



# Joint Administrators' proposals

CURO Transatlantic Limited  
t/a WageDayAdvance and  
Juo Loans - in Administration

27 March 2019

# Notice to creditors

We have made this document available to you to set out the purpose of the administration and to explain how we propose to achieve it.

We have also explained why the Company entered administration and how likely it is that we will be able to pay each class of creditor.

You will find other important information in the document such as the proposed basis of our remuneration.

A glossary of the abbreviations used throughout this document is attached (Appendix 9).

Finally, we have provided answers to frequently asked questions and a glossary of insolvency terms on the following website, <http://www.kpmg.co.uk/curo>. We hope this is helpful to you.

**Please also note that an important legal notice about this statement of proposals is attached (Appendix 10).**



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# 1 Executive summary

- The Company was incorporated on 14 March 2001 and was a provider of short term, high cost finance to consumers in the UK.
- The market in which the Company operated experienced a significant upturn in the number of claims being brought in relation to past lending practices in mid-2018. Despite these claims mostly pre-dating the Company's current management and lending strategy, the increasing number of claims being received significantly impacted the Company's available working capital due to the redress costs, the operating costs associated with administering such claims and the referral fees levied on the Company by the FOS in respect of complaints made.
- The Company therefore developed a proposal for a Scheme of Arrangement, through which payments in respect of historic and future redress liabilities would be compromised and therefore capped at a level which could be met by the Company, with the provision of additional funding from the Group for this purpose.
- However, in February 2019 the Company determined that it was unlikely to be able to successfully implement the Scheme in the time available. In light of the circumstances and having regard to their duties on which they had been taking professional advice, the directors of the Company concluded that they should make an application to appoint administrators to the Company.
- The Company therefore sought to immediately appoint administrators and to conclude a pre-packaged sale of the business out of administration in order to maximise value for the Company's creditors. (Section 3.1 – Sale of business).
- Howard Smith and Ed Boyle were appointed as Joint Administrators of the Company by the Directors on 25 February 2019. (Section 2 - Background and events leading to the administration).
- Creditors' attention is drawn to Appendix 7, the SIP 16 Memorandum, which contains further information on the sale. The SIP 16 Memorandum was issued to creditors on 1 March 2019.
- Barclays holds security in the form of a fixed charge in respect of a direct debit facility that was provided to the Company. We understand that Barclays is holding funds of £2.6 million in a blocked account in relation to this charge and we envisage that any liability due to Barclays would be settled from these funds with any surplus being paid to the Company (Section 4.1 – Secured creditor).
- Based on information currently in our possession, we understand that preferential claims of £13,552 may exist in respect of unpaid pension contributions. We anticipate that preferential claims will be paid in full. (Section 4.2 – Preferential creditors).
- According to the Directors' Statement of Affairs, unsecured trade creditor claims total approximately £1.0 million at the date of the Joint Administrators' appointment, including amounts owed to HMRC. Intercompany debts due to other Group companies total £22.8 million. The Company's Claims Calculator estimates that the total potential liability for redress claims owing by CTL could be up to as much as £223m. (Section 4.3 – Unsecured creditors).
- Based on current estimates, there will be sufficient funds to enable a distribution to unsecured creditors; however, the quantum and timing of this distribution is currently uncertain. (Section 4.3 – Unsecured creditors).

- We intend to seek approval of our proposals through a decision procedure, decision by electronic voting. (Section 6 – Approval of proposals).
- Creditors will also be invited to vote on whether they wish to form a Creditors' Committee. The minimum number of Committee members is three and the maximum is five.
- We propose that our remuneration will be calculated and drawn on the basis of the time properly given by us and our staff. Accordingly, we attach an estimate of our fees and expenses. We will seek approval of our remuneration from all creditors. (Section 7 - Joint Administrators' remuneration, disbursements and pre-administration costs).
- Whilst we are not in a position to confirm our proposed exit route from administration, we consider the most likely exit route will be via dissolution of the Company. (Section 5 - Ending the administration).
- This document in its entirety is our statement of proposals. A summary list of the proposals is shown in Section 8 together with all relevant statutory information included by way of appendices. Unless stated otherwise, all amounts in the proposals and appendices are stated net of VAT.



Howard Smith  
Joint Administrator

## **2 Background and events leading to the administration**

### **2.1 Background information**

The Company was incorporated on 14 March 2001 and was a provider of short term, high cost finance to consumers in the UK. In 2018 the Company generated turnover in excess of £37.5 million. The Company is a 100% owned subsidiary of SRC, an entity incorporated in the UK, which ceased lending to customers in 2017.

The Company was acquired by the Parent, a listed American based business, in February 2013 and has been reliant on funding from the Group.

The Company operated from leasehold premises in Leeds and Nottingham and traded exclusively in the United Kingdom under two brands: WageDayAdvance and Juo Loans. It had 205 employees at the date of our appointment.

### **2.2 Funding and financial position of the Company**

The market in which the Company operated experienced a significant upturn in the number of claims being brought in relation to past lending practices in mid-2018, which is understood to have contributed to the failure of a competitor, Wonga, in August 2018. This upturn in claims activity was primarily driven by claims management companies.

Despite these claims mostly pre-dating the Company's current management and lending strategy, the increasing number of claims being received significantly impacted the Company's available working capital due to the redress costs, the operating costs associated with administering such claims, and the referral fees levied on the Company by the FOS in respect of complaints made to the FOS. This introduced a further funding requirement upon the Company, significantly in excess of its current and forecast operating cash generation, and also created significant uncertainty as to the future cash requirements of the Company.

As a consequence of the above, it became evident that in the absence of significant capital contributions to the Company, it would not be able to satisfy the total potential redress liability (and associated costs) that it would face.

The Company has been reliant on funding from the Group since its 2013 acquisition. The Group has invested over £130 million in the Company since 2013 (including the acquisition cost of approx. £50 million), and has a £23 million intercompany loan outstanding from the Company. The Group confirmed that it would continue to support the Company's working capital whilst a solvent solution was pursued in order to resolve the redress claims being received and enable the Company to continue trading through the implementation of the Scheme.

### **2.3 Events leading to the administration**

Ed Boyle was originally introduced to the Company by KPMG's tax department in late May 2018.

KPMG were formally engaged by the Company on 21 June 2018 to assist in considering, developing and preparing for a possible Scheme of Arrangement ('Plan A' or 'the Scheme'), in order to deal with the unsustainable financial burden placed on it by consumer redress claims arising from historic affordability, creditworthiness and responsible lending practices.

Whilst Plan A was being pursued, KPMG were also engaged on 5 October 2018 to run an accelerated sale process ('Plan B'), as a contingency and to provide the Company with alternative options should the Scheme not be capable of implementation.

In addition, KPMG were engaged to assist the Company in developing a contingency plan for a controlled wind down of the business in administration ('Plan C') in the event that neither the Scheme nor a sale of the business were capable of being achieved.

Given the level of funding available to the Company from the Group and the quantum of potential redress claims identified, the Scheme would not have provided full cash recompense to individuals with valid redress claims. The pence in the pound cash return to redress creditors envisaged in the Scheme was anticipated to provide a greater return to such creditors than in the alternative Plan B and Plan C scenarios. However, redress creditors would still have faced a very significant shortfall against the value of their claims in the Scheme.

In order to be implemented, the Scheme would require the approval of both the High Court (under the provisions of the Companies Act 2006) and of the compromised redress creditors at a creditors' meeting convened for that purpose. As a Financial Conduct Authority ('FCA') regulated lender, the Company's view was that it also needed to have received confirmation from the FCA that it did not object to it proposing the Scheme, in order to demonstrate that the Scheme could be implemented in accordance with the Company's ongoing regulatory obligations.

Following consideration by the Company of the achievability of the Scheme and what this would entail, it entered into preliminary discussions with the FCA in this regard in September 2018. This led to the Company appointing Huntswood as an s166 Skilled Person, at the request of the FCA, to review the Company's proposed redress claim calculation methodology (which would be used to determine creditor claims under the Scheme).

Howard Smith of KPMG LLP was introduced to the Company on 21 January 2019 in order to provide further support to the Company in relation to Plan B and Plan C.

Following feedback from the FCA on 18 January 2019 in relation to the Company's original proposal in respect of the Scheme, the Company put forward to the FCA a final revised proposal for the Scheme on 24 January 2019, with a materially increased level of funding from the Group (despite this increase, redress creditors would still have faced a very significant shortfall against the value of their claims in the Scheme).

However, the FCA's further feedback on 19 February 2019 was that it was not able at that stage to form a view on the revised Scheme nor to make a decision as to whether or not to 'non-object' to the Scheme. The FCA made clear that it needed the Company to provide further information before it could form its view on whether or not it could provide a letter of 'non-objection' to the Company in relation to the Scheme. As a result of the timeframe associated with providing this additional information and the Company's own view of the prospect of obtaining the FCA's 'non-objection' to the Scheme, having regard to their duties on which they had been taking professional advice, the directors of the Company concluded that they should make an application to appoint administrators to the Company. The Company therefore sought to immediately appoint administrators and to conclude a pre-packaged sale of the business out of administration as soon as possible in order to maximise value for the Company's creditors.

Following the Directors' marketing of the Company for sale under Plan B, an offer was received from an unconnected trade party for the business and substantially all of its assets, namely the goodwill, certain intellectual property and the majority of its recent and good standing loan book.

Howard Smith and Ed Boyle of KPMG LLP were appointed Joint Administrators of the Company on 25 February 2019. Shortly following the appointment, the Joint Administrators sold the Company's business and certain of its assets, including part of the loan book, to Shelby Finance Limited. This transaction is detailed further below.

At the time of our appointment, we disclosed to the Court details of the work carried out by KPMG up to that time.

We are satisfied that the work carried out by KPMG before our appointment, including the pre-administration work summarised below, has not resulted in any relationships which create a conflict of interest or which threaten our independence in being appointed as Joint Administrators.

Furthermore, we are satisfied that we are acting in accordance with the relevant guides to professional conduct and ethics.

## **2.4 Appointment of Joint Administrators**

The directors resolved on 25 February 2019 to appoint Howard Smith and Ed Boyle as Joint Administrators.

The notice of appointment was lodged at the High Court of Justice on 25 February 2019 and we were duly appointed.



## 3 Strategy and progress of the administration to date

### 3.1 Strategy to date

#### Sale of business

As detailed in Appendix 7, a number of alternative courses of action were considered by the Joint Administrators, including a solvent sale of the Company, a Company Voluntary Arrangement ('CVA'), trading the business in administration to conclude a going concern sale and a wind down administration. However, having considered these alternatives, the proposed Joint Administrators concluded that a pre-pack sale of the business and assets would maximise returns for creditors.

Immediately upon appointment a sale of the Company's business and certain assets was completed to the Purchaser for a total net consideration of £8,098,590, being the agreed sale price of £8,271,783, less a deduction for certain operational costs of £173,193.

This was allocated between the assets as follows:

- Good standing loan book of the Company: £7,971,783
- Goodwill: £150,000
- Plant, office equipment and IT hardware: £149,993
- Intellectual property, contracts and records: £7
- Less: Operational costs deduction: £173,193

Consideration of £3,000,000 was paid on completion of the sale to the Purchaser, with a second completion payment of £1,267,420 paid the day following.

The remaining £3,831,171 will be paid by the Purchaser in five monthly instalments between March 2019 and July 2019 ('Deferred Consideration'). The payment of Deferred Consideration is guaranteed by the Purchaser's parent company, Morses Club PLC.

All of the Company's 205 employees transferred to the Purchaser under the provisions of TUPE.

#### Residual loan book

The Purchaser has agreed to provide the Joint Administrators with assistance in administering and reconciling payments that may be received in relation to the Company's and SRC's residual loan books which they did not purchase, alongside other ongoing assistance in the short-term as the Joint Administrators may require.

## Redress claims

The Joint Administrators propose to use an automated complaints assessment calculator (the 'Claims Calculator') to assess, value, and adjudicate the potential redress claims of creditors of CTL in the administration.

Prior to its administration CTL carried out extensive work to develop a complaints assessment decision tree, underpinned by a series of rules, which sought to follow the approach taken by the Financial Ombudsman Service ('FOS') in its adjudication of complaints relating to high-cost short-term credit. The Claims Calculator considers a customer's complete lending history with WageDayAdvance (other than certain excluded loans described at Appendix 8) and assesses those loans against affordability, sustainability and responsible lending standards. The Claims Calculator will determine whether that customer is entitled to redress in respect of each of their loans and, if so, the aggregate redress amount of each customer in respect of their loans. This aggregate redress amount will take into account the interest and charges that have been levied on those loans since their origination and will apply an interest rate of 8 per cent up to 25 February 2019, being the date on which the Joint Administrators were appointed.

The Joint Administrators have adopted the Claims Calculator for use in the Administration and propose to use it as a way of:

- (a) valuing the redress claims of creditors, for the purposes of voting on the Joint Administrators' proposals, where such creditors submit a claim before the deadline of 23.59 on 25 April 2019 and also vote on the Proposals; and
- (b) admitting redress claims made by creditors for the purposes of making dividend payments against these claims. This will allow the Joint Administrators to calculate the cash amounts which the Joint Administrators anticipate paying to creditors later in the Administration.

However, redress creditors should note that they will not receive payment in full of their redress claim as determined by the Claims Calculator. The level of any payment made to creditors will be dependent on sums realised in the administration and the total value of creditor claims made.

Accordingly, the Joint Administrators are not currently in a position to inform customers of the proportion of their claim which will be paid.

While the Joint Administrators expect that they will be in a position to apply to seek permission from the court to make dividend payments to creditors, it is not currently possible to state the date of this application nor when the payment of dividends would occur.

The Joint Administrators have discussed their proposed approach to calculating and adjudicating potential redress claims with the FCA. The FCA confirms that in principle and from the information it has it does not object to the Joint Administrators' proposal. Although the FCA can envisage that the use of an automated approach with a methodology to adjudicate claims in the context of an administration might fairly balance the importance of an accurate assessment of claims with the need to preserve the assets of the estate, the FCA itself has not analysed the automated approach the Joint Administrators intend to use and is therefore not approving the methodology.

The FOS has acknowledged that whether customer complaints will be upheld is now a decision for the Joint Administrators, who will also decide how much is owed (if any) to each customer.

Further detail on the Claims Calculator can be found at Appendix 8 to these Proposals entitled "The Redress Claims Calculator – a summary for creditors", which includes the following information:

- a) the background to the Claims Calculator;
- b) how it is proposed to be used in the Administration;
- c) a summary of how the Claims Calculator works including how it assesses loans against affordability, sustainability and responsible lending standards; and
- d) a worked example.

#### Other non-redress claims

Creditors who believe they have any other claim, not related to affordability, sustainability and responsible lending practices against the Company should complete and return a proof of debt form, a copy of which can be found at <http://www.kpmg.co.uk/curo>.

Such claims will be considered and adjudicated on by the Joint Administrators on a case by case basis.

## 3.2 Asset realisations

Realisations from the date of our appointment to 15 March 2019 are set out in the attached receipts and payments account (Appendix 2).

In addition to the consideration received in relation to the sale of business (Section 3.1 – Sale of business), summaries of the most significant realisations to 15 March 2019 are provided below.

#### Cash at bank

At the date of the Administrators' appointment, cleared funds of £4.6 million were held in the Company's bank accounts (having deducted certain identifiable loan book receipts due to the Purchaser under the terms of the SPA which had not been applied to the Company's loan book at the date of administration). These funds have now been transferred to the Administrators' bank account.

#### Loan book receipts due to the Purchaser

Loan book receipts in relation to loans sold to the Purchaser totalling £3.4 million have been collected to date. In accordance with the terms of the SPA with the Purchaser, payments totalling £3.2 million have been transferred to the Purchaser and the residual balance of £0.2 million will be transferred following the period covered by this report.

Collections will continue to be received on behalf of the Purchaser until all direct debit and card payment facilities have transferred to the Purchaser's account. We envisage that these transfers will have been completed by the end of March 2019.

### Other loan book receipts

Loan book receipts of £215,676 have been collected to date in relation to the residual loan book which remains with the Company.

Collections are continuing while the Joint Administrators finalise their strategy as regards the realisation of the residual loan book, which will be to either sell the residual loan book or to engage a debt collection agent to collect it on the Joint Administrators' behalf.

### Unallocated receipts

Other unallocated receipts of £29,566 have been received by the Joint Administrators following their appointment.

The Joint Administrators are working with the Purchaser's staff to allocate these receipts as quickly as possible so that customers' balances can be updated as appropriate.

### Investigations

We are reviewing the affairs of the Company to find out if there are any actions which can be taken against any party to increase recoveries for creditors.

In this regard, if you wish to bring to our attention any matters which you believe to be relevant, please email [review.curo@kpmg.co.uk](mailto:review.curo@kpmg.co.uk).

## 3.3 Costs

An estimate of the anticipated costs likely to be incurred throughout the duration of the administration is set out in the attached summary of expenses (Appendix 4).

Payments made from the date of our appointment to 15 March 2019 are set out in the attached receipts and payments account (Appendix 2).

Summaries of the most significant payments made to date are provided below.

### Bank charges

Bank charges totalling £88,585 have been applied to both the Company's pre and post administration bank accounts. £88,320 of these charges relate to the period 3 December 2018 to 25 February 2019 which were applied to the Company's pre administration account following the Joint Administrators' appointment.

