

Contract type: general  
 Institution: You Lend

## 25

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Very Poor

This contract heavily favours YouLend with numerous unfair terms, excessive control mechanisms, and potential for significant additional costs through default provisions.

### SUMMARY

A £2,510 business loan with £451 fixed fee (18% effective rate) requiring 24% of all sales payments as repayment, backed by irrevocable personal guarantee. YouLend gains extensive control over payment processing and can demand immediate repayment upon numerous broadly-defined default events.

Extremely asymmetric in favour of YouLend. Borrower surrenders control of payment processing, cannot change processors without consent, and guarantor has unlimited personal liability with severely restricted rights.

### HIDDEN COSTS & UNDISCLOSED CHARGES

<b>Default Interest</b>	5% per annum charged daily on outstanding amounts during any default event
<b>Shortfall Penalties</b>	Must immediately cover any shortfall between minimum weekly payments and actual collections
<b>Early Repayment</b>	Full Amount Due becomes immediately payable upon any default event

### ISSUES IDENTIFIED

- HIGH RISK

**Irrevocable Control Over Payment Processing**

YouLend gains 'irrevocable, exclusive and direct access to, and control of and authority to administer' the Settlement Account, effectively controlling your business cash flow

"Section B, clause 5"

&- This level of control is excessive and could constitute an unfair commercial practice under consumer protection regulations
- HIGH RISK

**Unlimited Personal Guarantee**

Stephen Conley provides an irrevocable personal guarantee with no liability cap, making him personally liable for the full debt if the business defaults

"Section C, clause 5"

&- Personal guarantees without liability limits can lead to personal bankruptcy and are often considered unfair contract terms
- HIGH RISK

**Broadly Defined Default Events**

Default can be triggered by subjective criteria like 'material change in ownership' or missing sales payments for just 20 business days

"Section C, clause 6"

&- Overly broad default provisions may be considered unfair contract terms under UCTA 1977
- MEDIUM RISK

**High Effective Interest Rate**

£451 fee on £2,510 loan represents an 18% upfront cost, with additional 5% default interest potentially applying

"Section A"

&- High cost short-term credit may be subject to FCA regulations on responsible lending

**MEDIUM RISK****Restricted Business Operations**

Cannot change payment processors, business nature, or create security interests without YouLend's written consent

"Section C, clauses 3.3-3.6"

&- Such restrictive covenants may unreasonably interfere with normal business operations

**MEDIUM RISK****Asymmetric Assignment Rights**

Borrower cannot assign rights but YouLend can arrange for lenders to join without further consent

"Section C, clause 8"

&- One-sided assignment clauses create unfair power imbalances

**QUESTIONS TO ASK BEFORE SIGNING**

1. What specific circumstances would trigger the 'material change in control' default provision?
2. Can the 24% repayment percentage be reduced if business performance improves?
3. What happens if Stripe (the payment processor) changes its terms or fees?
4. Is there any right to challenge YouLend's determination of a default event?
5. What protections exist if YouLend exercises control over the Settlement Account inappropriately?

**STRATEGIC GUIDANCE**

This contract is heavily weighted against you with terms that could severely impact your business operations and personal finances. The combination of business control mechanisms, unlimited personal liability, and broad default triggers creates significant risk. Consider seeking alternative funding sources with more balanced terms, or if proceeding, insist on substantial amendments to limit personal exposure and operational restrictions.