



CashEuroNet UK, LLC - In Administration (the Company)

Recovery and Reorganisation
Grant Thornton UK LLP
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Joint administrators' progress report for the
period 25 October 2019 to 24 April 2020

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Definitions

The following definitions are used either within the body of this report, the appendices to it, or both.

Administration	The administration of the Company
Joint Administrators/Administrators/our/us/we	Chris Lavery, Trevor O'Sullivan and Andrew Charters, acting as joint administrators of the Company
CEU / the Company	CashEuroNet UK, LLC (in administration), incorporated in Delaware in the United States (US) and is registered in the UK as an overseas company (FC032279) under the Companies Act 2006 and whose registered address is 4 Hardman Square, Spinningfields, Manchester M3 3EB (trading as QuickQuid, Pounds to Pocket and On Stride Financial)
CMC	Claims management company, a company or other organisation offering claims management services to Redress Creditors
Court	The Courts of England and Wales
Creditors	Preferential and unsecured creditors (including Redress Creditors)
CVL	Creditors' voluntary liquidation
DCA	Debt Collection Agent
DISP	Dispute Resolution: Complaints sourcebook, part of the FCA Handbook
Enova Group / The Group	Enova International Inc. and its subsidiaries as a collective entity
FCA	Financial Conduct Authority
FCA Handbook	The handbook published by the FCA which sets out the rules and guidance made by the FCA under the Financial Services and Markets Act 2000
FOS	Financial Ombudsman Service
Gross Loan Book	The value of outstanding loans, before provisions for bad or doubtful debts
HMRC	HM Revenue & Customs
HCST Lending	High Cost, Short Term Credit Lending
Insolvency Rules	The Insolvency (England and Wales) Rules 2016
OFT	Office for Fair Trading
Prescribed Part	The part of the proceeds which must be set aside from floating charge assets as described in section 7.3 below
Redress Claim	A redress claim that a customer (current or former) has, or may have, against the Company
Redress Creditors	Customers (current and former) of the Company (trading as Quick Quid, Pounds to Pocket or On Stride Financial) who were sold an unaffordable loan(s) and are due redress
Scheme	Scheme of Arrangement
The Board	The Board of Directors of CashEuroNet UK, LLC
The Firm	Grant Thornton UK LLP
The Portal	The online redress claim portal
VAT	Value added tax

1 Executive summary

- This progress report for the Company's administration covers the period from 25 October 2019 to 24 April 2020
- Our proposals were approved on 2 January 2020 by a decision of the creditors
- The key work done in the period has been:
 - Maximising the value of the Company's assets through ongoing collections activity relating to its loan book
 - Working with the development and compliance team to establish a redress programme for the Company's current and former customers
 - Undertaking an orderly wind down of the activities of the Company
- In progressing the above, the Administrators:
 - Preserved the IT infrastructure to support continued loan collections
 - Preserved key infrastructure support provided to the Company by Enova to support the administration
 - Retained staff both in the UK and US to support the Administrators' objectives
 - Provided continuous updates to regulators as appropriate to ensure the Administrators processes aligned with the regulatory expectations
 - Working with the Company's development team to set up an automated process to enable borrowers of CEU to submit claims online in the event they believe they have a Redress claim for unaffordable lending
- The Administrators' team and the Company's staff have adapted to the unprecedented event of the Global Covid-19 crisis, which required an immediate adjustment to working practices both in the UK and the US in order to safeguard people's health and wellbeing whilst minimising disruption to the objective of the administration
- The Company does not have any secured creditors
- Preferential creditors (e.g., the UK employees) are estimated to recover their debts in full
- Whilst the Directors' statement of affairs notes that funds will be available to the Company's unsecured creditors the likely quantum is unknown at this stage as they have not estimated the liability associated with the Redress Creditors. In addition, the Directors' statement of affairs does not account for the costs of the Administration
- The Administrators have liaised with the FOS and FCA throughout the administration to understand the FOS' typical approach for adjudicating redress complaints, with the aim of ensuring that the Administrators' assessment methodology complies with the Insolvency Rules and applicable laws, whilst also considering, so far as reasonably practicable, the approach used by the FOS for adjudicating redress complaints
- As the level of Redress Claims will remain uncertain at this stage and asset realisations have yet to be concluded, we are currently unable to estimate the level of dividend available to unsecured creditors
- However, it should be noted that the dividend payment to unsecured creditors will be significantly less than the admitted claim value
- The administration is currently due to end on 24 October 2020. It is anticipated that this matter will take up to a further 18 months to be completed and for a dividend to unsecured creditors to be paid
- Accordingly, as part of an application being made by the Administrators in mid to late June 2020 to obtain requisite powers to distribute to unsecured creditors, the Administrators will be making an application to Court to request an extension of the administration for a further 12 months to 24 October 2021
- The Administrators will continue to pursue the objective of achieving a better result for the Company's creditors than would be likely if the Company were wound up



Chris M Lavery
Joint Administrator

18 May 2020

Potential fraud – please read

Please be aware fraudsters have been known to masquerade as legitimate administrators. Fraudsters will contact creditors asking for an upfront fee or tax. The Joint Administrators would never ask for such a payment nor instruct a third party to make such a request.

2 Background

2.1 Background leading to administration

A detailed background to the Administrators' appointments has been provided previously in the Administrators' statement of proposals. I provide below a summarised version of the background to the appointment.

This report should be read in conjunction with the prior report to the Company's creditors dated 17 December 2019 and available at www.grantthornton.co.uk/portal.

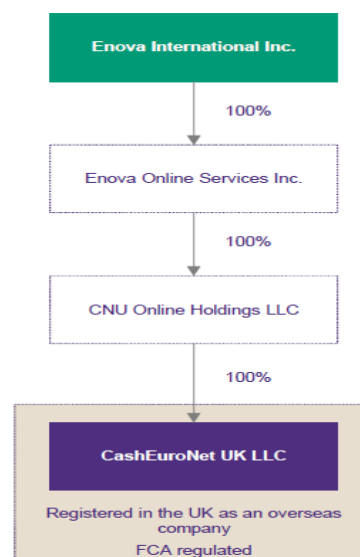
CashEuroNet UK, LLC has been carrying on a consumer credit business in the UK since 2007, and operating more predominately as a High-Cost Short Term Credit lender since January 2016 with the following product offerings:

1. A short-term loan product offered under the trading name of "QuickQuid" (at www.quickquid.co.uk), and
2. An instalment loan product under the trading name "On Stride Financial" (at www.onstride.co.uk).

In October 2018, CEU merged with its sister company, EuroNetCash LLC, consolidating its instalment loan product business, Pounds to Pocket with the On Stride Financial trading name and, for continuity, CEU maintained its online presence under the trading name Pounds to Pocket, keeping the Pounds to Pocket website live, but directing its traffic to the On Stride Financial website for new credit applications or account servicing. In February 2019, the Company ceased lending activities under the Pounds to Pocket trading name.

Whilst these product lines operate independent of one another, they shared CEU's overall management, governance and were integrated within the same business model.

CEU is a subsidiary within the Enova Group of companies. Enova is a publicly traded company whose securities are listed on the New York Stock Exchange. The CEU ownership structure is summarised as follows:



Change in regulation in UK and FOS interim determination

As detailed in the Administrators' proposals, in order to tackle customer detriment and malpractice in the consumer credit industry and promote effective competition, in November 2014 the FCA introduced new regulations. Whilst this had an adverse impact on the industry, CEU continued to trade.

During 2018, two factors further changed the outlook for both the UK business:

- An interim determination from the FOS; and
- An increase in the level of unaffordability complaints or redress claims.

CEU's assessment of its potential redress liability in relation to borrower complaints and subsequent cash outflow was previously based on a time limit of 6 years, leading CEU to conclude on the likely Redress Claims it might receive. The interim determination issued by FOS allowed claims beyond this timeframe to be considered based on a 3-year rule that extended time limits.

This determination resulted in a significantly higher level of potential redress liability for CEU and would ultimately have a negative unquantified impact on redress provisioning and consequential impact on its forecast profitability and cashflow.

As a result of the market changes, and the approach to the criteria applied to past lending decisions, CEU's business experienced high levels of Redress Claims from its customers. This, plus reduced APR levels, impacted its ability to trade viably without financial support from the Enova Group.

The Board communicated regularly with the Enova Group to ensure that they continued to recognise CEU's business as a viable entity and, whilst Enova Group had concerns about the potential Redress Claim liabilities, they recognised that the underlying business was potentially able to continue.