### DDIC chargebacks

Direct debit indemnity claims totalling £3,553 have been deducted from direct debit collections made into both the Company's pre and post administration bank accounts.

### Redirection of mail

The Joint Administrators have applied for redirections of mail from the Company's trading premises. The cost of these redirections totals £1,818.

## 4 Dividend prospects

### 4.1 Secured creditor

Barclays holds security in the form of a fixed charge in respect of a direct debit facility that was provided to the Company. We understand that Barclays is holding funds in a blocked account in relation to this charge of £2.6 million and would envisage that any liability due to Barclays would be settled from these funds with any surplus being paid to the Company.

### 4.2 Preferential creditors

Claims from employees in respect of (1) arrears of wages up to a maximum of £800 per employee, (2) unlimited accrued holiday pay and (3) certain pension benefits, rank preferentially.

Based on information currently in our possession, we understand that preferential claims of £13,552 may exist in respect of unpaid pension contributions. We currently anticipate that preferential claims will be paid in full.

### 4.3 Unsecured creditors

According to the Directors' Statement of Affairs, unsecured trade creditor claims stood at £1.0 million at the date of appointment, including amounts owed to HMRC. Intercompany debts due to other Group companies total £22.8 million.

The Company's Claims Calculator estimates that the total potential liability for redress claims owing by CTL could be up to as much as £223m. The Joint Administrators understanding, based on analysis carried out by CTL prior to the administration, is that this figure represents a "high case" (although not necessarily a maximum) which makes a number of assumptions which are prudent and thus this level of redress may not materialise if the Joint Administrators manually reviewed each individual claim. The figure includes a number of claims which might possibly otherwise have been time-barred (given that, under DISP, the FOS cannot consider a complaint if the complainant refers their complaint to FOS either (a) more than six years after the event complained of, or (if later) (b) three years from the date on which the complainant became aware (or ought reasonably to have become aware) that they had cause for complaint). Whether a complaint would be time-barred is then a question of fact that the Claims Calculator does not (and cannot) assess. The Claims Calculator therefore takes into account claims that might otherwise be time-barred under DISP and assesses them as being eligible for redress in the same way as non-time-barred claims. The Claims Calculator may therefore generate a total redress liability for CTL which is higher than might otherwise be the case if an alternative approach was taken to claims adjudication. Nonetheless, the method described above was reviewed by and substantively takes account of the recommendations of the independent skilled person appointed under section 166 of the Financial Services and Markets Act 2000 at the direction of the FCA and, for the reasons described, represents in the Joint Administrators' view the most cost effective, efficient and fair means of valuing customers' redress claims.

Based on current estimates, we anticipate that unsecured creditors should receive a dividend; however, the timing and amount of any distribution are dependent upon future realisations, the associated costs of the administration and the amount of creditor claims submitted in the administration.

## 5 Ending the administration

### 5.1 Exit route from administration

We consider it prudent to retain all of the options available to us, as listed in Section 8 to bring the administration to a conclusion in due course.

However, at this stage we anticipate that the most likely exit route will be dissolution.

### 5.2 Discharge from liability

We propose to seek approval from all creditors that we will be discharged from liability in respect of any action as Joint Administrators upon the filing of our final receipts and payments account with the Registrar of Companies.

Discharge does not prevent the exercise of the Court's power in relation to any misfeasance action against us.

See Section 6 for details regarding the decision by electronic voting.

## 6 Approval of proposals

### 6.1 Decision procedure

Notice of electronic voting is attached to the covering letter. This electronic voting is being used to seek approval of our statement of proposals.

Creditors will be provided with an electronic voting link by way of email which will allow them to submit their vote in relation to the Joint Administrators' proposals and on certain other resolutions.

#### Creditors' Committee

A Creditors' Committee will be formed if the creditors decide that one should be formed and sufficient creditors are willing to act. The minimum number of Committee members is three and the maximum is five.

#### Function of the Creditors' Committee

The Creditors' Committee represents the interests of the creditors as a whole, rather than the interests of certain parties or individuals.

Its statutory function is to help us to discharge our responsibilities as Joint Administrators.

If a Creditors' Committee is formed it is for that body to approve, for instance:

- the basis of our remuneration
- the drawing of Category 2 disbursements

Members of the Creditors' Committee are not remunerated for their time. Other than receiving travel expenses, they receive no payment from the Company.

## **6.2 Decisions**

The proposed decisions to be considered as part of the electronic voting are as follows:

- approval of our proposals;
- the formation of a Creditors' Committee.

In addition, creditors are also requested to vote on the proposed decisions in Section 7. However, the votes cast in relation to these additional resolutions will only be used if a Creditors' Committee is not formed.

## **6.3 Creditors' right to request a physical meeting**

We will summon a physical meeting (1) if asked to do so by (a) creditors whose debts amount to at least 10% of the total debts of the Company, or (b) 10% in number of creditors, or (c) 10 creditors, and (2) if the procedures set out below are followed.

Requests for a physical meeting must be made within five business days of the date on which our proposals were delivered. They must include:

- a statement of the requesting creditor claim;
- a list of the creditors concurring with the request, showing the amounts of their respective debts in the administration;
- written confirmation of their concurrence from each concurring creditor; and
- a statement of the purpose of the proposed meeting;

In addition, the expenses of summoning and holding a meeting at the request of a creditor must be paid by that creditor. That creditor is required to deposit security for such expenses with us.

If you wish to request a physical creditors' meeting, please complete and return the physical meeting requisition form which can be located at: <http://www.kpmg.co.uk/curo>.

# **7 Joint Administrators' remuneration, disbursements and pre-administration costs**

## **7.1 Approval of the basis of remuneration and disbursements**

Agreement to the basis of our remuneration and the drawing of Category 2 disbursements is subject to specific approval. It is not part of our proposals.



Should a Creditors' Committee be formed, we will seek to obtain approval from the Creditors' Committee that:

- our remuneration will be drawn on the basis of time properly given by us and the various grades of our staff in accordance with the fees estimate provided in Appendix 3 and the charge-out rates included in Appendix 5;
- disbursements for services provided by KPMG (defined as Category 2 disbursements in Statement of Insolvency Practice 9) will be charged in accordance with KPMG's policy as set out in Appendix 5.

Formal notice of the decision by electronic voting can be viewed at <http://www.kpmg.co.uk/curo> which asks the creditors to vote on the proposed decisions with regard to our remuneration and drawing of Category 2 disbursements. Only if a Creditors' Committee is not formed will the votes cast by the creditors be used.

### Time costs

From the date of our appointment to 10 March 2019, we have incurred time costs of £496,637. These represent 1,064 hours at an average rate of £467 per hour.

### Disbursements

We have incurred disbursements of £2,476 during the period. None of these have yet been paid.

### Additional information

We have attached (Appendix 5) an analysis of the time spent, and the charge-out rates for each grade of staff and for the period from our appointment to 10 March 2019. We have also attached our charging and disbursements recovery policy.

## 8 Summary of proposals

As a consequence of the number of claims being brought against the Company in relation to past lending practices and the level of associated estimated redress liabilities, rescuing the Company in accordance with Paragraph 3(1)(a) is not achievable.

Therefore our primary objective is to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up, in accordance with Paragraph 3(1)(b).

In addition to the specific itemised proposals below, this document in its entirety constitutes our proposals.

We propose the following:

### General matters

- to continue to do everything that is reasonable, and to use all our powers appropriately, in order to maximise realisations from the assets of the Company in accordance with the objective as set out above;
- to investigate and, if appropriate, to pursue any claims the Company may have;



- to seek an extension to the administration period if we consider it necessary.

#### Redress claim adjudication

- the Joint Administrators will use an automated complaints assessment calculator (the 'Claims Calculator') as detailed at Appendix 8 to assess, value, and adjudicate the potential redress claims of creditors of CTL in the administration.

#### Distributions

- to make distributions to the secured and preferential creditors where funds allow;
- to make distributions to the unsecured creditors if funds become available, and to apply to the Court for authority to do so, where applicable.

#### Ending the administration

We might use any or a combination of the following exit route strategies in order to bring the administration to an end:

- apply to Court for the administration order to cease to have effect from a specified time and for control of the Company to be returned to the Directors;
- formulate a proposal for either a company voluntary arrangement (CVA) or a scheme of arrangement and put it to meetings of the Company's creditors, shareholders or the Court for approval as appropriate;
- place the Company into creditors' voluntary liquidation. In these circumstances we propose that we, Howard Smith and Ed Boyle, be appointed as Joint Liquidators of the Company without any further recourse to creditors. If appointed Joint Liquidators, any action required or authorised under any enactment to be taken by us may be taken by us individually or together. The creditors may nominate different persons as the proposed Joint Liquidators, provided the nomination is received before these proposals are approved;
- petition the Court for a winding-up order placing the Company into compulsory liquidation and to consider, if deemed appropriate, appointing us, Howard Smith and Ed Boyle, as Joint Liquidators of the Company without further recourse to creditors. Any action required or authorised under any enactment to be taken by us as Joint Liquidators may be taken by us individually or together;
- file notice of move from administration to dissolution with the Registrar of Companies if we consider that liquidation is not appropriate because (1) no dividend will become available to creditors, and (2) there are no other outstanding matters that require to be dealt with in liquidation. The Company will be dissolved three months after the registering of the notice with the Registrar of Companies.

Alternatively, we may allow the administration to end automatically.

#### Joint Administrators' remuneration

We propose that:

- our remuneration will be drawn on the basis of time properly given by us and the various grades of our staff in accordance with the fees estimate provided in Appendix 3 and the charge-out rates included in Appendix 5;
- disbursements for services provided by KPMG (defined as Category 2 disbursements in Statement of Insolvency Practice 9) will be charged in accordance with KPMG's policy as set out in Appendix 5.

### Discharge from liability

We propose that we shall be discharged from liability in respect of any action of ours as Joint Administrators upon the filing of our final receipts and payments account with the Registrar of Companies.

## Appendix 1 Statutory information

### Company information

Company and Trading name	CURO Transatlantic Limited t/a WageDayAdvance and Juo Loans
Date of incorporation	14 March 2001
Company registration number	04179322
Trading address	First floor, 30-34 Hounds Gate, Nottingham, NG1 7AB
Previous registered office	Wellington Plaza, 31 Wellington Street, Leeds, LS1 4DL
Present registered office	KPMG LLP, 1 Sovereign Square, Sovereign Street, Leeds, LS1 4DA
Company Directors	William Baker Donald Gayhardt (resigned 22 January 2019) Julian Graham-Rack (resigned 26 February 2019) Duncan Peter Marrison Eugene Marvin Thomas IV
Company Secretary	No secretary

### Administration information

Administration appointment	The administration appointment granted in High Court of Justice, 001418 of 2019
Appointor	Directors
Date of appointment	25 February 2019
Joint Administrators	Howard Smith and Ed Boyle
Purpose of the administration	Achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up.
Functions	The functions of the Joint Administrators are being exercised by them individually or together in accordance with Paragraph 100(2).
Current administration expiry date	24 February 2020
Prescribed Part	The Prescribed Part is not applicable on this case as there are no creditors secured by a floating charge
Application of EC Regulations	EC Regulations apply and these proceedings will be the Main Proceedings as defined in Article 3 of the EC Regulations.

## Appendix 2 Joint Administrators' receipts and payments account

CURO Transatlantic Limited t/a WageDayAdvance and Juo Loans - in Administration			
Abstract of receipts & payments			
Statement of affairs (£)		From 25/02/2019 To 15/03/2019 (£)	From 25/02/2019 To 15/03/2019 (£)
FIXED CHARGE ASSETS			
2,258,458.00	Cash held on deposit	NIL	NIL
		NIL	NIL
ASSET REALISATIONS			
	Sale of loan book	3,967,420.00	3,967,420.00
	The benefits of the contract	1.00	1.00
	Customer list	1.00	1.00
	Supplier list	1.00	1.00
300,000.00	Goodwill	150,000.00	150,000.00
	Intellectual property	1.00	1.00
	IT systems	1.00	1.00
	Loose plant	149,993.00	149,993.00
	Licences and consents	1.00	1.00
	Sale records	1.00	1.00
5,004,255.00	Cash at bank	4,609,351.26	4,609,351.26
		8,876,771.26	8,876,771.26
OTHER REALISATIONS			
	Bank interest, gross	73.97	73.97
	Petty cash	512.96	512.96
	Other loan book receipts	215,676.82	215,676.82
7,971,000.00	Loan book receipts due to Purchaser	3,374,009.54	3,374,009.54
	Unallocated receipts	29,566.38	29,566.38
		3,619,839.67	3,619,839.67
COST OF REALISATIONS			
	Loan book receipts due to Purchaser	(3,182,263.68)	(3,182,263.68)
	DDIC chargebacks	(3,552.99)	(3,552.99)
	Re-direction of mail	(1,818.00)	(1,818.00)
	Statutory advertising	(73.00)	(73.00)
	Bank charges	(88,585.17)	(88,585.17)
		(3,276,292.84)	(3,276,292.84)
PREFERENTIAL CREDITORS			
(13,552.00)	Conts. to pension schemes	NIL	NIL

**CURO Transatlantic Limited t/a WageDayAdvance and Juo Loans - in Administration**

**Abstract of receipts & payments**

Statement of affairs (£)		From 25/02/2019 To 15/03/2019 (£)	From 25/02/2019 To 15/03/2019 (£)
		NIL	NIL
	UNSECURED CREDITORS		
(23,784,952.00)	Trade & expense	NIL	NIL
(15,337.00)	Employer pension contributions	NIL	NIL
(233,211.00)	Property creditors	NIL	NIL
(223,300,000.00)	Redress creditors	NIL	NIL
		NIL	NIL
	DISTRIBUTIONS		
1.00	Ordinary shareholders	NIL	NIL
		NIL	NIL
<b>(231,813,338.00)</b>		<b>9,220,318.09</b>	<b>9,220,318.09</b>
	REPRESENTED BY		
	Floating ch. VAT rec'able		14.60
	Current account		8,799,262.88
	Direct debit account		421,040.61
			<b>9,220,318.09</b>

## Appendix 3 Joint Administrators' fees estimate

Estimated time costs for the engagement				
	Narrative	Estimated total hours	Estimated time cost (£)	Estimated average hourly rate (£)
<b>Administration &amp; Planning</b>				
<b>Director/Member</b>		6.90	3,147.50	456.16
<b>Cashiering</b> - processing receipts, payments and bank reconciliations	Note 1	21.40	7,956.00	371.78
<b>General</b> - customer contact and correspondence	Note 2	2,752.99	1,245,708.05	452.49
<b>Statutory and compliance</b> - appointment & related formalities, bonding, checklist & reviews, reports to secured creditors, advertising, strategy	Note 3	689.40	354,879.25	514.77
<b>Tax</b> - VAT & Corporation tax, initial reviews, pre and post appointment tax	Note 4	204.75	106,461.25	519.96
<b>Creditors</b>				
<b>Creditors and claims</b> - correspondence, notification of appointment, statutory reports	Note 5	643.10	298,027.50	463.42
<b>KPMG Managed Services</b> – call centre operations	Note 6	9,189.50	362,978.41	39.50
<b>Employees</b> - correspondence	Note 7	9.60	3,166.50	329.84
<b>Investigations</b>				
<b>Directors</b> - correspondence, statement of affairs, questionnaires	Note 8	9.90	3,373.50	340.76
<b>Investigations</b> - director conduct and affairs of the Company	Note 9	77.10	31,039.00	402.58
<b>Realisation of Assets</b>				
<b>Asset Realisation</b> - including insurance of assets	Note 10	87.70	32,134.50	366.41
<b>Total</b>		<b>13,692.34</b>	<b>2,448,871.46</b>	<b>178.85</b>

In the event that additional work is necessary due to a change in the circumstances of the administration we may need to increase our fees estimate and request approval to draw additional remuneration.

Below is further detail of the work to be undertaken for this engagement:

### Note 1 – Cashiering

Cashiering costs will include processing of receipts and payments, including payments to the Purchaser in connection to the receipts of the loan book. Payments require approval by a number of authority levels before they can be released. Regular bank reconciliations will be performed by the cashiering team throughout the administration. Upon closure of the case, any unbanked dividend cheques must be cancelled and forwarded to the Insolvency Service's unclaimed dividends account, and the account must be brought down to nil and closed by the bank.

## Note 2 – General

General time costs include matters which do not easily fit into the other categories, such as maintaining certain pre-appointment records, alongside monitoring and reviewing administration case files.

In this instance, general costs also include time incurred in:

- reconciling receipts into the Company's pre-administration bank accounts and the Joint Administrators' bank account and dealing with necessary payments to the Purchaser;
- setting up and maintaining a database to store significant volumes of Company data;
- corresponding with customers (both debtors and creditors); and
- marketing the Company's residual loan book.

## Note 3 – Statutory and compliance

Statutory and compliance work will include notifying the Registrar of Companies and other relevant parties of our appointment, arranging bonding, filing the Statement of Affairs and Statements of Concurrence and ensuring compliance with all other statutory obligations. It also includes obtaining approval for future extensions of the Administration. The Joint Administrators are required to conduct periodic internal reviews of the case, and update their strategy documents as the administration progresses. Once all outstanding matters have been dealt with, time costs will be charged in dealing with closure formalities, including providing creditors with a final report.

