

ASC Small Business Guides



Reasons why...

***businesses are declined for
finance...***

...and how it can be avoided.



This is not a definitive “how to” bible for all your business finance needs. It's a quick guide to some of the most common areas of running a business, which can help you plan for financial investment using our expertise and prior experience.

Having worked with small businesses and entrepreneurs for over 40 years, ASC Finance have successfully arranged finance for many firms, who had previously been denied business finance by their bank. Here, we've highlighted a few reasons as to why clients were turned down by banks even though they were great candidates for business finance.

1 Wanting 100% finance

Most lenders require you to put forward some financial contribution to the deal – depending on the circumstances, they will only lend a certain proportion of the required amount. For some businesses, this can be a deal breaker – luckily it doesn't have to be. [Obtaining business finance is possible, even if you need 100% finance.](#)



2 Not having enough security

Generally, lenders want to know that if they were to provide a business loan, that the arrangement is backed up by some assets or other security. However, the criteria for security will depend on the lender, so just because one lender declines you, it [doesn't mean that the others will.](#)



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Approaching the wrong lender

Which lender to approach is an important question – they all have different lending criteria, so even though one lender might have declined you, another lender might be willing to provide the finance your business needs to grow. This is one reason why [using a broker to approach multiple lenders](#) can be beneficial.



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Not having historical accounts

Usually lenders will require two years of trading accounts in order to approve the loan. But this is not always the case. To use an example: *ASC recently raised £315,000 for an architect & his wife to purchase and repair a house set in a very attractive position in rural Kent. Although well qualified and experienced the Architect's practice had only been established 12 months - most lenders required at least two years profitable accounts - but ASC Finance were able to source a suitable commercial mortgage.*

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Wanting the wrong type of finance

There are [many types of business finance](#). Although this can sometimes be confusing, it does mean that there is a range of possibilities for your business. You may be looking at a commercial mortgage, but that doesn't mean you should necessarily rule out other means of obtaining the finance – be it asset finance, invoice discounting or factoring. If a bank has declined you for one type, it doesn't mean that all lenders will decline you for all types of finance.

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Not having enough time

Business finance can fall through because there simply isn't enough time. In some circumstances, [finance can be arranged quickly](#). But it can take time to get the funds in place. If you are looking at a deadline for your finances, then make sure you start the process in good time. You want to be sure that you have the ability to deal with any unforeseen delays.



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Banks not knowing their customer



As this example proves, we know banks who are so fixated on the numbers that they don't look at the borrower. Even if you are a successful businessman with a proven track record, banks will not always be personal enough to take this into account.

If you are looking for finance for your business, speak to ASC.

ASC Finance for Business helps businesses and entrepreneurs throughout the UK obtain finance. With a network of over 20 regional offices nationwide, each office is run by an ASC Director who is dedicated to helping you achieve your goals, to obtain commercial finance or business loans which work for you. Our result oriented approach ensures we align our aims with yours and obtain the right finance for your business.

Having been established for over 40 years our track record speaks for itself, with thousands of business owners and entrepreneurs having benefitted from our service.

You can find out more about what we do on our website www.asc.co.uk