However, in order to bring certainty to the legacy liability for Redress Claims and to preserve the business, the Board explored the possibility of implementing a Scheme of Arrangement (Scheme) which would seek to bind all creditors of CEU (including Redress Creditors) to an arrangement where they would receive a distribution in return for their claim against CEU being extinguished.

An outline of the Scheme was presented to the regulators on 15 October 2019 and, following a review by the FCA to consider whether the proposed Scheme posed a threat to any of the FCA's operational objectives (e.g. securing an appropriate degree of consumer protection), the FCA determined that it could not provide a letter of non-objection. Consequently, the Enova Group confirmed to the CEU Board that it would no longer be in a position to support the CEU business.

On 24 October 2019, the CEU Board resolved that they would cease lending activities with immediate effect and, with the requisite approval from the FCA, the CEU Board appointed individuals from Grant Thornton UK LLP as Administrators on 25 October 2019 in accordance with paragraphs 22 and 26 of Schedule B1 to the Insolvency Act 1986 and Rule 3.24 of the Insolvency Rules.

2.2 Objective of the Administration

As detailed in the Administrators' statement of proposals, the Administrators must perform their functions with the objective of:

- Rescuing the Company as a going concern, or
- Achieving 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), or
- Realising property in order to make a distribution to one or more secured or preferential creditors.

In this instance, as the Company had ceased lending prior to the Administrators' appointment and had an unquantified liability to Redress Creditors, it was not possible to achieve the first objective.

The second objective has been pursued through the collection of the outstanding loan book and orderly wind down of the operations.

3 Progress to date

3.1 Business operations during wind down of operations

To achieve the orderly realisation of the loan book the Administrators continued to operate certain aspects of the Company on a 'business as usual' basis. This was necessary to facilitate ongoing repayment of loans, to protect borrower data and to enable the Company to continue to respond to borrower queries, update borrower's details and manage the redress claim process.

Therefore, the continuation of services (at a reduced, more cost-efficient level) across most aspects of the Company's activity was arranged. The requirement for these services remains under constant review and where services were able to be rationalised, the Administrators have done so.

The Company employed 17 employees in the UK and 130 employees based in Chicago, USA. Currently eight (8) staff remain employed in the UK to provide administrative, customer service and compliance support functions. In the USA, 73 staff remain employed to provide operational and customer service functions, including development of the Redress Claims process (section 5).

The Administrators have continued to engage with the Operations and Customer Support personnel to ensure that customers continue to receive an appropriate level of service, given the circumstances of the Administration. The Administrators will continue to assess personnel and resourcing requirements whilst CEU continues to collect outstanding loans and undertakes an orderly wind down of operations following the conclusion of the Redress Claims process (section 5).

Additionally, the Company historically received operational support from the Enova Group. Following their appointment, the Administrators entered into a Service Level Agreement with Enova to retain services deemed necessary to support the objective of the administration. Costs incurred in relation services provided in accordance with the Service Level Agreement are paid as an expense of the administration.

3.2 Impact of the Covid-19 crisis

On 16 March 2020, the UK Prime Minister announced safeguarding measures to protect the UK population from the anticipated spread of the Covid-19 virus. Consequently, the Administrators implemented an immediate home-working policy for both the UK and US employees to ensure their safety and wellbeing, which commenced from 17 March 2020. These measures have been escalated to a state of "lockdown" in the UK and US, resulting in the employees of the Company and the Administrators' team continuing to work remotely.

Since the inception of the crisis and transition to remote working, operations have continued with minimal disruptions. CEU's Customer Care team have continued to engage with customers who have been impacted by Covid-19, including providing forbearance support based on individual customer circumstances.

As at the date of this report, a small portion of CEU customers have contacted the Company advising of difficulties in meeting ongoing repayment obligations as a result of Covid-19. Whilst only a small portion of customers have reported an impact due to Covid-19, the ongoing uncertainty surrounding the duration of the lockdown and degree to which any socio-economic normality is resumed in the UK, we remain cautious as to whether there will be any further adverse impact upon collections or objective/progress of the administration as a consequence.

Further specific details as to the impact of the crisis on specific elements of the administration are provided in further detail later in this report.

3.3 Loan book collections

Loan book overview

As previously reported, the loan book at the date of appointment consisted of 498k loans with an outstanding balance of £300.5 million and was comprised of five loan products, including HCST and non-HCST products. A summary of the loan book as at 24 April 2020 is provided below:

Loan book as at 24 April 2020

£m	Loan book as at 25-Oct-19		Arrears		Loan book as at 24-Apr-20	
	£	Loans	Current up to 6 months	Greater than 6 6 months	£	Loans
QuickQuid	119.4	267k	-	113.9	113.9	251k
FlexCredit	12.5	22k	-	12.3	12.3	21k
Pounds to Pocket	94.7	132k	0.0	88.7	88.7	120k
On Stride Financial 1.0	19.0	8k	0.7	17.7	18.5	8k
On Stride Financial 2.0	54.9	69k	7.0	33.2	40.2	49k
Gross loan book value	300.5	498k	7.8	265.8	273.6	449k

CEU provided five (5) loan products to customers, as follows:

1. QuickQuid: A short term instalment loan product with one (1) to three (3) pay periods
2. QuickQuid FlexCredit: A running account credit product which ceased being offered to consumers in December 2014
3. Pounds to Pocket: A six (6) to twelve (12) month instalment loan product which ceased being offered to consumers in February 2019
4. On Stride Financial 1.0: A six (6) to five (5) year loan product with monthly repayments due throughout the term of the loan which ceased being offered to consumers in October 2018
5. On Stride Financial 2.0: An instalment loan product with a term of between six (6) months and three (3) years with monthly repayments due throughout the term of the loan

As at 24 April 2020, the loan book is represented by debt which is:

- Current (within terms) and in arrears less than six months, totalling £7.8 million
- In arrears more than six months, totalling £265.8 million

Collections and realisation strategy

Due to the short-term nature of a significant portion of the loan book, the strategy has been to maintain existing collection systems whilst we consider all options available for maximising value for the CEU loan book.

Despite the administration, we can report that c£36.2 million has been collected during the period 25 October 2019 to 24 April 2020, exceeding the net book value of £30.6 million which was presented in the Directors' Statement of Affairs. Please note that the net book value presented in the Directors' Statement of Affairs has a provision for bad or doubtful debt applied on a "business as usual" basis, and therefore may not accurately reflect the actual outcome of the Administration.

The table below provides further details regarding collections, accrual of post-appointment interest/fees and loans which remain open as at 24 April 2020:

Loan book as at 24 April 2020

£m	Loan book as at 25-Oct-19		Movements		Loan book as at 24-Apr-20	
	No of loans	(£)	Collections	Accrued interest/fees	No of loans	(£)
QuickQuid	267k	119.4	(6.1)	0.7	251k	113.9
FlexCredit	22k	12.5	(0.3)	0.0	21k	12.3
Pounds to Pocket	132k	94.7	(6.4)	0.5	120k	88.7
On Stride Financial 1.0	8k	19.0	(0.9)	0.4	8k	18.5
On Stride Financial 2.0	69k	54.9	(22.6)	7.9	49k	40.2
Total	498k	300.5	(36.2)	9.4	449k	273.6

We have held a continual dialogue with the CEU team to monitor and adjust (where applicable) the Company's internal and external arrears management and collection processes. In particular, we have focused on:

- Establishment of repayment arrangements and periods of forbearance for customers considered to be in financial difficulties or vulnerable situations
- Ongoing management of existing repayment arrangements with borrowers
- Ongoing monitoring to ensure collection processes comply with regulatory guidelines and agreed procedures (including the recent updated guidelines issued by the FCA in response to the Covid-19 crisis, detailed further below)
- Placing and monitoring debt being managed by external parties, such as the Company's debt collection agent and debt management charities
- Monitoring collection performance and recovery rates across loan products
- Undertaking data cleansing activities to ensure the appropriate/accurate recording of customer statuses
- Regular engagement with the FCA regarding collection processes
- Various email campaigns targeted at specific cohorts of customers, encouraging engagement with the Company

As part of the overall collection and realisation strategy for the CEU loan book, the Administrators continue to consider options which, amongst other matters, include the following:

- Appropriate amendments, in line with regulatory guidelines, to the contact and communications strategy to ensure customers are aware of their obligation to continue to repay loans as usual, despite the administration. This includes both customers who are currently within terms and those in arrears
- Placement strategy, including level of debt and at which point in the collection cycle debt should be placed with a DCA to maximise recoveries
- Potential sale of the residual loan book, in full or in part. This option continues to be investigated, and we continue to receive interest from a number of parties expressing an interest in acquiring some or all of the CEU loan book

A further report on collections and realisation strategy will be provided in our next report.