## Note 4 – Tax

The pre-administration tax position is to be finalised. Our work will include a review of the Company's pre-appointment tax affairs, submitting pre and post appointment VAT and Corporation Tax returns where possible, and the maintenance and submission of post-appointment tax records. HMRC's claim will need to be established and agreed before a dividend can be declared to unsecured creditors. Before closure of the administration, the Company will need to be deregistered for VAT and clearance will need to be sought from VAT, Corporation Tax and PAYE departments before the case can be closed.

## Note 5 – Creditors and claims

Our work includes notification of our appointment and issuing statutory reports to creditors, agreeing unsecured creditor claims and issuing a distribution to unsecured creditors, alongside responding to general creditor queries and correspondence received during the administration.

## Note 6 – KPMG Managed Services

This work will be carried out by KPMG Managed Services who will set up and operate a customer service centre to answer any customer queries in connection with redress claims.

#### Note 7 – Employees

Employee costs will include notifying employees of our appointment and communicating with them at the point of sale of business.

#### Note 8 – Directors

We will correspond with directors in relation to the submission of their statement of affairs and directors questionnaires, D form drafting and general correspondence with the directors of the Company.

#### Note 9 – Investigations

We will perform our statutory investigation into the conduct of the directors and the affairs of the Company prior to our appointment as Joint Administrators. This will involve directorship searches, compliance with our statutory duties and submitting director reports and other relevant reports to the Secretary of State.

#### Note 10 – Realisation of assets

This primarily consists of costs relating to the sale of business process. It will also include time spent relating to realising the Company's assets, which includes collection of the loan book, collection of cash balances from banks and merchant acquirers, the insurance of assets and liaising with landlords with regards to the Company's leased properties.



## Appendix 4      Joint Administrators' expenses estimate

Summary of Expenses from appointment		
Expenses (£)	Narrative	Total (£)
Rent	Note 1	114,340
Insurance / health and safety	Note 2	5,000
Bank Charges & interest	Note 3	125,000
Statutory Advertising	Note 4	325
Storage	Note 5	500
Mail Redirection	Note 6	1,818
Data Room	Note 7	2,500
Joint Administrators' fees	Note 8	2,448,871
Joint Administrators' disbursements	Note 9	47,880
Post appointment legal fees	Note 10	510,000
Agent's fees	Note 11	3,350
Debt Collection Agency commission	Note 12	18,000
Tax advice fees	Note 13	18,000
Irrecoverable VAT	Note 14	634,117
<b>TOTAL</b>		<b>3,911,701</b>

### Note 1 – Rent

This is in respect of rent payments expected to be made to the landlord of the Company's Leeds premises during the licence to occupy that has been granted to the Purchaser. Under the terms of the licence to occupy, the Purchaser will reimburse these rental costs to the Company resulting in a nil net cost.

### Note 2 – Insurance / Health & Safety

This relates to insurance premium to secure appropriate liability cover.

### Note 3 – Bank Charges & Interest

Bank charges associated with the same-day CHAPS payments and in respect of daily bank charges and interest applied to the account.

#### Note 4 – Statutory Advertising

Advertising in connection to the appointment of the Joint Administrators and other advertising required.

#### Note 5 – Storage

This relates to storage of the Company's books and records.

#### Note 6 – Mail redirection

This relates to redirection of the mail to the Joint Administrators offices for three months to include all the Company's trading names and both of the Company premises.

#### Note 7 – Data room

This relates to the data room provided by Merrill DatasiteOne which has been used in connection with the sale of the residual loan book not purchased by Shelby Finance Limited.

#### Note 8 - Administrators Fees

This relates to the Joint Administrators' fees, as detailed in Appendix 5.

#### Note 9 – Administrators disbursements

This relates to the Joint Administrators' disbursements, as detailed in Appendix 5.

#### Note 10 – Post appointment legal fees

This is in respect of legal fees and disbursements. We envisage that the total costs of Ashurst LLP and Squire Patton Boggs (UK) LLP in relation to legal advice on various matters during the administration including the methodology of calculating and agreeing customer claims, property matters and ad hoc ongoing legal advice in the administration will be in the region of £510,000. No legal fees or disbursements have been paid to Ashurst LLP or Squire Patton Boggs (UK) LLP to date.

#### Note 11 – Agent's Fees

This is in respect of agent's fees and disbursements. Walker Singleton Chartered Surveyors have indicated that their total costs for review of the Company's leases and inspection of the leasehold properties in the administration will be in the region of £3,350. No agent's fees or disbursements have been paid to date.

#### Note 12 – DCA commission

This relates to commission charged by Moorcroft and BPO in respect of the ongoing collection of the remaining loan book.

#### Note 13 – Tax advice fees

This relates to tax advice provided by Grant Thornton UK LLP which was incurred during the administration in relation to matters which were ongoing at the date of the Joint Administrators' appointment.

#### Note 14 – Irrecoverable VAT

This relates to VAT charged on supplies which, given the nature of the Company's business, is unlikely to be recoverable.

## Appendix 5 Joint Administrators' charging and disbursements policy

### Joint Administrators' charging policy

The time charged to the administration is by reference to the time properly given by us and our staff in attending to matters arising in the administration. This includes work undertaken in respect of tax, VAT, employee, pensions and health and safety advice from KPMG in-house specialists.

Our policy is to delegate tasks in the administration to appropriate members of staff considering their level of experience and requisite specialist knowledge, supervised accordingly, so as to maximise the cost effectiveness of the work performed. Matters of particular complexity or significance requiring more exceptional responsibility are dealt with by senior staff or us.

A copy of "A Creditors' Guide to Joint Administrators Fees" from Statement of Insolvency Practice 9 ('SIP 9') produced by the Association of Business Recovery Professionals is available at:

<https://www.r3.org.uk/what-we-do/publications/professional/fees/administrators-fees>

If you are unable to access this guide and would like a copy, please email [documents.curo@kpmg.co.uk](mailto:documents.curo@kpmg.co.uk).

### Hourly rates

Set out below are the relevant hourly charge-out rates for the grades of our staff actually or likely to be involved on this administration. Time is charged by reference to actual work carried out on the administration, using a minimum time unit of six minutes.

All staff who have worked on the administration, including cashiers and secretarial staff, have charged time directly to the administration and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the administration but is reflected in the general level of charge-out rates.

Charge-out rates (£) for: Restructuring	
Grade	From 01 Jan 2019 £/hr
Partner	785
Associate Partner	695
Director	695
Senior Manager	605
Manager	485
Senior Administrator	355
Administrator	270
Support	135
Work Experience	50

Charge-out rates (£) for: Managed Services	
Grade	From 01 Jan 2019 £/hr
Senior Manager	125
Manager	84
Senior Administrator	52
Administrator	36
Business Support	60
Analyst	29
QC	42
Team Leader	60

The charge-out rates used by us might periodically rise (for example to cover annual inflationary cost increases) over the period of the administration. In our next statutory report, we will inform creditors of any material amendments to these rates.

#### Policy for the recovery of disbursements

Where funds permit, the officeholders will seek to recover both Category 1 and Category 2 disbursements from the estate. For the avoidance of doubt, such expenses are defined within SIP 9 as follows:

**Category 1 disbursements:** These are costs where there is specific expenditure directly referable to both the appointment in question and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the officeholder or his or her staff.

**Category 2 disbursements:** These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage.

Category 2 disbursements charged by KPMG include mileage. This is calculated as follows:

Mileage claims fall into three categories:

- Use of privately-owned vehicle or car cash alternative – 45p per mile.
- Use of company car – 60p per mile.
- Use of partner's car – 60p per mile.

For all of the above car types, when carrying KPMG passengers an additional 5p per mile per passenger will also be charged where appropriate.

We have incurred the following disbursements during the period 25 February 2019 to 15 March 2019.

SIP 9 - Disbursements					
Disbursements	Category 1		Category 2		Totals (£)
	Paid (£)	Unpaid (£)	Paid (£)	Unpaid (£)	
Accommodation		80.83		NIL	<b>80.83</b>
Meals		154.58		NIL	<b>154.58</b>
Mileage		NIL		416.69	<b>416.69</b>
Sundry		13.45		NIL	<b>13.45</b>
Travel		1,810.81		NIL	<b>1,810.81</b>
<b>Total</b>		<b>2,059.67</b>		<b>416.69</b>	<b>2,476.36</b>

We have the authority to pay Category 1 disbursements without the need for any prior approval from the creditors of the Company.

Category 2 disbursements are to be approved in the same manner as our remuneration.

### Narrative of work carried out for the period 25 February 2019 to 10 March 2019

The key areas of work have been:

Statutory and compliance	<ul style="list-style-type: none"> <li>■ collating initial information to enable us to carry out our statutory duties, including creditor information, details of assets and information relating to the licences;</li> <li>■ providing initial statutory notifications of our appointment to the Registrar of Companies, creditors and other stakeholders, and advertising our appointment;</li> <li>■ issuing regular press releases and posting information on a dedicated web page;</li> <li>■ preparing statutory receipts and payments accounts;</li> <li>■ arranging bonding and complying with statutory requirements;</li> <li>■ dealing with all closure related formalities;</li> <li>■ ensuring compliance with all statutory obligations within the relevant timescales.</li> </ul>
Strategy documents, Checklist and reviews	<ul style="list-style-type: none"> <li>■ formulating, monitoring and reviewing the administration strategy, including the decision to trade and meetings with internal and external parties to agree the same;</li> <li>■ briefing of our staff on the administration strategy and matters in relation to various work-streams;</li> <li>■ regular case management and reviewing of progress, including regular team update meetings and calls;</li> <li>■ meeting with management to review and update strategy and monitor progress;</li> <li>■ reviewing and authorising junior staff correspondence and other work;</li> <li>■ dealing with queries arising during the appointment;</li> <li>■ reviewing matters affecting the outcome of the administration;</li> <li>■ allocating and managing staff/case resourcing and budgeting exercises and reviews;</li> <li>■ liaising with legal advisors regarding the various instructions, including agreeing content of engagement letters;</li> <li>■ complying with internal filing and information recording practices, including documenting strategy decisions.</li> </ul>
Cashiering	<ul style="list-style-type: none"> <li>■ setting up administration bank accounts and dealing with the Company's pre-appointment accounts;</li> <li>■ preparing and processing vouchers for the payment of post-appointment invoices;</li> <li>■ creating remittances and sending payments to settle post-appointment invoices;</li> <li>■ reconciling post-appointment bank accounts to internal systems;</li> <li>■ ensuring compliance with appropriate risk management procedures in respect of receipts and payments.</li> </ul>
Tax	<ul style="list-style-type: none"> <li>■ gathering initial information from the Company's records in relation to the taxation position of the Company;</li> <li>■ submitting relevant initial notifications to HM Revenue and Customs;</li> <li>■ reviewing the Company's pre-appointment corporation tax and VAT position;</li> <li>■ analysing and considering the tax effects of various sale options, tax planning for efficient use of tax assets and to maximise realisations;</li> <li>■ working initially on tax returns relating to the periods affected by the administration;</li> <li>■ analysing VAT related transactions;</li> <li>■ dealing with post appointment tax compliance.</li> </ul>

Shareholders	<ul style="list-style-type: none"> <li>■ providing notification of our appointment.</li> </ul>
General	<ul style="list-style-type: none"> <li>■ providing written and oral updates to representatives of the FCA regarding the progress of the administration and case strategy.</li> <li>■ reviewing time costs data and producing analysis of time incurred which is compliant with Statement of Insolvency Practice 9;</li> <li>■ locating relevant Company books and records, arranging for their collection and dealing with the ongoing storage.</li> </ul>
Asset realisations	<ul style="list-style-type: none"> <li>■ collating information from the Company's records regarding the assets;</li> <li>■ reviewing the outstanding loan book and management of loan book collection strategy and loan book realisation strategy;</li> <li>■ seeking legal advice in relation to loan book collections;</li> <li>■ corresponding with debt collection agencies and debt management companies in relation to loan book collections;</li> <li>■ reviewing the inter-company debtor position between the Company and other group companies;</li> <li>■ organising for certain pre-administration bank accounts to be closed and for cash at bank to be swept to the Joint Administrators' bank accounts;</li> </ul>
Property matters	<ul style="list-style-type: none"> <li>■ reviewing the Company's leasehold properties, including review of leases;</li> <li>■ communicating with landlords regarding rent, property occupation and other issues;</li> </ul>
Sale of business	<ul style="list-style-type: none"> <li>■ completion of the pre-packaged sale of the Company's business and certain assets;</li> <li>■ continued collection of loan book assets acquired by the Purchaser and daily calculation and implementation of daily cash sweeps;</li> <li>■ discussion and agreement with the Purchaser in relation to any truing-up required under the terms of the SPA;</li> <li>■ ongoing discussion and correspondence in respect of the transfer of direct debit and card payment facilities to the Purchaser's bank account.</li> </ul>
Health and safety	<ul style="list-style-type: none"> <li>■ liaising with health and safety specialists in order to manage all health and safety issues and environmental issues, including ensuring that legal and licensing obligations are complied with;</li> <li>■ ongoing health and safety compliance.</li> </ul>
Open cover insurance	<ul style="list-style-type: none"> <li>■ arranging ongoing insurance cover for the Company's leasehold properties;</li> <li>■ liaising with the post-appointment insurance brokers to provide information, assess risks and ensure appropriate cover in place;</li> <li>■ assessing the level of insurance premiums.</li> </ul>
Employees	<ul style="list-style-type: none"> <li>■ dealing with queries from employees regarding various matters relating to the administration;</li> </ul>
Pensions	<ul style="list-style-type: none"> <li>■ collating information and reviewing the Company's pension schemes;</li> <li>■ calculating employee pension contributions and review of pre-appointment unpaid contributions;</li> <li>■ ensuring compliance with our duties to issue statutory notices.</li> </ul>
Creditors and claims	<ul style="list-style-type: none"> <li>■ drafting and circulating our proposals;</li> <li>■ convening and preparing for the decision procedure;</li> <li>■ creating and updating the list of unsecured creditors;</li> <li>■ responding to enquiries from creditors regarding the administration and submission of their claims;</li> </ul>
Investigations/ directors	<ul style="list-style-type: none"> <li>■ reviewing Company and directorship searches and advising the directors of the effect of the administration;</li> <li>■ liaising with management to produce the Statement of Affairs;</li> <li>■ arranging for the redirection of the Company's mail;</li> </ul>
General analysis	<ul style="list-style-type: none"> <li>■ reconciling receipts into the Company's pre-administration bank accounts and the Joint Administrators' bank account;</li> <li>■ liaising with the Purchaser's staff in order to obtain appropriate downloads of loan book data in order to allow the Joint Administrators' to consider creditors' claims, realise residual loan book assets and to correspond with both debtors and creditors;</li> <li>■ setting up a database to store and maintain significant volumes of Company data;</li> <li>■ corresponding with the Parent in order to preserve and protect certain digital data of the Company and arranging for this to be transferred to the Joint Administrators;</li> <li>■ liaising with KPMG Managed Services in relation to circulating correspondence to debtors and creditors by email;</li> <li>■ liaising with KPMG Managed Services in order to arrange the set up and operation of a call centre to deal with debtor and creditor queries;</li> <li>■ working with the Purchaser's staff to obtain details of in-flight customer complaints and to agree a process in relation to Data Subject Access Requests.</li> <li>■ marketing the Company's residual loan book;</li> <li>■ entering into discussions with parties interested in acquiring the Company's residual loan book, agreeing non-disclosure agreements and providing appropriate information in order to allow interested parties to progress their interest;</li> <li>■ meeting with interested parties and considering offers received;</li> </ul>

## Time costs

	Hours					Time Cost (£)	Average Hourly Rate (£)
	Partner / Director	Manager	Administrator	Support	Total		
Administration & planning							
Bankrupt/Director/Member							
Notification of appointment		4.30	2.60		6.90	3,147.50	456.16
Cashiering							
General (Cashiering)	0.30		7.90		8.20	2,817.50	343.60
Reconciliations (& IPS accounting reviews)			0.10		0.10	35.50	355.00
General							
Books and records		13.00	9.10		22.10	9,399.50	425.32
Fees and WIP	0.50	0.30	15.20		16.00	5,934.00	370.88
Statutory and compliance							
Appointment and related formalities	6.00	23.20	7.05		36.25	18,621.50	513.70
Appointment documents	1.00		0.50	2.50	4.00	1,167.50	291.88
Bonding & Cover Schedule		0.20	1.00		1.20	367.00	305.83
Budgets & Estimated outcome statements			3.50		3.50	1,242.50	355.00
Checklist & reviews		1.80	4.00		5.80	2,367.00	408.10
Pre-administration checks				10.25	10.25	1,383.75	135.00
Statutory advertising		0.20	0.50		0.70	232.00	331.43
Strategy documents		41.60	9.80		51.40	28,182.50	548.30
Tax							
Initial reviews - CT and VAT		0.50	6.70		7.20	2,519.00	349.86
Post appointment corporation tax	4.80	7.35	0.50		12.65	7,227.75	571.36
Post appointment PAYE (Non Trading)		1.10			1.10	665.50	605.00
Post appointment VAT		0.50	2.20		2.70	836.50	309.81
Creditors							
Creditors and claims							
General correspondence			9.50		9.50	2,590.50	272.68
Legal claims			1.20		1.20	324.00	270.00
Notification of appointment		12.30	0.60		12.90	7,603.50	589.42
Pre-appointment VAT / PAYE / CT		0.50			0.50	302.50	605.00
Statutory reports	2.80	4.30	2.80		9.90	5,278.50	533.18
Employees							
Correspondence			2.00		2.00	710.00	355.00
Pensions reviews			5.00		5.00	1,350.00	270.00

