

Quality Assured National Warranties

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PERSONAL GUARANTEE GUIDANCE NOTES

PLEASE READ BEFORE SIGNING PERSONAL GUARANTEE

Many thanks for your interest in QANW membership. As part of the membership requirements for QANW, you have been asked to complete a Personal Guarantee, in favour of the Insurer, Guarantee Protection Insurance Ltd, in order for your firm's application to proceed. The Personal Guarantee has been enclosed.

Why do I need to complete a personal guarantee?

Limited Companies who have traded for a period of less than 2 years and have not yet submitted accounts to Companies House are unlikely to pass our financial vetting requirements. As such, the Directors of the company will be required to complete a Personal Guarantee in order to further their application.

What is a personal guarantee?

A Personal Guarantee is a signed legal document, in which a commitment is made by the Directors (the guarantors) of your Limited Company. The extent of this commitment is that, the guarantors shall be held responsible for the obligations of the Limited Company in the event that the Limited Company itself has defaulted on those obligations.

For example, in the event that your Limited Company ceases to trade, you may be asked by the Insurer to honour any outstanding consumer guarantees/warranties that were issued by your Limited Company, to its customers. This may involve rectifying defective workmanship and/or materials covered by the guarantees/warranties, for the remaining terms of those guarantees. If consumers make a successful claim against their insurance, you may be expected to pay, to the Insurer, all or part of the claim.

Once the Personal Guarantee has been signed, it can only be cancelled by the Insurer.

Can the guarantee be rescinded or cancelled?

The Insurer will hold you to the Personal Guarantee until such time as the Personal Guarantee has been cancelled. The Personal Guarantee will not be deemed to have been rescinded until the Insurer confirms to you, in writing that the Personal Guarantee has been cancelled and that the guarantors will no longer be held personally liable for the debts and obligations of the Limited Company.

When your Limited Company has lodged satisfactory accounts with Companies House, you should inform QANW that this has been done, as cancellation of the Personal Guarantee is **not** an automatic process. QANW will consider accounts to be satisfactory where the trading, profit/loss account shows a trading profit, and the balance sheet shows net assets rather than net liabilities.

I do not wish to sign the guarantee. Are there any other ways to proceed with membership?

The insurance backed guarantees sold or offered by QANW constitute a type of insolvency cover, as such; QANW conducts various checks against the solvency of all firms seeking QANW membership. Each application for membership is decided on its own merits. Please contact QANW directly if you wish to discuss the potential for alternative arrangements. QANW reserves the right to make offers of membership based on any criteria it deems appropriate on a case-by-case basis.

Should I take any precautions before signing the guarantee?

We would firstly advise that you seek independent legal advice prior to signing the Personal Guarantee. By signing the Personal Guarantee, you are deemed to have read, understood and accepted all terms of the Personal Guarantee. As such, you should read the Personal Guarantee thoroughly before you sign/deliver the Personal Guarantee to us.

We hope that this has clarified the position. If you wish to proceed with the application, please complete the enclosed Personal Guarantee, and submit it alongside your original QANW application form.

Yours Faithfully,

QANW Operations/Sales Department
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