Impact of the Covid-19 crisis

Since the inception of the safeguarding measures in the UK in mid-March 2020, we have monitored the level of customers who have contacted the Company's customer call centre reporting an impact on their ability to meet loan repayment obligations as a result of Covid-19. To date, c0.4% of the customers with loans outstanding have reported being affected by the crisis, which thus far doesn't appear to have materially impacted collection performance to date.

However, due to the ongoing uncertainty in the UK as to when and how these safeguarding measures will be lifted, we remain cautious as to any future impact on collection performance and will continue to assess this on a regular basis.

On 27 April 2020, the FCA issued guidance for HCST lenders in order to address the impact of the crisis upon customers. This guidance includes certain forbearance measures for customers directly affected by the crisis. CEU has issued communications to customers who may be affected by the crisis with impending payment dates to encourage early engagement with the Company's customer care team who are there to identify and make available forbearance options to customers experiencing financial difficulties.

3.4 Other assets

Cash

At the date of appointment, the Company had cash balances totalling £34.7 million, of which £31.6 million has been recovered to date. Subsequent to the reporting period for this report, a further £2.6 million was released by the Company's bank. However, a balance of £500k continues to be retained as security to cover potential future liabilities, such as chargebacks. Subject to any future claims against retention funds, we expect to receive these funds once collection activity has ceased.

Fixed Assets

These comprise of office equipment and fixtures and fittings located in the Company's UK offices. These will be sold following the end of the wind down of operations.

Trademarks

The Administrators do not envisage a sale of these in the short to medium term.

Additional assets

Following our appointment, we reviewed the books and records of the Company and identified prepayments and deposits paid to various suppliers totalling £377,000. To date, we have recovered £284,000 and have been advised of set-off claims against £3,000 where suppliers have a balance due to them that exceeds the prepayment amount, resulting in the supplier being a creditor of the Company.

We continue to pursue the remaining balance of £90,000 and it is uncertain how much of this will be recovered.

We are not aware of any other potential assets that could be recovered for the benefit of creditors.

4 Creditors

4.1 Secured creditors

No secured creditors have been identified.

4.2 Preferential creditors

Preferential creditor claims consist of employee claims for wages and holiday pay, up to certain statutory limits. A significant element of these claims have been subrogated to the Secretary of State, following payment of claims by the Redundancy Payments Service.

The estimated preferential claims are presently understood to be c£25,000, which relates to outstanding holiday pay as there were no arrears of pay at the onset of the administration. We estimate that the preferential creditors will be paid in full.

4.3 Unsecured creditors

The statement of affairs detailed unsecured creditors totalling c£79 million. This sum does not include potential redress liabilities as this is still unquantifiable at this stage.

Prescribed part

In accordance with section 176A of the Insolvency Act 1986, a prescribed part is to be set aside from the floating charge assets and made available to the unsecured creditors of the Company. The prescribed part calculation is applied to the net property available and is calculated at 50% of the first £10,000 of net realisations and 20% of all further amounts, up to a maximum prescribed part of £600,000.

As there is no qualifying floating chargeholder, the prescribed part provisions will not apply.

Redress Creditors

An Online Claims Portal is being developed to collect and assess customer redress claims. Customers will be notified in due course when claims can be submitted via the Portal, which will occur following the court hearing being sought by the Administrators to obtain the requisite powers to distribute to unsecured creditors.

Trade Creditors

The Company's trade creditors were largely current at the date of appointment and generally claims comprise outstanding invoices and accrued charges.

HMRC may have an outstanding claim in respect of withholding tax in relation to redress payments made prior to our appointment. In addition, they may also have a claim for Corporation Tax, PAYE and National Insurance. We are yet to receive information from HMRC in relation to this matter.

Intercompany creditor

The principal balance of £71 million was due to Enova Group and relates to outstanding costs pertaining to the Service Level Agreement with the Company prior to our appointment for support services.

Dividend prospects

We have determined that it is in the best interests of the creditors to make a distribution during the administration. To enable us to do this we will make an application to court shortly.

We are currently reviewing the unsecured creditors' claims and anticipate declaring a dividend within the next 12 months.

For trade creditors and other non-redress creditors, a claim form is available online for completion and submission through the Grant Thornton Insolvency Act portal. Unique passwords have been issued to each creditor. Redress Creditors will be contacted separately in due course to be invited to submit their claim through the Online Claims Portal, which is currently under development.

As the level of Redress Claims remains uncertain and asset realisations have yet to be concluded, we are currently unable to estimate the level of dividend available to unsecured creditors at this stage.

As indicated earlier in this report, the Directors' statement of affairs does not include the unquantifiable redress liability which is expected to significantly dilute the monies available to distribute to the unsecured creditors.

5 Redress Creditors

As detailed in the Administrators' proposals, the Redress Creditors comprise current and former customers who believe that they were sold an unaffordable loan(s). As a result, these customers may have a claim for compensation, which will rank as an unsecured claim. Redress claims will be assessed with reference to the interest and fees paid on these loans, plus compensatory interest at 8% from the date the interest and expenses were paid up until the date of Administration, being 25 October 2019.

The redress claim process is explained in detail below and a high-level summary of the process is as follows:

- 1 Any redress claims received prior to the Administrators' appointment have now been acknowledged
- 2 The complaints process for the Company is no longer being handled by the FOS and now forms part of the administration process
- 3 Any redress claims received following the Administrators' appointment have been and will continue to be acknowledged
- 4 The Administrators are not in a position to estimate the total volume of redress claims; however, we expect them to be significantly higher than the claims currently received (c25,000 as at 24 April 2020)
- 5 The Administrators have been working to create a redress claims process, including an automated claims assessment tool, that aligns with all the relevant legal and statutory requirements, so far as reasonably practicable, in order to provide a fair and reasonable basis for assessing claims
- 6 The Administrators have designed an Online Claims Portal which will be a secure online channel for customers to submit a redress claim in a straightforward manner. The Online Claims Portal will also allow customers to update contact and banking details to ensure that the redress claims assessment and later, the payment processes, can run efficiently
- 7 To submit a redress claim, customers will be asked to provide contact details associated with their CashEuroNet account related to their loan(s). Customers will not need to provide any further information in relation to their specific loan(s).

Pre-appointment claims

At the date of the Administrators' appointment, the Company had c14,000 redress claims that had not been assessed (the backlog of unacknowledged claims was as a result of the significant increase in the volume of redress claims that were received by the Company in the weeks preceding the Administrators' appointment). All of these pre-appointment claimants have now received an acknowledgment confirming that the Company has received their claim. These claims were from customers (current and former) as well as CMCs on behalf of customers. The c14,000 claims also included c5,400 claims that were part of the FOS claim backlog described below.

FOS claims backlog

As a result of the Administrators' appointment, the FOS are no longer able to deal with complaints. On 25 October 2019, after consultation with the Administrators, the FOS released a statement that the Administrators would be handling all complaints going forward (<https://www.financial-ombudsman.org.uk/news-events/reports-casheuronet-quickquid>). The statement explains that, as a result of the Administration, the FOS would no longer be able to progress any complaints about the Company, nor accept any new cases. The FOS confirmed that all cases would be transferred to the Administrators to consider.

In November 2019, the FOS passed a backlog of c5,400 cases to the Administrators. In addition to this, anyone who has contacted the FOS since 25 October 2019 has been referred to the Administrators directly.

In addition to the above, the Administrators also received 25 claims from the FOS in relation to EuroNetCash LLC (ENC) which formerly traded as Pounds to Pocket, a related entity of CEU. By way of background, CEU merged with ENC in October 2018, consolidating its operations under the On Stride Financial trading name. For continuity, CEU maintained its online presence under the trading name Pounds to Pocket, keeping the website live, but directing its traffic to the On Stride Financial website (onstride.co.uk).

As a result of the merger, ENC has since been deregistered and its permissions with the FCA cancelled. As part of the merger and by agreement with the FCA, all complaints received in the name of ENC subsequent to the merger were to be dealt with by CEU. Accordingly, following further consultation and a review of the merger documents between ENC and CEU, the FOS, the FCA and the Administrators were satisfied that any claims in relation to ENC would be assessed by the Administrators as part of the redress claim process of CEU. The additional 25 claims were handed over to the Administrators by the FOS in February 2020.