	Hours					Time Cost (£)	Average Hourly Rate (£)
	Partner / Director	Manager	Administrator	Support	Total		
General analysis							
Strategy meetings	40.04	28.15	49.60		117.79	63,717.05	540.94
Banking matters	15.60	33.60	87.00		136.20	62,874.00	461.63
FCA reporting	11.50	5.50			17.00	11,950.00	702.94
Data management	14.00	19.00	72.50		105.50	46,665.00	442.32
Data preservation		10.55	30.90		41.45	16,319.75	393.72
Sale of loan book	14.10	42.50	5.00		61.60	32,550.00	528.41
Communications management	30.80	100.80	39.40	35.50	206.50	96,686.50	468.22
Debtors communications	13.50	37.30	38.10		88.90	39,476.00	444.05
Customer complaints			1.50		1.50	405.00	270.00
Regulatory matters		3.50			3.50	2,117.50	605.00
Investigation							
Directors							
Correspondence with directors			0.50		0.50	135.00	270.00
Directors' questionnaire / checklist			3.50		3.50	945.00	270.00
Statement of affairs		0.90	3.20		4.10	1,300.50	317.20
Investigations							
Mail redirection		0.20	0.90		1.10	364.00	330.91
Realisation of assets							
Asset Realisation							
Cash and investments			9.80		9.80	2,646.00	270.00
Debtors		3.60	5.95		9.55	3,784.50	396.28
Health & safety		0.80	3.70		4.50	1,387.00	308.22
Insurance			1.85		1.85	610.00	329.73
Leasehold property		1.70	7.40		9.10	3,086.00	339.12
Other assets			0.50	0.50	1.00	202.50	202.50
Pre-Administration Sale of business - preparation	5.00	0.90			5.90	4,019.50	681.27
Sale of business	0.50	0.70	0.90		2.10	1,090.50	519.29
Total in period	160.44	400.85	453.95	48.75	1,063.99	496,636.80	466.77
Brought forward time (appointment date to SIP 9 period start date)							
					0.00	0.00	
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)							
					1,063.99	496,636.80	
Carry forward time (appointment date to SIP 9 period end date)							
					1,063.99	496,636.80	



## Appendix 6      Statement of Affairs, including creditor list

The Company's statement of affairs, prepared by its Chief Financial Officer Duncan Marrison, is attached. The Joint Administrators' have requested that statements of concurrence are provided by the Company's other directors, receipt of which is awaited.

We have not carried out anything in the nature of an audit on the information provided. The figures do not take into account the costs of the administration.

Rule 3.30

## Statement of Affairs

Name of company <b>Curo Transatlantic Limited</b>	Company number <b>4179322</b>
In the <b>High Court of Justice</b> <small>(full name of court)</small>	Court case number <b>001418 of 2019</b>

Statement as to the affairs of (a)  
CURO Transatlantic Limited (the 'Company'), KPMG LLP, 1 Sovereign Square, Sovereign Street, Leeds, LS1 4DA

on the (b) 25th February 2019 the date that the company entered administration.

---

### Statement of Truth

I believe that the facts stated in this statement of affairs are a full, true and complete statement of the affairs of the above named company as at (b) 25th February 2019, the date that the company entered administration.

Full name DUNCAN MARRISON  
Signed *Duncan*  
Dated 14 / 03 / 2019

## A - Summary of Assets

### Assets

	Book Value £	Estimated to Realise £
Assets subject to fixed charge:		
- Cash held on deposit by Barclays for Direct Debit Scheme	2,657,009	2,258,458
<b>Total assets subject to fixed charge</b>	<b>2,657,009</b>	<b>2,258,458</b>
Less: Amount(s) due to fixed charge holder(s)		
<b>Shortfall/surplus to fixed charge holder(s) c/d</b>	<b>2,657,009</b>	<b>2,258,458</b>
Assets subject to floating charge:		
<b>Total assets subject to floating charge</b>	<b>0</b>	<b>0</b>
Uncharged assets:		
Fixtures and fittings, equipment, IP and Goodwill	1,220,000	300,000
Cash at bank (closing balance)	5,004,255	5,004,255
Loan book (sold upon Administration)	14,451,583	7,971,000
Loan book (residual)	3,366,981	Uncertain
Prepayments	639,344	0
Other debtors	15,887	0
Intergroup Loan	1,581,588	0
<b>Total uncharged assets</b>	<b>26,279,639</b>	<b>13,275,255</b>
<b>Estimated total assets available for preferential creditors</b>		<b>15,533,713</b>

Signature

*Jmain*

Date

14 / 03 / 2019

## A1 - Summary of Liabilities

	£	Estimated to Realise £
<b>Estimated total assets available for preferential creditors (carried from page A)</b>		<b>15,533,713</b>
<b>Liabilities</b>		
Preferential creditors:		
Employee pension contribution for February 2019	-13,552	-13,552
<b>Estimated deficiency/surplus as regards preferential creditors</b>		<b>15,520,161</b>
Less uncharged assets		-13,275,255
<b>Net property</b>		<b>2,244,906</b>
Estimated prescribed part of net property where applicable (to carry forward)		-451,981
<b>Estimated total assets available for floating charge holders</b>		<b>1,792,924</b>
Debts secured by floating charges		
<b>Estimated deficiency/surplus of assets after floating charges</b>		<b>1,792,924</b>
Estimated prescribed part of net property where applicable (brought down)		451,981
Uncharged assets		13,275,255
<b>Total assets available to unsecured creditors</b>		<b>15,520,161</b>
Unsecured (trade) (non-preferential) creditors	-23,784,952	-23,784,952
Unsecured (employer pension contributions for February) creditors	-15,337	-15,337
Unsecured (property) creditors	-233,211	-233,211
Unsecured (contingent redress liabilities) creditors	-223,300,000	-223,300,000
<b>Estimated deficiency/surplus as regards unsecured creditors</b>		<b>-231,813,339</b>
Shortfall to fixed charge holders (brought down)		0
Shortfall to preferential creditors (brought down)		0
Shortfall to floating charge holders (brought down)		0
<b>Estimated deficiency/surplus as regards creditors</b>		<b>-231,813,339</b>
Issued and called up capital		1
<b>Estimated total deficiency/surplus as regards members</b>		<b>-231,813,338</b>

Signature  Date 14/03/2019

## COMPANY TRADE CREDITORS

NOTE: You must include all creditors with the EXCEPTION of employee creditors and pre-paid consumer creditors. You must confirm if any of the creditors are under hire-purchase, chattel leasing or conditional sale agreements by stating which of these (if any) are applicable in the column below. You must also identify any creditors claiming retention of title over property in the Company's possession by including a tick in the ROT column below.

Name of creditor or Claimant	Address (with postcode)	Amount of debt £	Details of any security held by creditor	Date security given	Value of security £	HP/Chattel/ Conditional Sale	Claiming ROT
Curo Management LLC	3611 N Ridge Rd, Wichita, KS 67205, USA	22,779,701					
Financial Ombudsman Service	South Quay Plaza 11, 183 Marsh Wall, London, E14 9SR	319,450					
Barclays - charges	Barclays, 2nd Floor, 10 Market Street, Bradford BD1 1XW	112,000					
HMRC - VAT	1st Floor, Queens Dock, Liverpool, L74 4AG	104,000					
Grant Thornton	300 Pavilion Drive, Northampton Business Park, Northampton, NN4 7YE	59,764					
HMRC - Redress Withholding Tax	1st Floor, Queens Dock, Liverpool, L74 4AG	45,000					
AT&T Global Network	Highfield House, Headless Cross Drive, Redditch, B97 5EQ	35,000					
Dell	The Boulevard, Cain Road, Bradwell, RG12 1LF	27,207					
Swiftmoney	1 - 3 The Courtyard, Cabin Street, Bolton BL1 8PH	27,012					
Stickykeys	West One, 100 Wellington Street, Leeds, LS1 4LT	24,000					
Worldpay	Victory House, Fifth Avenue, Gateshead, NE11 0EL	20,320					
Jones Sallie Lange	PO BOX 55791, London, E14 5WQ	20,000					
British Gas	Winnall Down, Winchester, SO21 1PP	19,230					
Criticom Limited	Document House, Phoenix Crescent, Stratfordbyde Business Park, Bellshill, ML4 3NK	15,051					
TdottUK	Suite 4, Bourne Space, Bourne Gardens, Exeter Park Road, Bournemouth, Dorset, BH2 5BD	13,981					
Noble Systems	11 Commerce Way, Westinghouse Rd, Manchester M17 1HW	13,566					
NRC Services Ltd	19 Titterton St, Sheffield S9 3TE	13,192					
Shulmans LLP	10 Wellington Pl, Leeds LS1 4AP	12,473					
Express Recruitment	9 Eldon Chambers, Wheeler Gate, Nottingham, NG1 2NS	12,109					
Google	Gordon House, 4 Barrow Street, Dublin, D04 ESW5	9,933					
LeedtreeGlobal	28 Avenue Rd, Bournemouth BH2 5SL	8,398					
UK IT Networks Limited	3 The Clocktower, Manor Ln, Holmes Chapel, Cheshire CH4 8DJ	8,169					
Nottingham City Council	Lovley House, Station St, Nottingham NG2 3NG	7,702					
WDAAFF1082 / Nouveau	1st Floor, 2 Woodberry Grove, London, N12 0DR	7,209					
E.ON Energy	Business Customer Service, PO Box 2010, Nottingham, NG1 9EQ	7,097					
Stepchange Debt Charity	8-110 Floor, Wide House, Meriton Centre, Leeds, LS2 8NS	5,969					
Automatic Data processing Ltd ADP	Seward Place, Percot Road, Surrey, KT16 9JT	5,693					
Silver City	Suite 3 Warehams House, Warehams Lane, Hereford, SG14 1UA	4,802					
Qix Ltd	Howley Park Business Village, Howley Park Rd E, Morley, Leeds LS27	4,067					
Text Local	Pulford House, Bell Meadow Bus Park Ln, Pulford, Chester CH4 9EP	3,573					
Payplan	Kempston House, Dyrant Road, Grantham, NG31 0EA	3,291					
PaydayGap / Storgo	272 Bath St, Glasgow G2 4UR	3,220					
Money Gap	89 New Bond Street, London W1S 1DA	2,676					
Birfella	Unit 13, Surrey Street, Glossop, Derbyshire, SK13 7AJ	4,134					
Insight UK	The Technology Building, Insight Campus, 3 Terry St, Sheffield S9 7BU	2,067					
Silverforce	Salesforce Tower, Floor 26, 110 Bishopsgate, London, EC2N 4AY	2,000					
Quidni	Forge & Co, 154-158 Shoreditch High Street, London, E1 6HU	1,987					
TFL Limited	2nd Floor, Adelphi Mill, Grimshaw Lane, Bollington, SK10 51B	1,959					
Telbahu	The Oval, Shelbourne Road, Ballsbridge, Dublin 4	1,868					
Raretek	Strassganger Strasse 289, 8053 Graz, Austria	1,226					

Greenhill Air Conditioning Limited	Sure 8, 518 Hub, Cullywhite Lane, Drinfield, 518 2XP	1,222			
The Lenders List	Sigala Ltd, 20-22 Wenlock Road, London, N1 7EU	1,066			
LoanMachine t/a Lead Affinity	17/0 High Street, Gorkleston, N81 6RG	1,001			
Alto Digital	99 Vantage Point, Kingswood, West Midlands, DY1 7FR	1,000			
Health Assured Ltd	The Peninsula, Victoria Place, Manchester M4 4FB	900			
Sandhurst Associates	The Granary, 50 Barton Rd, Worsley, Manchester M28 5EB	896			
Trailline	Kingfield Court, Chester CH4 9RE	812			
Scorebuddy (Serient Solutions Limited)	Guinness Enterprise Centre, Taylors Lane, Uthens, Dublin 8	750			
Park Plaza - Nottingham	41 Maid Marian Way, Nottingham, NG1 6GD	692			
Harper Recruitment Group	The Clock Tower, Talbot St, Nottingham NG1 5GG	652			
Irwin Mitchell	2 Wellington Pl, Leeds LS1 4BZ	499			
Vantage	Vitality House, Milford Pl, Leeds LS4 2BQ	494			
CSG UK PLC	Charter House, Unit A9, Barton Industrial Estate, Bedfordshire, MK45 4RP	486			
Lander Tree	Unit 11 Wholesale & Trade Park, Clarke Road, Nottingham, NG2 3JJ	461			
Microsoft (Bing)	One Microsoft Place, South County Business Park, Leopardstown, Dublin 18, D18 P521	364			
Shred Station Ltd	Osborne House, Windover Rd, Ratchbath, Norwich NR13 6LH	318			
Greenstone Facilities Management	The Corner House, Brunel Drive, Newark, NG24 2EG	265			
MediaBanket	Mediabanket Ltd, Number 1 Spinningfields, Quay Street, Manchester, M3 3JE	259			
Vele Services Limited	Westgate House, 100 Wellington St, Leeds LS1 4LT	252			
All the Lenders (Warwick Financial)	PO Box 448, Huddersfield, EN11 1LN	251			
Machinar Ltd	Machinar House, Wakefield Road, Ossett, WF5 9LB	194			
Premier Inn	1 Trinity Court, Broadlands, Wolverhampton, WV10 6HU	171			
Ask The Office Equipment Specialist Ltd	Sanderson House, 39 White Abbey Road, B08 8EJ	155			
STS Finance	88 Durraven Place, Bridgend, CF31 1JD	150			
Everwell Occupational Health Ltd	Suite 1 Edwin Foden Business Centre, Most Lane, Sandbach, CW11 3AE	144			
Newsline Limited	Waterside Industrial Park, Waterside Rd, Leeds LS10 1RW	77			
Office Team	Unit 4, Puffley Way, Croydon, CR0 4NZ	70			
Plus Vending Services	Trent Business Centre, Canal Street, Nottingham, NG10 4HN	60			
Amazon	Lockbox 293, PO Box 16, Sheffield, S9B 1AZ	51			
Speedy Freight	2 The Pavilions, Cranford Drive, Knutsford Business Park, Knutsford, WA16 5ER	48			
Quality Brew Vending Ltd	Commerce Court, Challenge Way, Cutler Heights Lane, Bradford, BD4 8NW	42			
Yorkshire Water	PO Box 1255, Bradford, BD1 9AE	26			
Abacus Express Limited	114 Buryway Road, Leeds, LS3 1UP	13			
Royal Mail Group Ltd	Rowland Hill House, Boythorpe Road, Chesterfield, S43 1HQ	11			
Opus Energy	Opus Energy House, The Lakes, Northampton NN4 7YD	8			
		23,784,352			

Signature

Date

14/03/2019



Grain

Date \_\_\_\_\_

14 / 03

2019



## **CURO Transatlantic Limited t/a WageDayAdvance and Juo Loans - in Administration SIP 16 memorandum of sale of business**

This statement is made in order to comply with the Joint Administrators' responsibilities under Statement of Insolvency Practice ("SIP") 16, the latest version of which is effective from 1 November 2013. Statements of Insolvency Practice are guidance notes issued by the insolvency regulatory authorities with a view to maintaining standards by setting out required practice and harmonising practitioners' approach to particular aspects of insolvency.

SIP 16 concerns arrangements where the sale of all or part of a company's business and assets is negotiated with a purchaser prior to the appointment of an administrator, who affects the sale immediately on, or shortly after, his appointment. SIP 16 can be located via this link to the R3 website [https://www.r3.org.uk/media/documents/technical\\_library/SIPS/SIP%2016%20Version%203%20Nov%202015.pdf](https://www.r3.org.uk/media/documents/technical_library/SIPS/SIP%2016%20Version%203%20Nov%202015.pdf)

Howard Smith and Ed Boyle (the "Joint Administrators") of KPMG LLP ("KPMG") were appointed Joint Administrators of Curo Transatlantic Limited ("the Company") and SRC Transatlantic Limited ("SRC") on 25 February 2019. Shortly following the appointment, the Joint Administrators sold part of the Company's business and the majority of its assets to Shelby Finance Ltd ("the Purchaser").

SRC was not subject to the sale to the Purchaser, however is providing the Purchaser with a licence to occupy a leasehold premises in Nottingham, where the Company's collections staff are ordinarily located.

### **Initial introduction**

Ed Boyle was originally introduced to the Company by KPMG's tax department in late May 2018.

KPMG were formally engaged by the Company on 21 June 2018 to assist in considering, developing and preparing for a possible Scheme of Arrangement ("Plan A" or "the Scheme"), in order to deal with the unsustainable financial burden placed on it by consumer redress claims arising from historic affordability, creditworthiness and responsible lending practices.

Whilst Plan A was being pursued, KPMG were also engaged on 5 October 2018 to run an accelerated sale process ("Plan B"), as a contingency and to provide the Company with alternative options should the Scheme not be capable of implementation.

