal footing to achieve superior results for borrowers. Who better to negotiate with a lender... than another lender!

## About IBC

Everyone at IBC has extensive 'inside knowledge' and practical experience, acquired over many years spent working in commercial banks at all levels – as front line lenders, credit managers, recoveries managers, and in leadership roles. This means we understand how banks work and how they think; we know the right people and we speak their language, making us a valuable resource for business borrowers.

We have been trading since April 2000 and are proudly independent – no conflicts of interest or divided loyalties. We are also authorised and regulated by the Financial Conduct Authority for the provision of credit related services, including debt adjusting and debt counselling.

If you think you or your clients could benefit from our services then contact us in confidence

**Email: [enquiries@independentbankers.co.uk](mailto:enquiries@independentbankers.co.uk)**

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**Proprietor,  
Hospitality Business**