Post-appointment claims

Since the Administrators' appointment and at the date of this report, we have received a further c11,000 claims (bringing total claims to c25,000). At the date of this report, the Administrators continue to receive a large number of additional claims, averaging between 100 and 200 per week.

The Company continues to acknowledge all claims, typically within a week, explaining that the claim has been received and will be assessed by the Administrators when they are in a position to do so.

Claims summary

Total claims to date have been detailed in the table below:

Summary of estimated redress claims received

Claims category	Number
Pre-Appointment Claims (excluding FOS)	c.8,600
FOS Claims Pre-Appointment	c.5,400
Total Pre-Appointment Claims (including FOS)	c.14,000
Post Appointment Claims	c.11,000
Total Estimated Claims Received at 26 April 2020	c.25,000

Claim assessment process

The Administrators are not in a position to estimate the total volume of Redress Creditors who will have a redress claim, nor the total estimated value of these claims. However, given that the Company has received c25,000 redress claims to date, which will be assessed by the Administrators, and will be issuing correspondence to c1.9 million current and former customers of CEU seeking redress claims, the Administrators expect the volume and quantum of redress claims will be significant. The customers of the Company with successful Redress Claims will rank as unsecured creditors.

The Administrators have been working to create a claims assessment process that aligns with all the relevant legal and statutory requirements, so far as reasonably practicable, to provide a fair and reasonable basis for assessing claims. The Administrators have designed their assessment process in a way that they believe is fair and reasonable to the Redress Creditors.

The Administrators have faced a number of legal challenges in developing their claims assessment process and ensuring that it complies with the Insolvency Rules and applicable laws, whilst also being closely aligned to the claims assessment process for customers used by the FOS. The Administrators have sought advice from legal counsel (as further explained below) in relation to any areas of uncertainty in developing the proposed methodology.

The Administrators have also liaised with the FOS and the FCA to understand the FOS' typical approach for determining redress complaints, with the aim of ensuring that the assessment methodology will provide the greatest return to creditors as a whole, whilst also ensuring that the methodology is aligned, so far as reasonably practicable, to the approach used by the FOS criteria for adjudication. As part of this process, the Administrators reviewed and discussed various cases previously adjudicated by the FOS, focusing on key themes or areas in which the FOS had observed when adjudicating redress complaints received from the Company's customers.

When the Online Claims Portal is launched, the Administrators will provide all current and former customers with the necessary information, including a link to the Online Claims Portal, to register their claim. The Online Claims Portal is further described in section 5.2 below and will be simple to use and will be able to verify customer details and the amount of their borrowings. Following successful identification of the customer, the Administrators will then be able to assess the customer's history of loans in the automated assessment tool. The customer will receive further notification once their claim has been assessed.

Set-off

The Administrators are aware that a number of customers with outstanding loans may submit a claim where the customer believes they were sold an unaffordable loan(s).

Where customers who qualify for a redress claim also have a current outstanding loan, the first step as part of the distribution process will be to set-off the redress claim against the customer's current loan to reduce the current balance.

Where the redress claim is lower than the amount of the outstanding loan, the customer will have a residual balance to settle on their loan with the Company, which is to be settled as part of the normal collection process.

Where the redress claim exceeds the outstanding balance on the loan, the customer will have their outstanding loan settled first, and then have a residual claim in the administration. This residual claim will then receive a pence in the £ distribution from the estate (which is currently unquantified due to the uncertainty surrounding total redress claims and asset recoveries).

As part of the claim adjudication process, the automated assessment tool will recognise set-off. In such circumstances, customers will be notified during the adjudication process as to how set-off may impact an outstanding loan balance. Please note that any process of adjudication does not alter the customer's right to equitable set-off.

Proposed treatment of loans sold to debt purchaser prior to the appointment of the Administrators

The Administrators are currently consulting with Counsel as to the treatment of loans that have been sold to debt purchasers prior to the appointment of the Administrators. The treatment raises both legal and operational challenges which are being considered. The Administrators will conclude on this treatment prior to the launch of the Online Claims Portal.

Intention to apply for permission to distribute

In assessing claims made by Redress Creditors, the Administrators are aware of competing legal arguments as to whether the statutory limitation period for bringing claims under the Limitation Act 1980 should apply, or whether the potentially longer limitation period applied by the FOS under DISP 2.8.2R (DISP Limitation) should apply.

Applying the approach in the Limitation Act 1980 would have the effect of time-barring (i.e. rejecting) all claims for loans that were entered into more than six years prior to the date of the Administrators' appointment. DISP Limitation, in contrast, applies a more generous approach to limitation. Under DISP Limitation, the FOS will consider a complaint if it is made less than (i) six years after the event complained of or (ii) if later, three years from the date on which the complainant became aware (or ought reasonably to have become aware) that he or she had cause for complaint. The period for bringing a claim can be further extended in "exceptional circumstances" under DISP 2.8.2R(3).

DISP Limitation is the time limit for bringing a claim that the FOS would have applied to redress creditors prior to the Administration, and is the time limit that would apply if the statutory moratorium, which applies to companies in administration and prevents creditors taking legal action against the company in administration, were to be lifted in favour of a Redress Creditor, thereby enabling that Redress Creditor to bring a claim against the Company before the FOS.

The Administrators have been in discussions with the FCA, who have notified the Administrators that it considers DISP Limitation to be the appropriate limitation period which should be applied by the Administrators.

Whilst the Administrators' legal advice was initially focussed on the Limitation Act 1980 as the appropriate statute to determine the timing of claims, the Administrators consider that there are good legal arguments which support the application of DISP Limitation as opposed to the Limitation Act 1980. The same legal arguments lead to the broader conclusion that the Administrators should apply all provisions of DISP which relate to the admission and quantification of Redress Claims (such as the "fair and reasonable" test under DISP 3.6.1R which applies to the determination of claims by the FOS).

Precedent has also been set in relation to assessing claims under DISP Limitation, therefore the Administrators have not consulted directly with customers or their CMC representatives as they consider this approach is the preferred and most appropriate approach.

Proposed approach

In light of the legal arguments, the views of the FCA, precedent set in similar cases, as well as the Administrators' own assessment that applying DISP Limitation could lead to a more risk adverse and cost efficient claims process, the Administrators intend to assess Redress Claims in close alignment with the provisions of DISP as the administration appointment allows.

As noted above, the Administrators intend to assess redress claims with the assistance of an automated assessment tool. To assess and value the claims of Redress Creditors automatically this tool will consider customer information available to the Company including (but not limited to):

- the customer's loan value and/or loan repayments as a proportion of their reported income;
- the total time in loan, or number of loans, to identify repeat borrowing without a significant break; and
- additional affordability factors, for example a customer became insolvent, was put into hardship or worked with debt management services.

Once a Redress Claim is received and has been assessed by the Administrators, any Redress Creditor who is dissatisfied with the outcome (e.g. because the claim was rejected or because the redress creditor believes that the award should have included more loans as unaffordable) will be entitled to submit further evidence to the Administrators for manual review in order to determine and/or quantify their claim within 21 days of their assessment outcome. The Administrators consider that this methodology is consistent with the broader application of DISP.

The Administrators consider the use of an automated assessment tool will be more time efficient and cost effective than undertaking a manual review of each claim submitted by a redress creditor, and will increase the recoveries made to the creditors as a whole, including redress creditors whose claims are successful. The Administrators consider that the costs of undertaking a wholly manual review of each redress claim at the outset would likely result in little or no funds being available for distribution to Creditors (including redress creditors). Accordingly, the Administrators will only conduct a manual review of a creditor's claim in circumstances where the Redress Creditor is dissatisfied with the outcome of the automated assessment, described above, and provides appropriate documentary evidence in support. Any manual review will inevitably result in increased costs; however, such costs are expected to be significantly less than the costs that would result from a manual review of each redress claim at the outset.

The Administrators will make an application to the Court for permission to distribute the assets based on the methodology described above. As part of this application, the Administrators will draw some of the above matters to the attention of the Court and explain the legal and factual basis for the approach that they intend to take, including the approach of the automated assessment tool. However, the Administrators do not currently intend to seek a formal direction from the Court approving the application of DISP or the automated assessment tool.