Alongside this, KPMG were also engaged to assist the Company in developing a contingency plan for a controlled wind down of the business in administration ("Plan C") in the event that neither the Scheme nor a sale of the business were capable of being achieved.



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## Pre-appointment considerations

The Company was a provider of short term, high cost finance to consumers in the UK and in 2018 generated turnover in excess of £37.5 million. It was acquired by Curo Group Holdings Corp (the "Group"), a listed US based business, in February 2013 and traded exclusively in the UK under two brands: WageDayAdvance and Juo Loans.

The market in which the Company operated experienced a significant upturn in the number of claims being brought in relation to past lending practices in mid-2018, which is understood to have contributed to the failure of a competitor, Wonga, in August 2018. This upturn in claims activity was primarily driven by claims management companies.

Despite these claims mostly pre-dating the Company's current management and lending strategy, the increasing number of claims being received significantly impacted the Company's available working capital due to the redress costs, the operating costs associated with administering such claims, and the referral fees levied on the Company by the Financial Ombudsman Service ("FOS") in respect of complaints made to the FOS. This introduced a further funding requirement upon the Company, significantly in advance of its current and forecast operating cash generation, and also created significant uncertainty as to the future cash requirements of the Company.

As a consequence of the above, it became evident that in the absence of significant capital contributions to the Company, it would not be able to satisfy the total potential redress liability (and associated costs) that it would face.

The Company has been reliant on funding from the Group since its 2013 acquisition. The Group has invested over £130 million in the Company since 2013 (including the acquisition cost of approx. £50 million), and has a £23 million intercompany loan outstanding from the Company. The Group confirmed that it would continue to support the Company's working capital whilst a solvent solution was pursued in order to resolve the redress claims being received and enable the Company to continue trading through the implementation of the Scheme.

The Company therefore developed a proposal for the Scheme, through which payments in respect of historic and future redress liabilities would be compromised and therefore capped at a level which could be met by the Company, with the provision of additional funding from the Group for this purpose.

Given the level of funding available to the Company from the Group and the quantum of potential redress claims identified, the Scheme would not have provided full cash recompense to individuals with valid redress claims. The pence in the pound cash return to redress creditors envisaged in the Scheme was anticipated to provide a greater return to such creditors than in the alternative Plan B and Plan C scenarios. However, redress creditors would still have faced a very significant shortfall against the value of their claims in the Scheme.

In order to be implemented, the Scheme would require the approval of both the High Court (under the provisions of the Companies Act 2006) and of the compromised redress creditors at a creditors' meeting convened for that purpose. As a Financial Conduct Authority (FCA) regulated lender, the Company's view was that it also needed to have received confirmation from the FCA that it did not object to it proposing the Scheme, in order to demonstrate that the Scheme could be implemented in accordance with the Company's ongoing regulatory obligations.

Following consideration by the Company of the achievability of the Scheme and what this would entail, it entered into preliminary discussions with the FCA in this regard in September 2018. This led to the Company appointing Huntswood as an s166 Skilled Person, at the request of the FCA, to review the Company's proposed redress claim calculation methodology (which would be used to determine creditor claims under the Scheme).



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Howard Smith of KPMG LLP was introduced to the Company on 21 January 2019 in order to provide further support to the Company in relation to Plan B and Plan C.

Following feedback from the FCA on 18 January 2019 in relation to the Company's original proposal in respect of the Scheme, the Company put forward to the FCA a final revised proposal for the Scheme on 24 January 2019, with a materially increased level of funding from the Group (despite this increase, redress creditors would still have faced a very significant shortfall against the value of their claims in the Scheme).

However, the FCA's further feedback on 19 February 2019 was that it was not able at that stage to form a view on the revised Scheme nor to make a decision as to whether or not to 'non-object' to the Scheme. The FCA made clear that it needed the Company to provide further information before it could form its view on whether or not it could provide a letter of 'non-objection' to the Company in relation to the Scheme. As a result of the timeframe associated with providing this additional information and the Company's own view of the prospect of obtaining the FCA's 'non-objection' to the Scheme, the Company sought legal advice and subsequently concluded that it was unable to continue to trade outside of an insolvency process.

The Company therefore sought to immediately appoint administrators and to conclude a pre-packaged sale of the business out of administration as soon as possible in order to maximise value for the Company's creditors.

#### **Pre-pack administration**

Following the Directors' marketing of the Company for sale, an offer was received from a trade party for the business and substantially all of its assets, namely the goodwill, certain intellectual property and the majority of its recent and good standing loan book.

This transaction is detailed further below and concluded shortly following the Joint Administrators' appointment.

The alternative courses of action considered prior to the Joint Administrators' appointment are detailed below in chronological order:

#### **- Solvent sale of the Company**

Under Plan B, an accelerated sale of the business was pursued from October 2018 as a contingency for any scenario where the Scheme could not be implemented.

However, due to the level of potential customer redress claims (both those being received and future potential claims), and the wider trends within the market, no interest was received from any party to either invest in or acquire the Company whilst committing the necessary additional funding to deal with its redress liabilities.

An offer was received proposing a merger of the Company with another trade party. However this was for nil consideration and would not have provided any funding to contribute to redress claims.

Aside from the above, interest was only received on the basis of a purchase of the Company's business and assets by way of a sale in insolvency.

#### **- Company Voluntary Arrangement ("CVA")**

A CVA was not considered to be a viable option for the Company to pursue.



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A CVA proposal would have been attempting to achieve a similar solution to that of the Scheme (i.e. compromising historic redress claims, with a limited level of funding provided to the Company by the Group to fund contributions to the CVA). However, it would have been open to any individual creditor (or a claims management company acting on behalf of a creditor or group of creditors) to challenge the CVA, thereby threatening its deliverability.

**- Trading the business in administration to pursue a going concern sale**

Continuing to trade the Company in administration in order to try to achieve a going concern sale of the business was not considered to be feasible due to:

- the Joint Administrators would potentially become personally liable to customers in respect of any new lending made by the Company if it was not made in accordance with relevant legislation;
- some redundancies would have been required immediately to reduce the Company's operational cost base and minimise trading costs, resulting in employee claims arising; and
- significant costs, in excess of those incurred in a pre-pack sale of the Company, would be incurred by an administrator if the Company was to be traded, including potential payments to the Company's key infrastructure provider, its US parent company.

**- Wind down administration**

Under the contingency planning exercise undertaken by KPMG, an appointment of Joint Administrators with a subsequent wind down of the business was considered in the event that another solution could not be found (i.e. "Plan C").

In this scenario, the Joint Administrators would look to realise value from the Company's loan book (whether by a sale to a third party or the collection of the outstanding amounts), however this outcome would be expected to deliver a significantly lower return to creditors, and to have higher execution risk than would be the case in a pre-pack sale. This would be as a result of:

- The Company ceasing to trade and not making new loans would likely result in no goodwill value being capable of being realised in respect of the business;
- The Joint Administrators would likely face requests for payments from key suppliers, including the Group for the use of certain systems which are leased by the Company from the Group, which would be required for the Joint Administrators to collect the loan book and administer consumer redress claims;
- The uncertainty as to whether key stakeholders would support the business during the wind down process; and
- The level of professional costs and ongoing employee costs to retain key staff in managing the wind down process.

**Other matters**

A review of the filings at Companies House shows that security has been granted to Barclays Bank PLC in the form of a fixed charge in respect of a Direct Debit facility that was provided to the Company. This was created on 17 June 2015 and registered on 30 June 2015.

There has not been any previous sale of the business via an insolvency process in the last 24 months.



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Prior to accepting the appointment, the proposed administrators considered the previous tax compliance work which had been undertaken by KPMG LLP. The value of services provided to the Company over a three year period is not considered material to either KPMG or the Company, and the proposed administrators concluded this did not create a conflict of interest.

In addition, KPMG provided assistance to the Company in considering, developing and preparing for a possible Scheme, assisting with the marketing of the business for sale and preparing for an administration, over an 8 month period. We are satisfied that the work carried out by KPMG prior to our appointment has not resulted in any relationships which create a conflict of interest or which would threaten our independence in being appointed Joint Administrators.

## Marketing of the business and assets

KPMG assisted the Company in preparing for a sale from October 2018 when a marketing document for the business was produced.

A mix of trade parties and financial investors (with a financial services background) were approached as part of this process with initial contact made in the week commencing 5 November 2018.

A total of 29 parties were approached (3 trade and 26 financial investors). A further trade party was not approached as the Group was not willing to provide essential transitional support services to facilitate this competitor acquiring the Company or its business. 11 of these parties requested further information on the business and signed non-disclosure agreements ("NDAs") to appraise the transaction further. This comprised 3 trade parties and 8 financial investors.

Following management information being provided to these interested parties that had signed up to NDA's, two parties submitted indicative offers to the Company's Management team:

- Shelby Finance Limited, a subsidiary of Morses Club PLC ("Shelby") for c. £11.0 million - £15.0 million dependent upon the size of the net loan book with customers incepted from September 2016 onwards, and subject to further due diligence. This was to purchase the business and assets of the Company via an insolvency process.
- Another trade party - for a merger of the Company and the trade party, with the shareholders of the trade party holding a majority shareholding in the combined business.

Interest from the financial investors approached was very limited due to the current pressures within the market, such as changes in the law and increased claims management company activity. In this regard the FCA issued a "Dear CEO" letter to high-cost short-term credit providers on 15 October 2018, which highlighted the need for them to further consider whether their creditworthiness assessments were compliant, and to inform the FCA if they are unable now or in the future to be able to meet their financial commitments due to redress liabilities.

In addition, a number of other trade parties have been reported to be receiving significantly increased volumes of claims relating to their historic lending practices, and therefore appetite was also limited in this regard from direct competitors of the Company.

Shelby were considered by the Company's management to be the preferred bidder and appeared to be the most likely party to conclude a transaction. The proposal from the other trade party was not considered to be commercially attractive for the Company's shareholders, and did not contain any purchase consideration or additional committed investment through which payments to redress creditors could be made.



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When the Company concluded that it was unable to continue to trade outside of an insolvency process on 24 February 2019, the Company then had no alternative but to appoint Joint Administrators who then moved to conclude a transaction with Shelby.

Shelby's proposal was to purchase the vast majority of the recent good standing loan book of the Company, being most outstanding loans made to customers incepted during and after September 2016. Shelby's proposal included the purchase of substantially all of the business and assets of the Company including relevant IP and technology (where owned). Shelby's proposal did not include any lending balances to customers incepted prior to September 2016 and did not include its branding or trading names, as Shelby did not propose to carry on business under those names following completion of the transaction.

All the employees of the Company and its executive management team have been transferred to Shelby as part of this transaction via TUPE.

The Group's focus throughout this process was achieving a solvent solution for the Company by way of the Scheme. However, in view of the fact that the Scheme might not ultimately be able to be implemented, the Company consulted with the Group (as its single largest creditor and as its parent company). The Group was aware of the accelerated sales process from the outset, was updated during the process and participated in discussions with the buyer in particular with regard to the sharing of IT services post completion.

## Valuation of the business and assets

Since the inception of its trading, one of the Company's key assets has been its bespoke technological platform and software through which it managed its loan book, collections process and customer acquisition strategy.

This platform was developed 'in house' and was continually refined as the business and the market which it operated in evolved over recent years. A key part of this platform was the Company's decision engine, which allowed it to efficiently appraise potential loans, and customer portal through which customer loan applications were progressed.

As this platform was heavily bespoke to the Company and the brands which it traded under, it has value when used for the purposes of the ongoing trade of the business, however has little intrinsic value when considered in isolation if the business was no longer trading. Furthermore, in order for the platform to work effectively, it required the use of software from the Company's US Parent, which the Company used under licence.

The Company's other key asset is its good-standing collectible loan book. Other assets of the Company comprise office equipment and intangible assets such as its brand names, domain names and its skilled workforce.

The business and assets of the Company were extensively marketed for sale prior to the Joint Administrators' appointment. The Company's technological and operating platform was a key reason for Shelby's interest in the Company and a key asset class as part of its proposed acquisition.

Shelby's offer was on the basis of a business and assets purchase. Due to the bespoke nature of the Company's operating platform, and as the platform was required for the collect out of the loan book, it would have been difficult to conclude a deal with Shelby for the loan book, with the operating platform being sold separately by the Joint Administrators to another purchaser.

Given the increased net realisations from the Company's loan book in a business and assets sale to Shelby, above that which would have otherwise been achievable by the Joint Administrators if they were



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to sell the loan book in a non-trading scenario or by attempting to collect it out themselves, an external valuation of the Company's assets on a piecemeal basis was not considered applicable.

In addition, given the nature of the sale and the assets included within it, and having discussed possible valuation processes with the Company's executive management team, the Joint Administrators concluded that the marketing of the business represented the best method of appraising value, and did not therefore commission a valuation of the assets of the business by an independent party, on a going concern basis.

Shelby have purchased substantially all of the Company's good standing loan book with customers incepted from September 2016 onwards, its business, and its owned assets (comprising its operating platform and certain of its intangible assets).

The consideration for Shelby's offer was based upon 85% of the value of the net collectible loan book at the date of the transaction, being the value of the gross loan book, adjusted for provisions for doubtful debts and any balances assessed as being not collectable. The value of the net collectible loan book as at the transaction date was £9.4 million, and therefore consideration in respect of the loan book was £8.0 million.

In addition, £0.3 million was paid for the goodwill, infrastructure, tangible assets and office equipment.

Shelby's offer also included potential deductions in respect of certain operational costs being taken on. A deduction of £0.2 million was applicable on completion and further costs may be recharged by the Purchaser to the Company, the quantum of which will be finalised post-appointment but is expected to be in the range of £0.1 to £0.2 million.

The Joint Administrators are now considering their options in order to realise further value from the pre-September 2016 loan book which Shelby did not wish to acquire.

## **The transaction**

The transaction completed on 25 February 2019.

## **Purchaser and related parties**

The purchaser of the business and assets was Shelby Finance Limited, an unconnected entity ("the Purchaser").

The Purchaser's company number is 08117620.

The UK resident directors of the Company transferred to the Purchaser as employees under the provisions of TUPE. The Purchaser has not purchased the trading names of the Company and will not carry on business under any of the Company's previous trading names.

The Purchaser has not sought the opinion of the Pre-pack Pool in relation to the transaction, given that it is an unconnected party to the Company.



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## Assets

The following assets of the Company have been included in the transaction:

- The goodwill including the business, IT hardware and software;
- Substantially all of the good standing loan book with customers incepted from September 2016 onwards.

The sale was agreed in principle with the Purchaser by the Company prior to the appointment of the Joint Administrators. The sale and purchase agreement was executed by the Joint Administrators shortly after their appointment.

## Sale consideration

The total consideration for the transaction was £8,098,590, being the agreed sale price of £8,271,783 million, less a deduction for certain operational costs of £173,193.

This was allocated between the assets as follows:

### Unencumbered assets

- Good standing loan book of the Company: £7,971,783
- Goodwill: £150,000
- Plant, office equipment and IT hardware: £149,993
- Intellectual property, contracts and records: £7
- Less: Operational costs deduction: £173,193

Consideration of £3,000,000 was paid on completion of the sale to the Purchaser, with a second completion payment of £1,267,420 paid the day following.

The remaining £3,831,171 will be paid by the Purchaser in five monthly instalments between March 2019 and July 2019 ("Deferred Consideration"). The payment of Deferred Consideration is guaranteed by the Purchaser's parent company, Morses Club PLC.

There are no options, buy-back arrangements or similar conditions attaching to the contract of sale.

Furthermore, the Purchaser has agreed to provide the Joint Administrators with assistance in administering and reconciling payments that may be received in relation to the Company's and SRC's residual loan books which they did not purchase, alongside other ongoing assistance in the short-term as the Joint Administrators may require.



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## Conclusion

The Directors have placed the Company into administration and the purpose of the Administration is to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration).

The Joint Administrators are satisfied that this pre-packaged sale has enabled them to achieve this purpose because a sale through an alternative liquidation could not have been achieved within the timeframe available.

The sale has ensured that the 205 employees of the Company have transferred to the purchaser under the provisions of TUPE. Had the sale not been completed and the business needed to close Plan C, this would have resulted in significant additional claims in respect of employee entitlements, along with an increase in costs in dealing with a large number of redundancies.

The Joint Administrators have acted in the best interests of the creditors as a whole when negotiating this pre-packaged sale and are satisfied that the sale price achieved was the best reasonably obtainable in all the circumstances.

They are also satisfied, having considered all of the facts, that their firm's pre-administration engagements with the Company did not prevent them from accepting their appointment as Joint Administrators.

The Joint Administrators' intend to next provide an update to the Company's potential creditors by 25 March 2019, in their Proposals for the administration, at which point it is expected that their longer-term strategy for dealing with the Company's residual loan book will be further developed. The Joint Administrators' also intend to detail a methodology by which they propose to calculate and adjudicate customer redress claims, and intend to seek the approval of the Company's creditors at this point.

However, should the Joint Administrators be capable of issuing their Proposals for the administration earlier than 25 March 2019, they will do so. All known and potential creditors (including customers identified as having a potential redress claim against the Company) will be contacted at this time to notify them that the Joint Administrators' proposals are available to view on their website ([www.kpmg.co.uk/curo](http://www.kpmg.co.uk/curo)).