The application will also seek (i) an extension to the period following the final date for proofs (claims) in which the Administrators are required under the Insolvency Rules to make a distribution to creditors, and (ii) an extension to the appointment of the Administrators beyond the current 12 months to 24 October 2021.

For the avoidance of doubt, the Administrators will not seek to vary or modify any rights of creditors under the Insolvency Rules, including the right of creditors to (i) appeal to the Court if they are dissatisfied with the decision with respect to their claim and (ii) appeal to the Court if they are dissatisfied with the admission of another creditor's claim.

5.1 More about how to submit a claim

Given the large population of redress claimants the Company is expected to receive, the Administrators have been working with retained technological developers of the Company to create an Online Claims Portal. The Online Claims Portal will be the channel for customers to submit a redress claim in a secure and straightforward manner. The Administrators have been working with the technological developers of the Company to ensure that the Online Claims Portal is both functional and secure. The work has involved comprehensive testing to ensure functionality, ease of use and data security.

To submit a claim, customers will be asked to provide the contact details associated with their CEU account as well as their current bank details. Customers will not need to provide any information in relation to their specific loans. If the details entered by the customer match those recorded on CEU's database, the customer would receive confirmation that their claim has been received and will be assessed by the Administrators.

If the customer has previously requested that their information be deleted under the rights of the General Data Protection Regulation (GDPR), customers will need to provide their customer reference and a loan reference number in order for the Online Claims Portal to be able to match the customer's information to CEU's database. The Online Claims Portal will be unable to locate deleted customers without this information.

We are now in the process of finalising the Online Claims Portal and expect to launch it no later than the end of July 2020.

The Administrators will be contacting all past and present customers of CEU by email (based on the Company's current records) with supporting advertisements in media outlets to invite them to make a claim on the Online Claims Portal if they believe they were sold an unaffordable loan(s).

The Administrators have been accepting claims since their appointment by email or phone call. However, once the Online Claims Portal is live (by the end of July 2020), the Company will no longer accept claims by email or phone to the Customer Support team.

It is intended that the Online Claims Portal will remain open for six months to ensure that all customers are given sufficient time to submit their claim. Customers will be notified about the timing of the last date of submitting claims on the Company's website and by email. Any claims received after this date may not be assessed by the Joint Administrators.

The Administrators intend to launch the Online Claims Portal as detailed above and will be updating all CEU customers per the Company's systems directly with the date the Online Claims Portal is open. For any updates in the interim, the Administrators recommend for creditors to review the FAQs, which are updated throughout the course of the Administration and can be accessed at the following link: <https://casheuronetukadministration.grantthornton.co.uk/redress-complaints/>.

Hearing date

The Administrators intend to make their application to the Court in mid to late June 2020 for permission to distribute. The notice and witness statement for the hearing will be uploaded to the following link: <https://casheuronetukadministration.grantthornton.co.uk/latest-news/>.

Should creditors wish to object to any items within the application, they will need to set out their objection in writing to the Administrators at Grant Thornton UK LLP, 4 Hardman Square, Spinningfields, Manchester M3 3EB or by email casheuronetuk@uk.gt.com, setting out which elements of the application they object to and the reasons for their objection.

Creditors will be notified when the notice and witness statement have been uploaded.

6 Investigations into the affairs of the Company

6.1 Statutory investigations

We undertook an investigation into the Company's affairs to establish whether there were any potential asset recoveries, or conduct matters that required further investigation, taking into account the public interest, potential recoveries, the funds likely to be available to fund an investigation and the costs involved.

Also, within three months of our appointment as joint administrators, as required by the Companies Directors Disqualification Act 1986, we reported to the Secretary of State the required facts about the Company's business and the conduct of its directors (including those acting within the past three years).

Based on the outcome of our investigations into the affairs of the Company to date, there are no matters identified that need to be reported to the creditors. However, we would be pleased to receive from any creditor any useful information concerning the Company, its dealing or conduct which may assist us.

7 Fees and costs

7.1 SIP disclosures

For information regarding payments, remuneration and expenses to us or our associates, please refer to the respective 'Statement of Insolvency Practice 9 disclosure' at Appendix B to this report, which covers:

- pre-appointment costs
- fee basis
- work done by us and our team during the period
- hourly charge out rates
- disbursements and expenses
- sub-contracted out work
- payments to associates
- relationships requiring disclosure
- information for creditors (rights, fees, committees)

Administrators' remuneration

Following a decision procedure by the creditors of the Company the basis of the Administrators' remuneration has been fixed according to the time properly spent by the Administrators and their staff.

The total agreed fee estimate for the period to 24 October 2020 was £3,472,956 (plus VAT), of which £1,080,034 has been paid to date.

8 Future strategy

8.1 Future conduct of the administration

We will continue to manage the affairs, business and property of the Company in order to wind down the operations of the Company and to complete the dividend payment process. This will include but not be limited to:

- finalising loan collections
- finalise the development and implementation of the Online Claims Portal
- complete the claim adjudication and dividend payment process for the preferential and unsecured creditors
- wind down operations for the offices in the UK and the US
- finalisation of the Company's tax affairs, including completion of corporation tax and VAT returns and settlement of any liabilities, and
- complying with statutory and compliance obligations.

8.2 Extension of the administration

The duration of an administration is restricted to 12 months from the date of commencement, unless it is extended with the permission of the creditors or the court. The administration is currently due to end on 24 October 2020.

It has been determined that an extension to the Administration is required to enable the Administrators to complete the realisation of the Company's assets, identifying Redress Creditors and make a distribution to its creditors. The Administrators therefore are seeking to extend the Administration order by way of an application to the Court, which will coincide with the Administrators' application to seek the requisite powers to distribute to unsecured creditors. It is anticipated that the Court application will be filed by mid-June 2020.

8.3 Exit from administration

The Administration will end either by way of conversion to creditors voluntary liquidation or, if all matters are resolved, dissolution.

8.4 Data Protection

Any personal information held by the Company will continue to be processed for the purposes of the administration of the Company and in accordance with the requirements of data protection. Our privacy notice on our website (www.grantthornton.co.uk/en/privacy) contains further details as to how we may use, process and store personal data.

8.5 Contact from third parties

Please be aware fraudsters have been known to masquerade as legitimate administrators. Fraudsters will contact creditors asking for an upfront fee or tax to release an investment or pay a dividend / to enable release of money payable to the creditor. An administrator would never ask for such a payment nor instruct a third party to make such a request.

8.6 Covid-19

This report has been produced during the Covid-19 restrictions. We have taken every reasonable step to ensure that the information is accurate, but if it comes to light that anything is incorrect or incomplete, we will provide an explanation and corrected information in the next progress report.

8.7 Future reporting

The Joint Administrators next progress report to creditors will be issued within four weeks of the end of next accounting period (24 November 2020) or earlier if the administration has been finalised by that date.

**CashEuroNet UK, LLC
(In Administration)**

**Joint Administrators' Receipts & Payments
25 October 2019 to 24 April 2020**

RECEIPTS	Statement of Affairs (£)	Total (£)
Loan book collections	30,578,104	36,715,488.69
Other receipts		360,427.10
Pre-appointment cash at bank	40,298,269	31,613,133.80
		68,689,049.59
PAYMENTS		
IT & telecommunications		70,539.21
Occupancy costs		101,097.53
Other operating costs		248,672.49
Professional fees		49,122.75
Post-appointment refunds		25,586.10
Office costs		5,452.46
Employment costs		2,420,713.13
General administrative		52,822.77
Debt collection costs		392,052.23
Enova SLA fees		2,146,771.57
Administrators fees (Post-appointment)		1,080,034.00
Administrators fees (Pre-appointment)		55,092.00
VAT irrecoverable		374,681.60
Legal fees		254,601.75
		7,277,239.59
Balance - 24 April 2020		61,411,810.00

Made up as follows

Floating Current Account IB	10,729,666.56
P2P Debitcard Repository Account	515,267.72
QQ Debitcard Repository Account	74050.71
Lockbox Account	51596.91
BOS Current Account	5,007,462.10
Santander Current Account	5,009,048.12
Barclays Quarterly Money Market	10,024,717.88
BOS 9 Month Money Market	15,000,000
Santander 6 Month Time Deposit	15,000,000
	61,411,810.00

Note - VAT is not recoverable

Payments, remuneration and expenses to the joint administrators or their associates

Statement of Insolvency Practice 9 disclosure

This appendix has been prepared in conjunction with the requirements of the Insolvency Act 1986, the Insolvency (England and Wales) Rules 2016 (the Rules) and Statement of Insolvency Practice 9 (SIP9). In summary, it covers:

- pre-appointment costs
- fee basis
- work done by the joint administrators and their team during the period
- hourly charge out rates
- disbursements and expenses
- sub-contracted out work
- payments to associates
- relationships requiring disclosure
- information for creditors (rights, fees, committees)

Pre-appointment costs

Pre-administration costs are fees charged and expenses incurred by administrators or other qualified insolvency practitioners, before the company entered administration but with a view to it doing so. To the extent they remain unpaid when the company enters administration and payment is sought, approval is required from the appropriate body of creditors as to whether they should be paid from the estate.