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## Appendix 8      The Redress Claims Calculator

Curo Transatlantic Limited  
(in administration)

## The Redress Claims Calculator – a summary for creditors

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**For distribution to creditors of Curo Transatlantic Limited (in administration) in connection with the proposals circulated by the Joint Administrators dated 27 March 2019 (the "Proposals")**

## THE REDRESS CLAIMS CALCULATOR

### SUMMARY FOR CREDITORS OF CURO TRANSATLANTIC LIMITED

The purpose of this document is to summarise for creditors of Curo Transatlantic Limited (in administration) ("CTL") the purpose, operation and effect of the redress claims adjudication claims calculator (the "**Claims Calculator**"). The Joint Administrators of CTL propose to use the Claims Calculator to assess, value, and adjudicate the potential redress claims of creditors of CTL in the administration (the "**Administration**").

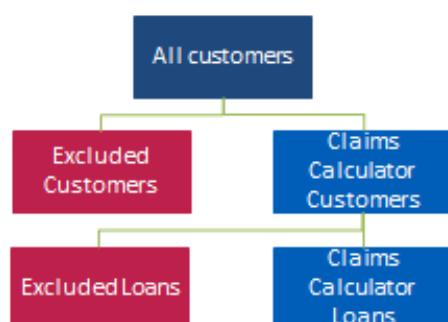
*This document is intended as a summary of the Claims Calculator and should not be taken as a definitive guide as to how the Joint Administrators may exercise in any given circumstance the discretion given to them under relevant insolvency legislation or otherwise. The summary of the Claims Calculator is without prejudice to any rights and powers they may have under such legislation or otherwise.*

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## FLOWCHART SUMMARY OF THE CLAIMS CALCULATOR

### Step 1: To whom does the Claims Calculator apply?



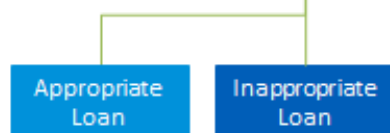
Any customer who took out their first loan with CTL (through its trading name of WageDayAdvance,) on or before 25 February 2019 will have their potential claim assessed by the Claims Calculator (the "Claims Calculator Customers").

All loans obtained by Claims Calculator Customers from CTL on or before 25 February 2019 are within the scope of the Claims Calculator (the "Claims Calculator Loans"). All other loans are excluded from its scope (the "Excluded Loans").

A customer excluded from the scope of the Claims Calculator (an "Excluded Customer") is any customer who:

- has been flagged as showing risk of fraud on their account. The loans of such customers have been written off by the Joint Administrators; or
- obtained a loan from CTL only through its "Juo Loans" brand.

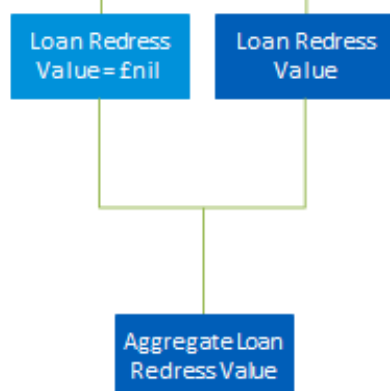
### Step 2: The Loan Suitability Rules (Schedule 1)



Claims Calculator Loans are each assessed using the Claims Calculator, which is based on a decision tree underpinned by a series of rules which assess the affordability and sustainability of such loans and whether they meet responsible lending standards (the "Loan Suitability Rules").

The output of this stage is that each Claims Calculator Loan is either an "Appropriate Loan" or an "Inappropriate Loan".

### Step 3: The Loan Redress Value Calculation Rules (Schedule 2)



Next, the Claims Calculator calculates a "Loan Redress Value" for each Claims Calculator Loan.

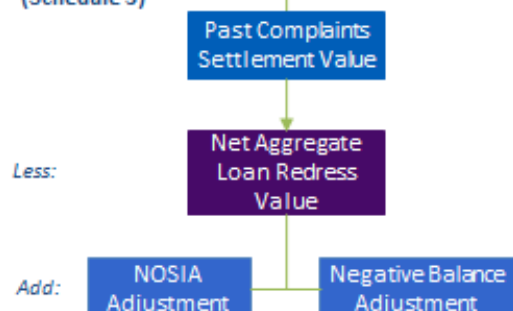
An Inappropriate Loan has a Loan Redress Value calculated by adding together the interest and charges paid by the Claims Calculator Customer for the Inappropriate Loan, together with any statutory interest (payable at 8%) that may be due to them.

An Appropriate Loan has a Loan Redress Value of £nil, with the exception of any Appropriate Loans that are Mpay Loans (the redress for which is calculated using a different formula).

A Claims Calculator Customer's individual Loan Redress Values are then added together to establish an "Aggregate Loan Redress Value" for each Claims Calculator Customer.

If CTL had previously assessed a Claims Calculator Customer's complaint and issued a Final Response Letter ("FRL") in which the redress was greater than the Aggregate Loan Redress Value, then the Claims Calculator Customer's Aggregate Loan Redress Value will be increased to match the redress in the FRL.

### Step 4: The Net Redress Calculation Methodology (Schedule 3)



The Claims Calculator Customer's Aggregate Loan Redress Value is then reduced by any redress already paid by CTL to the Claims Calculator Customer in relation to their Claims Calculator Loans, if any (the "Past Complaints Settlement Value").

The resulting balance is the "Net Aggregate Loan Redress Value".

The Claims Calculator Customer's Net Aggregate Loan Redress Value is then adjusted by adding any amounts which are due to that customer either because of (i) a failure by CTL to issue a Notice of Statement in Arrears ("NOSIA") or (ii) an overpayment made by that customer.

## SECTION A: WHAT IS THE CLAIMS CALCULATOR?

### 1. WHAT IS THE CLAIMS CALCULATOR?

- 1.1 Prior to the appointment of the Joint Administrators, CTL carried out extensive work to develop an automated complaints assessment Claims Calculator to determine whether a customer who obtained a loan from WageDayAdvance was entitled to redress in respect of a loan and, if so, the value of that redress. This Claims Calculator has been adopted by the Joint Administrators for use in the Administration in order to assess, value and adjudicate potential redress claims. We refer to this adopted Claims Calculator herein as the "**Claims Calculator**").
- 1.2 The Claims Calculator is a decision tree, underpinned by a series of rules, which seeks to follow the approach taken by the Financial Ombudsman Service ("**FOS**") in its adjudication of complaints relating to high-cost short-term credit.
- 1.3 The outcome of applying the Claims Calculator to CTL's customer records and data is (i) a determination of whether a customer has a redress claim and (ii) a calculation of the redress due to a customer.
- 1.4 The rules of the Claims Calculator are described in further detail below in Section C (*How does the Claims Calculator work?*).

### 2. WHY WAS THE CLAIMS CALCULATOR BUILT AND HOW HAS IT BEEN DEVELOPED?

- 2.1 Prior to the appointment of the Joint Administrators, CTL was aware that a proportion of its customers held, or may have held, claims against CTL in connection with CTL's prior failure to comply with certain regulatory obligations to customers, including, in particular, in respect of affordability, creditworthiness assessment and responsible lending.
- 2.2 From June 2018, CTL experienced a significant increase in complaint volumes, largely driven by Claims Management Company ("**CMC**") activity. In the four months to September 2018, Curo received approximately 16,000 complaints.
- 2.3 CTL was of the view that the cost of operating its business-as-usual complaint-handling process, along with the resulting redress, could lead to CTL being left with no alternative but to enter into an insolvency process.
- 2.4 As an alternative to the business-as-usual complaint-handling process and with a view to giving consumers greater redress than they would otherwise receive in an administration, CTL carried out extensive work to develop the Claims Calculator with a view to proposing a scheme of arrangement under the Companies Act 2006 to deliver redress to customers (the "**Scheme**"). The Scheme of Arrangement was not ultimately proposed before CTL entered administration. However, the Claims Calculator was finalised and operational as at the date of the appointment of the Joint Administrators.
- 2.5 The Claims Calculator was assessed by an independent skilled person appointed under section 166 of the Financial Services and Markets Act 2000 at the direction of the FCA (prior to the appointment of the Joint Administrators). The third party skilled person made various recommendations in respect of the Claims Calculator, which were substantively incorporated by CTL before finalising the Claims Calculator.
- 2.6 The Joint Administrators have discussed their proposed approach to calculating and adjudicating potential redress claims with the FCA. The FCA confirms that in principle and from the information it has it does not object to the joint administrators' proposal. Although the FCA can envisage that the use of an automated approach with a method to adjudicate claims in the context of an administration might fairly balance the importance of an accurate assessment of claims with the need to preserve the assets of the estate, the FCA itself has not analysed the automated approach the Joint Administrators intend to

use and has not offered a view on the method used by the Claims Calculator. The FOS has acknowledged that whether customer complaints will be upheld is now a decision for the Joint Administrators, who will also decide how much is owed (if any) to each customer.

3. **WHY IS IT APPROPRIATE AND BENEFICIAL FOR THE JOINT ADMINISTRATORS TO USE THE CLAIMS CALCULATOR NOW?**

- 3.1 Immediately following the appointment of the Joint Administrators on 25 February 2019, the Joint Administrators successfully concluded a sale of the business and certain of the assets of CTL to Shelby Finance Limited, an unconnected purchaser ("**Shelby**"). As part of this sale, a proportion of CTL's outstanding loan book was purchased by Shelby. Since their appointment, the Joint Administrators have been working to realise assets in respect of the remainder of CTL's outstanding loan book.
- 3.2 The Joint Administrators expect that they will be able to pay a dividend to unsecured creditors, including to customers in respect of their redress claims. Accordingly and in light of the extensive work that CTL carried out on the Claims Calculator before its entry into administration and the extensive testing that CTL carried out of the data to be used as part of the Claims Calculator, the Joint Administrators consider the Claims Calculator to be a cost-effective, efficient and fair means of valuing the redress claims of creditors against CTL and propose to use the Claims Calculator to assess, value and adjudicate redress claims.
- 3.3 The Joint Administrators consider that if they were to adopt CTL's business-as-usual complaints-handling process to adjudicating redress claims and claims handling, which relied on a team of people assessing and determining complaints, the process of calculating the value of customers' redress claims would take vastly more time and resources. This is in part because all of CTL's staff have transferred to Shelby as part of the sale of the business and are no longer available to support the Joint Administrators. The costs of adopting CTL's business-as-usual process would significantly reduce the amount available for distribution to unsecured creditors. Such an alternative claims adjudication process would also result in the process for customers wishing to seek redress being considerably more complex and time consuming. We also expect that some customers would engage the support of CMCs who would then receive part of any distribution to unsecured creditors, further reducing the amount received by the customers who have a valid redress claim. Consequently the Joint Administrators consider that using the Claims Calculator to assess, value and adjudicate redress claims is the best available approach in the circumstances.
- 3.4 Additionally, the Joint Administrators discussed the use of the Claims Calculator to assess, value and adjudicate redress claims with Curo Management LLC shortly before the administration appointment and Curo Management LLC indicated their support for the proposed approach. Curo Management LLC is CTL's single largest creditor and its claims share the same unsecured ranking as that of customers' redress claims.
- 3.5 Further information on how the Claims Calculator would be used during the course of the Administration is set out in Section B of this document.

#### 4. **WHAT DOES THE CLAIMS CALCULATOR ASSESS?**

- 4.1 The Claims Calculator is based on a decision tree made up of a series of rules (the "**Claims Calculator Rules**"). The Claims Calculator Rules seek to replicate as far as practically possible the determination of claims by the FOS by reference to the FOS' previous decisions regarding historic complaints or example cases published by the FOS of how it expects firms to assess similar complaints.
- 4.2 In order to assess the redress due for each customer, the Claims Calculator assesses each loan against the following rules:
- (a) the Affordability Standard: was the loan affordable? and
  - (b) the Sustainability Standard: was the loan sustainable?
  - (c) the Responsible Lending Standard: was the loan responsibly lent?
- 4.3 A single redress amount for each customer is then produced by aggregating the redress due on each customer's loans.
- 4.4 Certain types of customers are excluded from the application of the Claims Calculator. These are:
- (a) any customers whose accounts have been flagged as showing risk of fraud (being any customer who has, or is reasonably suspected by CTL of having been a victim of fraud, in connection with a loan from CTL). The loans of such customers have already been written off by the Joint Administrators and therefore do not need to be assessed by the Claims Calculator; and
  - (b) any customer who obtained a loan only from CTL's "Juo Loans" brand. This is because all such customers only obtained one loan and therefore the method of the Claims Calculator was not appropriate to those customers.
- 4.5 The Claims Calculator assesses loans against applicable affordability standards, sustainability standards and responsible lending standards and takes into account any and all claims arising as a result of a breach of any of those standards. Two illustrative examples of complaints that the Claims Calculator will assess for redress are (i) complaints that CTL advanced a loan after having sought to obtain a report from a CRA but the CRA could not provide a report in relation to that customer (which is a breach of responsible lending standards) and (ii) complaints that a loan taken out after 1 April 2014 was rolled-over on more than two occasions (which is a breach of sustainability standards).
- 4.6 The Claims Calculator does not take into account every possible claim which might be held by a creditor against CTL, including certain claims that a person may have against CTL which do not arise as a result of a breach of any of the affordability, sustainability or responsible lending standards. If a creditor believes they have a claim against CTL which is not assessed by the Claims Calculator, they will be able to contact the Joint Administrator and submit a separate proof of debt using the process described in the email sent to creditors shortly after 27 March 2019.
- 4.7 Under the FCA Handbook Dispute Resolution rules ("**DISP**"), the FOS cannot consider a complaint if the complainant refers their complaint to FOS either (a) more than six years after the event complained of (the "six-year rule") or (if later); (b) three years from the date on which the complainant became aware (or ought reasonably to have become aware) that he had cause for complaint (the "three-year rule"). Whether or not a particular complainant with a loan over six years old is time-barred is, therefore, ultimately a question of fact which the Claims Calculator does not (and cannot) assess. The Claims Calculator therefore takes into account a number of claims that might

otherwise potentially be time-barred under either the six-year rule or the three-year rule and assesses them as being eligible for redress in the same way as non-time-barred claims. This is consistent with the approach developed by CTL, in consultation with the FCA and the FOS, during the development of the Claims Calculator for the purposes of the Scheme. This approach ensures customers whose lending is over six years old are treated in exactly the same way as those with lending under six years old.



## **SECTION B: HOW WILL BE THE CLAIMS CALCULATOR BE USED IN THE ADMINISTRATION IF THESE PROPOSALS ARE APPROVED?**

### **1. INTRODUCTION**

- 1.1 The purpose of this Section B is to explain how the Joint Administrators propose to use the Claims Calculator during the course of the Administration.
- 1.2 Broadly, the Claims Calculator would be used as a way of (a) valuing for voting purposes the claims of creditors who both submit a claim before the deadline of 23.59 on 25 April 2019 and also vote on the Proposals and (b) admitting proofs of debt in respect of redress claims for dividend purposes, which in turn would allow the Joint Administrators to calculate the cash amounts which the Joint Administrators anticipate distributing to creditors later in the Administration.
- 1.3 Further information on the following issues is set out below:
- (a) how certain "provisional balance adjustments" already communicated to creditors of CTL would be taken into account in applying the Claims Calculator, which is considered in paragraph 2 (*Provisional Balance Adjustments*) of this Section B below;
  - (b) how the Claims Calculator would be used to value the votes of creditors who are voting on the Proposals, which is considered in paragraph 3 (*Voting on the Proposals*) of this Section B below; and
  - (c) how the Claims Calculator would be used to calculate the amount which creditors are ultimately entitled to receive (if any) from CTL if a dividend is paid by the Joint Administrators to creditors, which is considered in paragraph 4 (*Proving in any distribution*) of this Section B below.

### **2. PROVISIONAL BALANCE ADJUSTMENTS**

*What is a "provisional balance adjustment"?*

- 2.1 Many of CTL's creditors also owe outstanding loan balances to CTL. The Joint Administrators have previously notified, or are now notifying, creditors that they have made "provisional balance adjustments" for all creditors who owe outstanding loan balances to CTL. These provisional balance adjustments have been calculated by reducing the outstanding loan balances by the Claims Calculator's calculation of the value of each creditor's potential redress claim (which reflects the estimated final position that the Joint Administrators expect to reach once the redress claims are finally adjudicated).
- 2.2 The Joint Administrators do not intend to recover any of the amounts by which the balance has been provisionally adjusted. For example, if a creditor has been notified of a provisional balance adjustment which reduces an existing loan balance of, e.g., £100 to £90, the Joint Administrators do not intend to seek to recover more than £90 of that loan balance.
- 2.3 At this stage, the adjustments made to the outstanding loan balances owed to CTL can only be provisional. These provisional adjustments can only be made final once the Joint Administrators finally adjudicate them at a later date once the Joint Administrators notify creditors of a distribution being made by the Joint Administrators (see paragraph 4.1 below).