On 2 January 2020 the creditors approved payment of £55,092 of the pre-administration fees of Grant Thornton UK LLP (as disclosed in the joint administrators' statement of proposals) from the estate, which has since been paid.

Post-appointment costs

Fee basis of the joint administrators

On 2 January 2020 the creditors resolved that remuneration be fixed according to the time properly spent by the Administrators and their staff on the administration, with a fee estimate of £3,472,956.

During the period from 25 October 2019 to 24 April 2020 (the Period) time costs were incurred totalling £1,553,705 represented by 3,379 hours at an average of £460 per hour (as shown in the 'Work done' section below). This brings cumulative time costs at the Period end to £1,553,705 of which £1,080,034 has been paid. A description of the work done in the Period is provided in the respective section below.

As at Period end, as shown in the 'Work done' section below, we anticipate that cumulative recorded time costs and expenses will roughly be the same as the time costs and expenses in the fee estimate provided to the creditors prior to the determination of our fee basis.

Under r18.30 of the Rules, we are not permitted to draw remuneration in excess of the total amount set out in the fees estimate, £3,472,956, without approval. At present we do not expect to seek approval to draw remuneration in excess of our fees estimate; however, we reserve our right to do so in the future.

Work done by the joint administrators and their team during the Period

We are required to detail costs of actual work done in the Period, including any expenses incurred in connection with it, as against any fee estimate provided. Our fee estimate was included within our Statement of Proposals to creditors dated 17 December 2019. We are also required to provide narrative explanation of the work done. The following tables (narrative followed by numerical) set out this information for the joint administrators' fees incurred together with a numerical fee estimate variance analysis. Reasons for any anticipated excess of the fee estimate are included in the 'Fee basis' section above. Details of expenses incurred in connection with work done are provided in the 'Disbursements and expenses' section below.

Area of work	Work done	Why the work was necessary	Financial benefit to creditors	Fees incurred		
Trading				1,107 hrs	£578,776	£523/hr
Trading general	<ul style="list-style-type: none"> Detailed cash flow analysis and projections Reviewing and approving payments for the day-to-day running of the business 	<ul style="list-style-type: none"> To reduce trading costs to a manageable position to ensure delivery of the key objectives of the administration By reducing the cost of trading, this would maximise the return to creditors 	<ul style="list-style-type: none"> This work was necessary to help realise financial value for the benefit of the estate and for a distribution to creditors should sufficient funds become available 			
Service Level Agreement	<ul style="list-style-type: none"> Negotiation of Service Level Agreement (SLA) with Enova Group companies Ongoing monitoring of the SLA Continued platform support 	<ul style="list-style-type: none"> To support continuation of trading The SLA is critical as CEU does not own a proprietary platform 	<ul style="list-style-type: none"> This work was necessary to help realise financial value for the benefit of the estate and for a distribution to creditors should sufficient funds become available 			
Supplier management and continuation of operations	<ul style="list-style-type: none"> Initiated contact with suppliers by telephone, email and letter Establishing arrangements for continued supplies of services and systems Implementing administrators controls processes (purchase order system) Maintained contact with suppliers to support orderly wind down of services Helping unsecured creditors register their claim Terminating suppliers as appropriate during the wind down process 	<ul style="list-style-type: none"> To secure continuity of supplies and maintenance of key systems necessary to support asset realisations To ensure services provided by Enova Group continue uninterrupted Orderly wind down of operations and minimisation of operating costs 	<ul style="list-style-type: none"> This work was necessary to help realise financial value for the benefit of the estate and for a distribution to creditors should sufficient funds become available 			
Employees	<ul style="list-style-type: none"> Assessment of employee rights and obligations in both the UK and the US Working with management to identify key employees for the business Initial communicating with all employees in respect of the appointment and instigating 	<ul style="list-style-type: none"> Retention of certain employees is essential to maintain a 'business as usual' strategy necessary to allow recovery of the loan collections and other assets of the Company To maintain customer services to address customer queries including redress inquiries 	<ul style="list-style-type: none"> This work was necessary to help realise financial value for the benefit of the estate and for a distribution to creditors should sufficient funds become available 			

phased redundancy programme in line with wind down of operations

- Holding regular update meetings with retained employees to implement post-appointment protocols, including payroll, and attending to other ad hoc employee issues

Pensions

- Initial actions and notifications to Pensions Regulator
- Maintenance of employee contributions
- Statutory and employment obligations
- This work is necessary to discharge the office holders' duties. As explained under 'Why the work is necessary', although it might not add financial value to the estate it will add value to the insolvency process

Assets	369 hrs	£199,052	£540/hr
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IT platform, database

- Considering the options for sale of Company's database and managing interest party engagements
- Obtaining advice on legal status of database
- To secure realisation of the best value from the Company's IT assets
- This work was necessary to help realise financial value for the benefit of the estate and for a distribution to creditors should sufficient funds become available

Loan Book – Initial set up and weekly reporting

- Established the status of the Company's Loan Portfolios and overseeing communication with customers and monitoring collections
- Ongoing monitoring of the weekly reporting on the status of the loan book
- To secure collection of the loan book asset
- This work was necessary to help realise financial value for the benefit of the estate and for a distribution to creditors should sufficient funds become available

Loan Book - Arrears management and realisation strategy

- Reviewing existing strategy for management of accounts in arrears and ensuring ongoing regulatory compliance
- Monitoring collections of arrears and liaising with Debt Collection Agents (DCA) regarding collection performance
- Assessing the arrangements for placements with the DCA
- Considering options regarding sale of loan book as appropriate
- Necessary to realise the loan book value
- This work was necessary to help realise financial value for the benefit of the estate and for a distribution to creditors should sufficient funds become available

Cash at bank

- Arranging transfer of cash balances held by pre-appointment banks
- Setting up regular bank sweeps of pre-appointment and post-appointment collections
- To safeguard a significant asset of the Company
- This work was necessary to help realise financial value for the benefit of the estate and for a distribution to creditors should sufficient funds become available

	<ul style="list-style-type: none"> Ongoing monitoring and reconciliation of cash balances in the administration accounts 			
Insurance	<ul style="list-style-type: none"> Initial research into the group insurance policies and ensuring appropriate ongoing insurance arrangements via our insurance brokers, Marsh 	<ul style="list-style-type: none"> To ensure statutory compliance and to safeguard the value of the Company's assets Necessary to ensure the safety of the assets of the business as well as the safety of the working environment for the employees 	<ul style="list-style-type: none"> This work was completed solely for the purpose of complying with statutory requirements and had no direct financial benefit to the estate 	
Trademarks	<ul style="list-style-type: none"> Reviewing and protecting trademark portfolio Monitoring renewal of trademarks as appropriate 	<ul style="list-style-type: none"> To safeguard a potential asset of the Company 	<ul style="list-style-type: none"> This work was necessary to help realise financial value for the benefit of the estate and for a distribution to creditors should sufficient funds become available 	
Legal/Regulatory	<ul style="list-style-type: none"> Correspondence, including regular telephone calls and emails with the FCA to discuss the proposed post appointment strategy and trading performance Amendments and updates to the CEU websites, where applicable Creation of a "CEU" page on the Grant Thornton website in order to provide updates on the administration to creditors and customers, including the provision of FAQs 	<ul style="list-style-type: none"> The Company continues to be regulated by the FCA, therefore a frequent dialogue is required The website allows for the latest updates on the administration to be accessed by customers 	<ul style="list-style-type: none"> This work was completed solely for the purpose of complying with statutory requirements and had no direct financial benefit to the estate 	
Investigations				46 hrs £24,207 £529/hr
General	<ul style="list-style-type: none"> Review of the pre-administration bank statements 	<ul style="list-style-type: none"> Statutory requirement of the Administrators 	<ul style="list-style-type: none"> This work was completed solely for the purpose of complying with statutory requirements and had no direct financial benefit to the estate 	
Debtor/directors/senior employees	<ul style="list-style-type: none"> Obtained commentary on background of events leading to administration and roles of management in this period Completed statutory investigation into the Directors' conduct, including the submission of the confidential report on the conduct of the Directors to the Secretary of State 	<ul style="list-style-type: none"> Statutory requirement 	<ul style="list-style-type: none"> This work was completed solely for the purpose of complying with statutory requirements and had no direct financial benefit to the estate 	
Books & records	<ul style="list-style-type: none"> Review of books and records of the Company, including those held in storage Securely destroying any aged or irrelevant records as appropriate 	<ul style="list-style-type: none"> Statutory requirement to maintain records 	<ul style="list-style-type: none"> This work was completed solely for the purpose of complying with statutory requirements and had no direct financial benefit to the estate 	