*Creditors whose provisional balance adjustment is greater than the value of their outstanding loan balance*

- 2.4 If a creditor's provisional balance adjustment eliminates that creditor's outstanding loan balance entirely, that loan balance will, in effect, be provisionally settled and would not need to be repaid once finally adjudicated by the Joint Administrators. If a creditor has received a provisional balance adjustment which has eliminated their entire outstanding loan balance previously owed to CTL, then that creditor may still have an unsecured claim against CTL. The Personalised Statement of these creditors will show that the amounts which they owed to CTL will be settled and have been subtracted from the total amount of their expected claim against CTL.

*Creditors whose provisional balance adjustment is less than the value of their outstanding loan balance*

- 2.5 If a creditor still has an outstanding loan balance after receiving the provisional balance adjustment then their adjusted loan balance will still be due to CTL and the Joint Administrators intend to contact customers in the coming weeks to provide further details, including how to make payment against these loans. The Personalised Statement of these creditors will show that the potential claims that they have against CTL are expected to be eliminated by the amount of the provisional balance adjustment given to that creditor and their Personalised Statement will show a nil (£0) claim against CTL.

*Balance adjustments for customers whose loans are sold to Shelby*

- 2.6 As communicated previously, immediately following the appointment of the Joint Administrators, some of the loans owing from customers to CTL were sold to Shelby Finance Limited ("**Shelby**"). Pursuant to an agreement between Shelby and the Joint Administrators, Shelby is in the process of notifying the small number of Shelby customers whose loan has been sold and who had been identified by the Claims Calculator as having a potential redress claim of their outstanding loan balance being finally adjusted. Such final adjustments were calculated on the same basis as the provisional balance adjustment described above.
- 2.7 Customers who received a balance adjustment made by Shelby will have the value of their potential redress claim against CTL reduced by the amount of that provisional balance adjustment.

*Balance adjustments for customers whose loans are sold to a third party purchaser other than Shelby*

- 2.8 As noted in the Proposals, the Joint Administrators aim to realise as much value from the remaining CTL loan book as is achievable and appropriate in the circumstances of the administration. The Joint Administrators are currently seeking to sell the remaining CTL loan book and will agree with any such purchaser that a finalised balance adjustment will be made to any loans being sold, either before they are sold or shortly following a sale. The Joint Administrators intend that the amount of any balance adjustments made to any sold loans will be equal to the amount communicated in the Personalised Statement.
- 2.9 On the basis set out above, the Joint Administrators intend that, for a creditor whose loan is subsequently sold, the balance adjustment made by that purchaser will be in the amount set out in the Personalised Statement and therefore that any potential redress claims of that creditor will be adjusted by an equivalent amount.

### 3. **VOTING ON THE PROPOSALS**

- 3.1 All creditors of CTL were sent an email shortly after 27 March 2019 which included or directed them to the following documents:

- (a) the Joint Administrators' Proposals; and
  - (b) an email that includes a statement of that creditor's potential entitlement as determined by the Model (the "**Personalised Statement**") which represents the Joint Administrators' current expectation of how they would estimate the value of that creditor's claims for each of the following purposes:
    - (i) first, the purpose of valuing the creditor's claim for voting purposes (i.e. its voting rights). If the Proposals are approved by creditors representing more than 50 per cent by value of all creditors who have submitted votes on whether to approve or reject the Proposals, then the Proposals will be approved;
    - (ii) second, for the purpose of valuing the debt for dividend purposes, admitting this value as a proof of debt, and calculating the distributions to be made to creditors if, as anticipated, distributions are made to creditors (see paragraph 4 (*Proving in any distribution*) below).
- 3.2 The claim amount stated in the Personalised Statement will be an amount which has been calculated based on the Claims Calculator (as described in Section 2 above) and after taking into account any provisional balance adjustments (as described above in paragraph 2 of this Section 3).
- 3.3 Where a creditor still has an outstanding loan balance after receiving the provisional balance adjustment then that adjusted loan balance will still be due to CTL. The Personalised Statement of these creditors will show that the potential claims that they have against CTL are expected to be eliminated by the amount of the provisional balance adjustment given to that creditor and they will have a nil (£0) claim against CTL.
- 3.4 Creditors will be given the option to submit by email a vote to "Approve" or "Reject" the Proposals.
4. **PROVING IN ANY DISTRIBUTION**
- 4.1 The Joint Administrators expect to seek the permission of the court to make distributions of monies to unsecured creditors during the Administration.
- 4.2 If, as expected, permission is granted by the Court to make distributions to creditors, the Joint Administrators are required to notify all creditors of their intention to make distributions and to set a last date by which proofs of debt need to be submitted by creditors in order to receive a distribution. The Joint Administrators are then required to make distributions of monies within two months of the last date for proving. In order to facilitate the distribution, creditors will be asked in their Personalised Statement to confirm their bank account details or notify the Joint Administrators if these have changed.
- 4.3 Creditors will be asked in the email sent to them shortly after 27 March 2019 to submit a proof of debt by 23.59 on 25 April 2019 in order to vote on the Proposals. This proof of debt will also allow the creditor to participate in any distribution. A creditor who submits a proof of debt by 23.59 on 25 April 2019 is not expected to need to re-submit a proof in order to participate in a distribution at a later date. A creditor who does not submit a proof of debt by 23.59 on 25 April 2019 will not be entitled to vote on the Proposals but will have an opportunity to submit a proof of debt at any time until the last date for proving, which would be announced following the application to Court by the Joint Administrators to seek permission for a distribution.
- 4.4 If the Proposals are approved, the Joint Administrators intend to use the Claims Calculator to admit proofs of debt submitted by customers with redress claims for dividend purposes.

- 4.5 If the Proposals are not approved, the Joint Administrators expect to communicate with creditors regarding next steps.
- 4.6 Regardless of whether the Proposals are approved or rejected and regardless of whether a creditor has elected to submit a proof of debt at the voting stage, from the date of any notice of distribution each creditor will be able to vary any previously submitted proof of debt at any time until the last date for proving, which will be communicated to creditors at a later date in the course of the Administration.
- 4.7 Once a notice of distribution (if any) has been given by the Joint Administrators and a Final Statement provided, if a creditor disagrees at any time with the value placed by the Joint Administrators on his or her claims then he or she would be entitled to apply to Court to appeal the Joint Administrators' decision. **Any vote by a creditor to "Approve" or "Reject" the Proposals will not affect creditors' statutory rights to appeal the Joint Administrators' decisions.**
- 4.8 The Joint Administrators expect to apply the Claims Calculator to the claims of all creditors who hold claims which are eligible for valuation by the Claims Calculator and who have submitted proofs of debt by the last date for proving (which would be set following the Court's permission to make a distribution). Creditors who have not submitted a proof of debt by the last date for proving may not be eligible to receive distributions.
- 4.9 The Joint Administrators propose to use the Claims Calculator to calculate the value of potential redress claims of creditors. As the Claims Calculator does not take into account every possible claim which might be held by a creditor against CTL (including by not taking into account any claims which have not arisen as a result of a breach of affordability, sustainability and responsible lending standards) any claims held by creditors which are not assessed by the Claims Calculator as having a value have therefore not been included in their Personalised Statement on the following grounds:
- (a) the Joint Administrators have no data concerning the background to such claims and therefore have no evidence to substantiate such claims;
  - (b) the Joint Administrators consider applying the Claims Calculator to be the most cost-effective and efficient method for assessing the value of such claims and that applying the Claims Calculator as proposed is in the best interests of creditors as a whole; and
  - (c) that the Joint Administrators' proposed course of action will not prejudice the ability of a creditor to apply to Court to appeal the assessment of the Joint Administrators in respect of any proof of debt.
- 4.10 Creditors who believe that they have a redress claim that is not reflected in their Personalised Statement and/or not assessed by the Claims Calculator and who wish to prove in the Administration in respect of that claim should contact the Joint Administrators, if they have not already done so. If such creditors have already submitted a proof of debt but wish to challenge any aspect of the Joint Administrators' decision on such proof of debt, they will be able to apply to Court to appeal the Joint Administrators' decision within a period of 21 days following any rejection of their proof of debt by the Joint Administrators.
- 4.11 Creditors who believe they have any other non-redress claim (e.g. they are a trade creditor) should also have received a notice from the Joint Administrators describing the process for submitting a proof of debt. If you believe that you have a non-redress claim against Curo and have not received a notice from the Joint Administrators, you should contact the Joint Administrators at [tradecreditor.curo@kpmg.co.uk](mailto:tradecreditor.curo@kpmg.co.uk).

## SECTION C: HOW DOES THE CLAIMS CALCULATOR WORK?

### 1. HOW DOES THE CLAIMS CALCULATOR WORK?

1.1 As summarised above in Sections A and B, the Joint Administrators intend to use the Claims Calculator to determine whether a customer who obtained a loan from CTL would in the normal course be entitled to redress in respect of a loan and, if so, the value of that redress.

1.2 The method of the Claims Calculator is summarised at a high level in the following Steps 1 to 4 (paragraphs 1.4 to 1.7) and in the flowchart above (at page 50). Steps 2 to 4 are then further described in Schedules 1 to 3 to this Section C (*The Claims Calculator*).

1.3 If not defined, capitalised terms used in this Section C have the meaning given in Schedule 4 (*Definitions*) on pages 68 to 70.

#### 1.4 Step 1: to whom does the Claims Calculator apply?

(a) The purpose of the Claims Calculator is to determine whether a customer who obtained a loan from CTL is entitled to redress in respect of a loan and, if so, the value of that redress. Accordingly, the Claims Calculator is intended only to be applied to customers who are within a defined scope. The Claims Calculator does not purport to assess the value of every possible claim which might be held by a creditor against CTL and therefore such creditors are outside of the scope of the Claims Calculator.

(b) In order to determine whether a customer's loan is included within the scope of the Claims Calculator, the following steps would be applied:

(i) all loans made by CTL other than loans advanced to Excluded Customers (defined below) will be included within the scope of the Claims Calculator. We refer to loans within scope as "**Claims Calculator Loans**" and the customers to which these loans relate are referred to as "**Claims Calculator Customers**".

(ii) Certain customers (and their loans) are excluded from the application of the Claims Calculator:

(A) fraud victims (being any customer who has, or is reasonably suspected by CTL of having, been a victim of fraud in connection with a loan from CTL); and

(B) any customer who obtained a loan only from Juo Loans.

We use the term "**Excluded Customers**" to refer to these customers.

#### 1.5 Step 2: the Loan Suitability Rules

(a) In order to be eligible for redress, the Claims Calculator will assess each Claims Calculator Loan to determine whether it was an Inappropriate Loan, and therefore eligible for redress, or an Appropriate Loan, and therefore not eligible for redress. The rules that the Claims Calculator uses to assess this are referred to as the "**Loan Suitability Rules**".

(b) Broadly, the Loan Suitability Rules will assess each Claims Calculator Loan against the following three standards, which reflect the lending standards that CTL should have complied with when giving a customer a loan:

(i) the Sustainability Standard: broadly, was the loan sustainable?

- (ii) the Affordability Standard: broadly, was the loan affordable? and
- (iii) the Responsible Lending Standard: broadly, was the loan responsibly lent?
- (c) If the answer to any of the above questions is 'no', a Claims Calculator Loan will be determined to be an Inappropriate Loan. A Claims Calculator Loan will be an Appropriate Loan only if the answer to each of the above questions is 'yes'.
- (d) Further detail on the standards applied are set out in schedule 1 (*The Loan Suitability Rules*) on pages 62 to 64 of this document.

#### 1.6 **Step 3: the Loan Redress Value Calculation Rules**

- (a) Having determined whether a Claims Calculator Loan is an Appropriate Loan or an Inappropriate Loan, the Claims Calculator will then calculate the value of any redress due to a Claims Calculator Customer in respect of each Claims Calculator Loan. The rules which are used to assess the amount of redress due are referred to as the "**Loan Redress Value Calculation Rules**".
- (b) Broadly, the Loan Redress Value Calculation Rules will calculate the redress due in respect of each Claims Calculator Loan as follows:
  - (i) where a Claims Calculator Loan is assessed to be an Inappropriate Loan, the redress due will be the sum of the Interest and charges incurred by the Claims Calculator Customer for the Inappropriate Loan plus any statutory interest (accruing at 8% per annum from the date the Principal of the Claims Calculator Loan was repaid until the Administration Date) that may be due;
  - (ii) where a Claims Calculator Loan is assessed to be an Appropriate Loan that is an "Mpay Loan" in respect of which the Claims Calculator Customer incurred interest and charges greater than the Principal of the Claims Calculator Loan, the redress due will be the sum of the amount of the Interest and charges in excess of the Principal lent plus any statutory interest (accruing at 8% per annum from the date the Principal of the Claims Calculator Loan was repaid until the Administration Date) that may be due; and
  - (iii) where a Claims Calculator Loan is assessed to be an Appropriate Loan, no redress is due.
- (c) The aggregate of the redress due for each of the Claims Calculator Customer's Claims Calculator Loans, calculated in accordance with the Loan Redress Value Calculation Rules, is referred to as a Claims Calculator Customer's "**Aggregate Loan Redress Value**" (subject to Step 4 below).
- (d) Further detail on the Loan Redress Value Calculation Rules is set out in schedule 2 (*The Loan Redress Value Calculation Rules*) on pages 65 to 66.

#### 1.7 **Step 4: the Net Redress Calculation Methodology**

- (a) Following the calculation of the amount of the Claims Calculator Creditor's Aggregate Loan Redress Value, the Claims Calculator is then used to determine the final redress due to a Claims Calculator Customer. To do so, the Claims Calculator takes into account any previous compensation paid to the Claims Calculator Customer (being the "Past Complaints Settlement Value"), which is deducted from the Claims Calculator Customer's Aggregate Loan Redress Value. This is necessary to ensure that a Claims Calculator Customer will not be compensated more than once for the same loss that they have suffered in respect of a Claims Calculator Loan.

- (b) The amount of redress due after the deduction of any previous compensation paid to that Claims Calculator Customer from the Claims Calculator Customer's Aggregate Loan Redress Value is referred to as the "**Net Aggregate Loan Redress Value**".
- (c) If applicable, the Joint Administrators will add to the Net Aggregate Loan Redress Value any amounts due to the Claims Calculator Customer in respect of any NOSIA Adjustment and/or Negative Balance Adjustment.
- (d) Further detail on the Net Redress Calculation Methodology is set out in schedule 3 (*The Net Redress Calculation Methodology*) on page 67 of this document.

## **SCHEDULE 1:**

### **THE LOAN SUITABILITY RULES (STEP 2)**

*Capitalised terms used in this Schedule 1 have the meaning set out in Schedule 4 (Definitions) on pages 68 to 70 of this document.*

#### **1. APPROPRIATE LOANS AND INAPPROPRIATE LOANS**

- 1.1 A Claims Calculator Loan is an Appropriate Loan if the Claims Calculator Loan satisfies the Lending Standards.
- 1.2 A Claims Calculator Loan is an Inappropriate Loan if the Claims Calculator Loan does not satisfy the Lending Standards.
- 1.3 Each of the Lending Standards (the Sustainability Standard, the Affordability Standard and the Responsible Lending Standard) are described in turn below.

#### **2. AFFORDABILITY STANDARD AND AFFORDABILITY RULES**

- 2.1 A Claims Calculator Loan will satisfy the Affordability Standard if it satisfies each of the Affordability Rules (as applicable). Accordingly, a Claims Calculator Loan will not satisfy the Affordability Standard if it does not satisfy each of the applicable Affordability Rules.
- 2.2 The Affordability Rules are:
  - (a) in the case of a Claims Calculator Loan funded:
    - (i) on or after 21 September 2012, the Income and Expenditure Evidence provided to CTL by the customer was provided less than 90 calendar days prior to the Loan Origination Date of the applicable Claims Calculator Loan; or
    - (ii) prior to 21 September 2012, the Claims Calculator Loan was funded less than 90 calendar days after the Customer Start Date; and
  - (b) in the case of a Claims Calculator Loan where Income and Expenditure Evidence has been provided by the customer to CTL:
    - (i) such Income and Expenditure Evidence demonstrated that the customer's Monthly Disposable Income was not negative for the period covered by the Income and Expenditure Evidence as at the date on which the Income and Expenditure Evidence was provided to CTL;
    - (ii) the monthly repayment due in respect of a Claims Calculator Loan does not exceed 75 per cent of the customer's Monthly Disposable Income; and
    - (iii) the customer's Monthly Disposable Income exceeds the monthly repayment due in respect of the Claims Calculator Loan by £50.00 or more.

#### **3. SUSTAINABILITY STANDARD AND SUSTAINABILITY RULES**

- 3.1 A Loan will satisfy the Sustainability Standard if it satisfies the Sustainability Rules (as applicable). Accordingly, a Claims Calculator Loan will not satisfy the Sustainability Standard if it does not satisfy the applicable Sustainability Rules.
- 3.2 The Sustainability Rules are that:
  - (a) the Claims Calculator Loan is:



- (i) one of the first six Claims Calculator Loans taken by the customer;
  - (ii) one taken where at least 180 calendar days have elapsed since the Loan Origination Date of the customer's immediately preceding Claims Calculator Loan (or if the preceding Claims Calculator Loan was not repaid in accordance with its terms but was ultimately fully repaid, at least 180 calendar days have elapsed between the date that such Claims Calculator Loan was repaid and the Loan Origination Date of the following Claims Calculator Loan);
  - (iii) one taken in any Loan Sequence of up to three Claims Calculator Loans; or
  - (iv) one taken in any Loan Sequence of up to six Claims Calculator Loans following a Satisfactory CRA Report being obtained by CTL in respect of the relevant customer;
- (b) in any Loan Sequence, the Claims Calculator Loan is not immediately preceded by three consecutive Claims Calculator Loans in respect of which the Principal of each Claims Calculator Loan has increased by £50.00 or more than the prior Claims Calculator Loan;
- (c) the Claims Calculator Loan is not preceded by two consecutive Claims Calculator Loans funded within 180 calendar days prior to the Loan Origination Date of the Claims Calculator Loan, in respect of which the Principal of the preceding consecutive Claims Calculator Loans increased by £150.00 or more; and
- (d) the Claims Calculator Loan has not been Rolled-Over on more than:
- (i) in respect of a Claims Calculator Loan originally funded on or after 1 April 2014, two occasions; or
  - (ii) in respect of a Claims Calculator Loan originally funded on or prior to 31 March 2014, three occasions.

#### 4. **RESPONSIBLE LENDING STANDARD AND RESPONSIBLE LENDING RULES**

4.1 A Claims Calculator Loan will satisfy the Responsible Lending Standard if it was originated in accordance with each of the Responsible Lending Rules (as applicable). Accordingly, a Claims Calculator Loan will not satisfy the Responsible Lending Standard if it does not satisfy each of the applicable Responsible Lending Rules.

4.2 The Responsible Lending Rules are:

- (a) in respect of a customer, where CTL sought to obtain a CRA Report from a CRA, the CRA was able to provide such a CRA Report;
- (b) a CRA Report was obtained by CTL in respect of a customer prior to the Loan Origination Date of a Claims Calculator Loan and none of the following factors were recorded in that CRA Report:
  - (i) the customer was in arrears in respect of mortgage repayments;
  - (ii) the customer was, or had been within the 12 months preceding the date of the CRA Report, subject to a debt management plan in respect of an account or accounts and the current balance on the account(s) subject to the debt management plan exceeded 30 per cent of the customer's aggregate outstanding debt with any lender, excluding any debt under a mortgage;

- (iii) the customer was, or had been within the preceding 18 months, subject to a personal insolvency process; or
- (iv) in respect of Short-Term Loans, the customer:
  - (A) held more than one overdue Short-Term Loan with a third party credit provider(s);
  - (B) held more than three outstanding (but not overdue) Short-Term Loans with a third party credit provider(s);
  - (C) obtained from a third party credit provider(s) two more Short-Term Loans than the customer fully repaid in the preceding 50 calendar days; or
  - (D) had obtained at least six Short-Term Loans from a third party credit provider(s) in the preceding 180 calendar days.
- (c) In respect of a Claims Calculator Loan, the customer repaid an immediately preceding Claims Calculator Loan within a Loan Sequence by no later than 7 calendar days after the repayment due date in respect of that Claims Calculator Loan.
- (d) In respect of a Claims Calculator Loan, the customer was not at any time in arrears of any sort in respect of the immediately preceding Claims Calculator Loan in a Loan Sequence for more than 30 calendar days (regardless of whether such Claims Calculator Loan was finally repaid in accordance with its terms).
- (b) No terms related to certain categories of vulnerability were recorded in CTL's books and records in respect of a customer at any time during the term of a Claims Calculator Loan or prior to the Loan Origination Date of a subsequent Claims Calculator Loan.

## SCHEDULE 2:

### THE LOAN REDRESS VALUE CALCULATION RULES (STEP 3)

*Capitalised terms used in this Schedule 2 have the meaning set out in Schedule 4 (Definitions) on pages 68 to 70 of this document.*

#### 1. AGGREGATE LOAN REDRESS VALUE

1.1 A customer's "**Aggregate Loan Redress Value**" will be:

- (a) the sum of the Loan Redress Value for every Claims Calculator Loan calculated in accordance with this Schedule 2 (*The Loan Redress Value Calculation Rules*);
- (b) the redress assessed by CTL and issued under a Final Response Letter prior to the Appointment Date, if any; or
- (c) the redress determined by the FOS prior to the Appointment Date in respect of the customer, if any,

whichever is the greatest (the "**Aggregate Loan Redress Value**").

#### 2. LOAN REDRESS VALUE

2.1 The "**Loan Redress Value**" of a Claims Calculator Loan will be calculated in accordance with paragraphs 3 and 4 of this Schedule 2 (*The Loan Redress Value Calculation Rules*).

#### 3. LOAN REDRESS VALUE OF APPROPRIATE LOANS

3.1 A Claims Calculator Loan which is an Appropriate Loan has a Loan Redress Value of nil unless it is an Mpay Appropriate Loan.

3.2 A Claims Calculator Loan which is (i) an Appropriate Loan and (ii) an Mpay Appropriate Loan has a Loan Redress Value of either:

- (a) nil, where ICM is equal to or less than PM; or
- (b) **(ICM – PM) + IM** where ICM is greater than PM,

where

- (i) **ICM** is the total value of all Interest, fees and charges incurred in respect of the Mpay Appropriate Loan as at the Appointment Date;
- (ii) **PM** is the Principal borrowed in respect of the Mpay Appropriate Loan;
- (iii) **IM** is the value of statutory interest, calculated in the amount of 8% per annum on the sum of  $(RM - (2 \times PM))$ , with such simple interest being applied for the period from the date the Principal in respect of the Mpay Appropriate Loan was repaid until the Appointment Date, where IM is a minimum value of zero; and
- (iv) **RM** is the total value of all repayments made in respect of the Mpay Appropriate Loan plus the balance outstanding in respect of that Mpay Appropriate Loan (if any), as at the Appointment Date.

4. **LOAN REDRESS VALUE OF INAPPROPRIATE LOANS**

4.1 A Claims Calculator Loan which is an Inappropriate Loan has a Loan Redress Value of:

$$\mathbf{IC + I}$$

where

- (i) **IC** is the total value of all Interest and charges incurred on the Inappropriate Loan, as at the Appointment Date; and
- (ii) **I** is the value of statutory interest, calculated in the amount of 8% per annum on the sum of IC, with such simple interest being applied for the period from the date the Principal in respect of the Inappropriate Loan was repaid until the Appointment Date, where I is a minimum value of zero.

### **SCHEDULE 3:**

#### **THE NET REDRESS CALCULATION METHODOLOGY (STEP 4)**

*Capitalised terms used in this Schedule 3 have the meaning set out in Schedule 4 (Definitions) on pages 68 to 70 of this document.*

The Joint Administrators propose to calculate the net redress due to each Claims Calculator Customer by applying the process and methodology set out in this Schedule 3 (*The Net Redress Calculation Methodology*).

#### **1. STEP ONE: CALCULATE AGGREGATE LOAN REDRESS VALUE**

1.1 The Joint Administrators will:

- (a) determine whether each Claims Calculator Loan made to a Claims Calculator Customer was an Appropriate Loan or an Inappropriate Loan in accordance with the Loan Suitability Rules (*Schedule 1: The Loan Suitability Rules*); and
- (b) calculate an Aggregate Loan Redress Value for each Claims Calculator Customer in accordance with the Aggregate Loan Redress Value Rules (*Schedule 2: The Loan Redress Value Calculation Rules*).

#### **2. STEP TWO: PAST COMPLAINTS SETTLEMENT VALUE**

2.1 The Joint Administrators will deduct from the Aggregate Loan Redress Value any Past Complaints Settlement Value received by a Claims Calculator Customer, if any (the "**Net Aggregate Loan Redress Value**").

#### **3. STEP THREE: OTHER ADJUSTMENTS**

3.1 The Joint Administrators will add to the Net Aggregate Loan Redress Value any amounts due to the Claims Calculator Customer in respect of any NOSIA Adjustment and/or Negative Balance Adjustment.

## **SCHEDULE 4:**

### **DEFINITIONS**

In this Section C (*How does the Claims Calculator work?*) and the Schedules 1 to 3 thereto, the following expressions have the following meanings:

**"Affordability Rules"** means the rules, as applied by the Claims Calculator, set out in paragraph 2.2 of Schedule 1 (*The Loan Suitability Rules*);

**"Affordability Standard"** means each of the Affordability Rules, taken together;

**"Aggregate Loan Redress Value"** has the meaning given to it in paragraph 1.1 of Schedule 2 (*The Loan Redress Value Calculation Rules*);

**"Appointment Date"** means the date of the appointment of the Joint Administrators, being 25 February 2019;

**"Appropriate Loan"** has the meaning given in paragraph 1.1 of Schedule 1 (*The Loan Suitability Rules*);

**"Claims Calculator Customer"** means any Customer who is not an Excluded Customer;

**"Claims Calculator Loan"** means any Loan to a Claims Calculator Customer obtained from CTL on or prior the Appointment Date;

**"Customer Start Date"** means the Loan Origination Date of the Claims Calculator Customer's first Loan from CTL;

**"CRA"** means the credit reference agency known as "CallCredit";

**"CRA Report"** means a report obtained by CTL from a CRA in respect of a Claims Calculator Customer's historical credit performance;

**"Excluded Customers"** has the meaning given to it in paragraph 1.4(b)(ii) of Section C (*How does the Claims Calculator Work?*);

**"Final Response Letter"** or **"FRL"** means a written response from CTL to a Customer setting out CTL's final response to a Claims Calculator Customer's complaint;

**"Inappropriate Loan"** has the meaning given in paragraph 1.2 of Schedule 1 (*The Loan Suitability Rules*);

**"Income and Expenditure Evidence"** means any information, records and documents provided by a Claims Calculator Customer to CTL in respect of that Claims Calculator Customer's income and expenditure;

**"Interest"** means the value of the money payable by a Customer at an agreed rate the use of the Principal lent under a Loan;

**"Lending Standards"** means the Sustainability Standard, the Affordability Standard and the Responsible Lending Standard, together;

**"Loan Origination Date"** means the date on which the funding is advanced by CTL to the Claims Calculator Customer in respect of a Loan;

**"Loan Sequence"** means two or more consecutive Claims Calculator Loans taken by a Claims Calculator Customer in respect of which:

- (a) less than 180 calendar days have elapsed between the Loan Origination Date of a Claims Calculator Loan and the Loan Origination Date of the following Claims Calculator Loan; or
- (b) if a Claims Calculator Loan was not repaid in accordance with its terms but was ultimately fully repaid, less than 180 calendar days have elapsed between the date that such Claims Calculator Loan was finally repaid and the Loan Origination Date of the following Claims Calculator Loan;

**"Monthly Disposable Income"** means the amount of a Claims Calculator Customer's income each month after expenditure is deducted as disclosed in a Claims Calculator Customer's Income and Expenditure Evidence;

**"Mpay Appropriate Loan"** means an appropriate Loan that is also an Mpay Loan;

**"Mpay Loan"** means any Loan designated as an "Mpay Loan" or an "Mpay Account" advanced by CTL to a Claims Calculator Customer on or after 14 February 2014 to and including 30 December 2014;

**"Negative Balance Adjustment"** means an adjustment made to a Claims Calculator Customer's Net Aggregate Redress Value for any overpayment made by such Claims Calculator Customer in respect of a Claims Calculator Loan, in accordance with paragraph 3.1 of schedule 3 (*The Net Redress Calculation Methodology*);

**"Net Aggregate Loan Redress Value"** has the meaning given to it in paragraph 2.1 of Schedule 3 (*The Net Redress Calculation Methodology*);

**"NOSIA Adjustment"** means an adjustment made to a Claims Calculator Customer's Net Aggregate Redress Value for any amount due to such Claims Calculator Customer in respect of any NOSIA Redress, in accordance with paragraph 3.1 of schedule 3 (*The Net Redress Calculation Methodology*);

**"NOSIA Redress"** means any amounts due to a Claims Calculator Customer in connection with any failure by CTL to issue a proper notice of statement in arrears to such Claims Calculator Customer;

**"Outstanding Loan Balance"** means the aggregate amount owing by a Claims Calculator Customer to CTL in respect of a Claims Calculator Customer's Loan or Loans as at the Appointment Date.

**"Past Complaints Settlement Value"** means any compensation already paid to a customer by CTL relating to affordability obligations in respect of a Loan as determined other than by the Claims Calculator.

**"Principal"** means the amount of the money lent to a Claims Calculator Customer under a Loan;

**"Responsible Lending Rules"** means the rules, as applied by the Claims Calculator, set out in paragraph 4.2 of Schedule 1 (*The Loan Suitability Rules*);

**"Responsible Lending Standard"** means each of the Responsible Lending Rules, taken together;

**"Rolled-Over"** means, in respect of a Claims Calculator Loan, where interest accrued on such Claims Calculator Loan (but not the Principal of such Claims Calculator Loan) is repaid on the due date for repayment and CTL agrees to extend the term of the Claims Calculator Loan for a period of time equal to the initial term of the Claims Calculator Loan on the same or similar terms and conditions as applied to the initial Claims Calculator Loan;

**"Satisfactory CRA Report"** means, in respect of a Claims Calculator Customer, a CRA Report that does not identify any of the factors listed in paragraph 4.2(b) of Schedule 1 (*The Loan Suitability Rules*);

**"Short-Term Loans"** means, for the purposes of a CRA Report, a credit agreement designated by a CRA as account type "IL – Advance Against Income", being a loan with a term of one month;

**"Sustainability Rules"** means the rules, as applied by the Claims Calculator, set out in paragraph 3.2 of Schedule 1 (*The Loan Suitability Rules*); and

**"Sustainability Standard"** means each of the Sustainability Rules, taken together.



## **SCHEDULE 5:**

### **WORKED EXAMPLES**

The below worked examples illustrate how a Claims Calculator Customer's redress claim of £500, as calculated by the Claims Calculator, is adjudicated by the Joint Administrators depending upon the circumstances of the Claims Calculator Customer's account.

#### **1 Outstanding Loan Balance greater than redress**

Outstanding balance at 25 February 2019 per CTL's records	£900
Redress claim amount	-£500
Provisionally adjusted balance due to CTL	£400
Customer's claim in administration	£0

#### **2 Redress greater than Outstanding Loan Balance**

Redress claim amount	£500
Outstanding balance at 25 February 2019 per CTL's records	-£300
Customer's claim in administration	£200
Balance due to CTL	£0

#### **3 Redress with no Outstanding Loan Balance**

Redress claim amount	£500
Outstanding balance at 25 February 2019 per CTL's records	£0
Customer's claim in administration	£500
Balance due to CTL	£0

## Appendix 9      Glossary

<b>Agents</b>	Walker Singleton (Commercial) Ltd
<b>Claims Calculator</b>	The Company's automated complaints assessment calculator
<b>Company or CTL</b>	CURO Transatlantic Limited t/a WageDayAdvance and Juo Loans- in Administration
<b>Companies</b>	The Company and SRC
<b>DDIC</b>	Direct Debit Indemnity Claim
<b>DISP</b>	The dispute resolution section of the FCA handbook
<b>FCA</b>	Financial Conduct Authority
<b>FOS</b>	Financial Ombudsman Service
<b>Group</b>	The Companies together with the Parent
<b>Huntswood</b>	Huntswood CTC Limited
<b>Joint Administrators/we/our/us</b>	Howard Smith and Ed Boyle
<b>KPMG</b>	KPMG LLP
<b>Parent</b>	Curo Group Holdings Corp.
<b>Purchaser</b>	Shelby Finance Limited

<b>Scheme</b>	A Scheme of Arrangement
<b>Solicitors</b>	Ashurst LLP and Squire Patton Boggs (UK) LLP
<b>SPA</b>	Sale and Purchase Agreement
<b>SRC</b>	SRC Transatlantic Limited t/a Speedycash
<b>TUPE</b>	Transfer of Undertakings (Protection of Employment) Regulations 2006

Any references in these proposals to sections, paragraphs and rules are to Sections, Paragraphs and Rules in the Insolvency Act 1986, Schedule B1 of the Insolvency Act 1986 and the Insolvency Rules (England and Wales) 2016 respectively.

## Appendix 10 Notice: About this statement of proposals

This statement of proposals ('proposals') has been prepared by Howard Smith and Ed Boyle, the Joint Administrators of CURO Transatlantic Limited t/a WageDayAdvance and Juo Loans – in Administration (the 'Company'), solely to comply with their statutory duty under Paragraph 49, Schedule B1 of the Insolvency Act 1986 to lay before creditors a statement of their proposals for achieving the purposes of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

These proposals have not been prepared in contemplation of them being used, and are not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company or any other company in the same group.

Any estimated outcomes for creditors included in these proposals are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Any person that chooses to rely on these proposals for any purpose or in any context other than under Paragraph 49, Schedule B1 of the Insolvency Act 1986 does so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of these proposals.

Howard Smith and Edward George Boyle are authorised to act as insolvency practitioners by the Institute of Chartered Accountants in England & Wales.

We are bound by the Insolvency Code of Ethics.

The Officeholders are Data Controllers of personal data as defined by the Data Protection Act 2018. Personal data will be kept secure and processed only for matters relating to the appointment. For further information, please see our Privacy policy at – [home.kpmg.com/uk/en/home/misc/privacy-policy-insolvency-court-appointments.html](https://home.kpmg.com/uk/en/home/misc/privacy-policy-insolvency-court-appointments.html).

The Joint Administrators act as agents for the Company and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability to any person in respect of these proposals or the conduct of the administration.

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