IT support

- Investigated company's data handling procedures
- Obtain back-up copies of data
- Statutory requirement to maintain records
- This work was completed solely for the purpose of complying with statutory requirements and had no direct financial benefit to the estate

Creditors**918 hrs****£414,325****£453/hr****Employees & pensions**

- Working with agents to quantify the claims of employees
- Continued to monitor the utilisation of staff
- Ad hoc employee queries in respect of the insolvency process
- The Administrators ensured the retention of key employees in order to assist with the execution of post appointment workstreams
- To enable settlement of any preferential claims
- Establishment of any unsecured claims from employees arising from termination of their employment
- To manage stakeholder expectations
- This work is necessary to help realise financial value for the benefit of the estate and for a distribution to creditors should sufficient funds become available

Unsecured

- Collation of trade creditors and supplier claims
- Ad hoc queries from creditors in respect of the insolvency process
- To establish the quantum of creditor claims
- To manage stakeholder expectations
- This work is to be completed solely for the purpose of complying with statutory requirements and has no direct financial benefit to the estate

Redress Creditors – Initial assessment

- Obtained information from the Company on the level and nature of potential claims from customers
- Obtained and assessed legal advice on the complaints process and time limits for submission of potential claims
- Working with the development team of the Company to progress the build of the online claims portal
- Data segmentation review of the loan book
- Meetings with the complaints team to discuss the process of claims handling
- To quantify the claims of redress creditors
- To ensure data is secure and the review process is efficient, accurate and timely
- To manage stakeholder expectations
- This work is necessary to discharge the office holders' duties. As explained under 'Why the work is necessary', although it might not add financial value to the estate it will add value to the insolvency process

Redress Creditors – Regulatory meetings

- Meeting and corresponding with the FOS to discuss potential claims already lodged with the FOS
- Meetings with FCA to discuss arrangements for and identification of potential redress complaints
- To ensure regulatory compliance
- To quantify the claims of unsecured creditors
- This work is necessary to discharge the office holders' duties. As explained under 'Why the work is necessary', although it might not add financial value to the estate it will add value to the insolvency process

- Consulting with FCA and the FOS on methodology for capture and adjudication of redress claims

Redress Creditors – ongoing monitoring

- Established systems including updates to CEU websites to capture and process potential claims of any redress creditors including overseeing development of automated adjudication tool
- Providing updates to redress creditors
- To ensure that potential redress creditors are kept abreast of all key updates
- To ensure that the communications process is as commercial as possible
- This work is necessary to discharge the office holders' duties. As explained under 'Why the work is necessary', although it might not add financial value to the estate it will add value to the insolvency process

Administration

939 hrs £337,344 £359/hr

Case management: Take on

- Anti-Money laundering and other take-on protocols
- Creation of case specific files on Joint Administrators' case management systems
- Required as part of the duties of the Administrators
- This work is to be completed solely for the purpose of complying with statutory requirements and has no direct financial benefit to the estate

Case Management: Appointment formalities

- Filing of the relevant statutory forms on Companies House
- Advertisement of the appointment in the London Gazette
- Required to ensure that the appointment complies with the statutory requirements
- This work is to be completed solely for the purpose of complying with statutory requirements and has no direct financial benefit to the estate

Case Management: Case set-up

- Setting up various files for the case
- Collation of pre administration data from the Company in relation to creditors and suppliers, etc.
- Required as part of the duties of the Administrators and their staff
- This work is to be completed solely for the purpose of complying with statutory requirements and has no direct financial benefit to the estate

Statutory reporting and creditor decision procedures

- Notification of appointment to creditors
- Preparation of proposals document for creditors
- Preparation of fee estimate and remuneration report for creditors
- Decision procedure by creditors for approval of proposals and basis of remuneration
- Statutory requirement
- This work is to be completed solely for the purpose of complying with statutory requirements and has no direct financial benefit to the estate

Shareholders / debtor / director communications

- Responding to press enquiries arising from the appointment of Joint Administrators
- Updated and monitored web pages on both CEU and Grant Thornton websites
- To address public interest in the administration
- To make information available to potential creditors
- This work is to be completed solely for the purpose of complying with statutory requirements and has no direct financial benefit to the estate

Compliance FCA / FOS

- Regular communication and updates with the FCA regarding progress of the administration
- To maintain the compliance with regulatory requirements
- This work is to be completed solely for the purpose of complying with statutory

	<ul style="list-style-type: none"> Meetings and correspondence with the FOS over redress claims management 	<ul style="list-style-type: none"> To ensure regulators were informed of the strategy for the administration and the 	<ul style="list-style-type: none"> requirements and has no direct financial benefit to the estate
Treasury, billing & funding	<ul style="list-style-type: none"> Processing and recording transactions arising during the period of the administration Setting up the Administration bank accounts Arranging and accounting for the various receipts and payments of the Company 	<ul style="list-style-type: none"> Required as part of the duties of the Administrators and their staff 	<ul style="list-style-type: none"> This work is to be completed solely for the purpose of complying with statutory requirements and has no direct financial benefit to the estate
Tax	<ul style="list-style-type: none"> Review of historical tax position of the Company Review of VAT position of the Company Consideration of tax position as regards to redress process 	<ul style="list-style-type: none"> Statutory compliance To meet all post administration tax liabilities 	<ul style="list-style-type: none"> This work is to be completed solely for the purpose of complying with statutory requirements and has no direct financial benefit to the estate
Pensions	<ul style="list-style-type: none"> The Grant Thornton Pension Advisory team is engaged to deal with various matters including: <ul style="list-style-type: none"> - Discussions with the Company and Administrators to discuss the pre administration policy and benefits as well as areas and cover to be maintained post administration - Pre-administration pension and benefit data gathering and assessment of cover Relevant updates in relation to pension cover and benefits Correspondence with Pensions Regulator Maintenance of employee contributions 	<ul style="list-style-type: none"> Statutory requirement 	<ul style="list-style-type: none"> This work is to be completed solely for the purpose of complying with statutory requirements and has no direct financial benefit to the estate

Total fees incurred in the Period

3,379 hrs £1,553,705 £460/hr

Detailed SIP9 time cost analysis for the period and fee estimate variance analysis as at period end
 Period from 25/10/2019 to 24/04/2020

Area of work	Partner		Manager		Executive		Administrator		Period total			Cumulative total as at period end			Fees estimate			Variance		
	Hrs	£	Hrs	£	Hrs	£	Hrs	£	Hrs	£	£/hr	Hrs	£	£/hr	Hrs	£	£/hr	Hrs	£	£/hr
Trading:									1,107.50	578,776	523	1,107.50	578,776	523	1,557.00	739,639	475	449.50	160,863	358
Trading (general)	90.50	71,948	646.05	362,988	364.45	142,769	6.50	1,073	1,107.50	578,776	523	1,107.50	578,776	523						
Realisation of Assets:									368.65	199,052	540	368.65	199,052	540	1,638.00	865,247	528	1,269.35	666,195	525
Cash at bank	2.50	1,988	2.00	860	57.75	23,389	-	-	62.25	26,236	421	62.25	26,236	421						
Insurance	-	-	3.00	1,485	12.50	5,063	-	-	15.50	6,548	422	15.50	6,548	422						
Loan book	28.50	22,658	231.60	127,523	2.00	675	-	-	262.10	150,855	576	262.10	150,855	576						
Other assets (incl. Trademark, IT platform, Legal & Property)	11.50	9,143	3.00	1,331	14.30	4,940	-	-	28.80	15,413	535	28.80	15,413	535						
Investigations:									45.75	24,207	529	45.75	24,207	529	70.00	34,840	498	24.25	10,633	438
Debtor / director / senior employees	8.50	6,758	10.50	5,100	13.90	5,483	0.25	45	33.15	17,385	524	33.15	17,385	524						
Books & records	-	-	7.40	3,282	1.20	360	-	-	8.60	3,642	424	8.60	3,642	424						
Investigations (general)	4.00	3,180	-	-	-	-	-	-	4.00	3,180	795	4.00	3,180	795						
Creditors:									917.95	414,325	451	917.95	414,325	451	1,871.00	986,852	527	953.05	572,527	601
Employees & pensions	24.00	19,080	51.65	26,742	14.35	3,839	0.30	54	90.30	49,715	551	90.30	49,715	551						
Redress creditors	39.00	31,005	152.30	58,167	366.50	144,935	-	-	557.80	234,107	420	557.80	234,107	420						
Unsecured	21.50	17,093	242.85	112,175	2.50	695	3.00	540	269.85	130,503	484	269.85	130,503	484						
Administration:									939.00	337,344	359	939.00	337,344	359	1,904.00	846,377	445	965.00	509,033	85
Case management	14.00	11,130	106.50	47,251	53.75	21,468	1.60	288	175.85	80,137	456	175.85	80,137	456						
Compliance & general administration matters	51.25	40,744	55.40	27,282	26.65	8,796	205.80	34,007	339.10	110,829	327	339.10	110,829	327						
Pensions	-	-	34.30	17,234	-	-	-	-	34.30	17,234	502	34.30	17,234	502						
Reports to creditors, notices & decisions	9.50	7,553	4.10	1,531	76.90	23,045	3.95	711	94.45	32,839	348	94.45	32,839	348						
Tax	16.75	13,090	69.90	36,204	-	-	0.70	211	87.35	49,505	567	87.35	49,505	567						
Treasury, billing & funding	3.00	2,385	7.00	2,695	171.20	36,906	26.75	4,815	207.95	46,800	225	207.95	46,800	225						
Total	324.50	257,752	1,627.55	831,849	1,177.95	422,362	248.85	41,743	3,378.85	1,553,705	460	3,378.85	1,553,705	460	7,040.00	3,472,955	493	3,661.15	1,919,250	524

Notes:

- Partner includes partners and directors
- Manager includes associate directors and managers
- Executive includes assistant manager and executives
- Adverse variances are presented in brackets
- Total time costs paid to date: £1,080,034 (excludes VAT)
- Total time costs written off to date: £43,775

Hourly charge out rates

Time is charged in units of 6 minutes for each grade of staff used. The hourly charge out rates applied take into consideration the nature and complexity of the case and are as follows:

Grade	From 25 October 2019 to current	
	Insolvency £/hr	Pensions & tax £/hr
Partner	510 – 795	795
Director	485 – 705	705
Associate director	445 – 595	595
Manager	340 – 495	495
Assistant manager	300 – 405	405
Executive	245 – 350	350
Administrator	165 – 200	-
Treasury	180	n/a

The current charge out rates have applied since 1 July 2019. We reserve the right to amend our charge out rates in the future. Any amendments will be detailed within the next report following such an amendment.

Statement of expenses and disbursements incurred in the Period

This table provides details of expenses and disbursements incurred in the Period in connection with the work done by the joint administrators, description of which is provided in the 'Work done' section above.

Category	Incurred in the Period (£)	Cumulatively incurred as at Period end (£)	Of which paid by the estate as at Period end (£)
Category 1 disbursements			
Travel and subsistence	2,965	2,965	0
Statutory Costs (Bonding)	1,875	1,875	0
Office costs	187	187	0
Category 2 disbursements			
<i>None to date</i>			
Expenses			
Administrators Fees	1,553,705	1,553,705	1,080,034
Grant Thornton UK LLP			
Bank Charges	78,784	78,784	78,784
Barclays			
Barclaycard Costs	166,260	166,260	166,260
Barclaycard			
Debt Collection Costs	333,600	333,600	331,565
ARC Europe Limited			
Employee Costs (Including payroll taxes)	376,625	376,625	376,625
UK Employee Costs	2,020,068	2,020,068	2,020,068
US Employee Costs			
Service Licensing Agreement	2,146,772	2,146,772	2,146,772

Enova
International Inc

Insurance

JLT Speciality Limited	3,555	3,555	3,555
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IT Expenses

CyberSource Corporation	59,607	59,607	59,607
Skyron Limited	1,752	1,752	1,752

Legal Fees

Paul Hastings (Europe) LLP	153,787	153,787	153,787
Slaughter & May	100,815	100,815	100,815

Payroll

Deductions

AXA PPP Healthcare	972	972	972
B&CE Holdings Ltd	17,528	17,528	17,528
Canada Life Insurance	274	274	274
Denplan Ltd	3,166	3,166	3,166
St James's Place	2,079	2,079	2,079

Post Appointment Refunds to Customers

	25,586	25,586	25,586
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Pre-administration fees

Grant Thornton UK LLP	0	0	55,092
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Professional Fees

Access UK Ltd	21,239	21,239	21,239
Baildon Commission	1,044	1,044	1,044
ERA Solutions Ltd	1,100	1,100	1,100
William Brady Accountancy Services Ltd	25,740	25,740	25,740

Property Expenses (including heat & light)	463	463	463
	3,029	3,029	3,029
Castle Water Ltd	14,526	14,526	14,526
E.ON			
Fergusson Holdings Ltd			
Ransom Payment (settlement of pre-appointment liabilities of certain suppliers)	59,807	59,807	59,807
	680	680	680
ARC Europe Ltd			
WSM			
Business Rates	28,079	28,079	28,079
Islington Council			
Rents	55,000	55,000	55,000
Fergusson Holdings Limited			
Statutory Advertising	74	74	74
Gazette Direct			
Suppliers & Office Costs	211	211	211
City Fire Protection & Maintenance Services LLP	32,870	32,870	32,870
	250	250	250
	152	152	152
121 Direct Mail Ltd	2,206	2,206	2,206
	19,515	19,515	19,515
Eden Springs UK Ltd	222	222	222
	30	30	30
Islington Council	1,456	1,456	1,456
Lombard Cleaning Services Ltd	1,485	1,485	1,485

Packet Media
Ltd
PAT Central Ltd
Ricoh UK Ltd
Shred-it Ltd
WSM

Telephone			
BT Business	6,454	6,454	6,454
EE	2,727	2,727	2,727
VAT Irrecoverable	374,560	374,560	374,560
Total expenses and disbursements	7,282,267	7,282,267	7,277,240

Disbursements are expenses met by and reimbursed to an office holder in connection with an insolvency appointment and fall into two categories:

Category 1 disbursements

These are also known as 'out of pocket expenses' and are payments to independent third parties where there is specific expenditure directly referable to the insolvent estate; they can be drawn without prior approval and consist of the following categories:

- Travel and subsistence – these costs, which exclude mileage, are incurred by staff in attending trading premises or meetings, for example
- Office costs – these are costs such as postage or courier charges which are incurred in managing the case
- Statutory costs – these are costs such as bonding and advertising relating specifically to the case, which are required by statute

Category 2 disbursements

These are expenses that are directly referable to the insolvent estate but not a payment to an independent third party. They may include shared or allocated costs that may be incurred by an office holder or their firm, and that can be allocated to the appointment on a proper and reasonable basis. Category 2 disbursements require approval in the same manner as an office holder's remuneration.

To the extent that recovery of category 2 disbursements is sought, this will be for mileage only. Accordingly, the following resolution was made by the creditors on 2 January 2020:

That Administrators' be permitted to draw mileage at 45p per mile.

Mileage is charged at 45p a mile. VAT is added as appropriate. Details of these costs are also provided in the table above.

Sub-contracted out work

During the Period we have sub-contracted out the following work that could otherwise have been carried out by us or our team:

Sub-contractor	Work sub-contracted out	Reason(s) for sub-contracting out	Cost incurred (£)
External consultant – William Brady Accountancy Services Limited	<ul style="list-style-type: none">Cash management	<ul style="list-style-type: none">Experienced in cash management strong relationships with banks	25,470
ERA Solutions	<ul style="list-style-type: none">Employee claims management	<ul style="list-style-type: none">Employee claims specialists	1,100

Payments to associates

Where we have enlisted the services of others we have sought to obtain the best value and service. In the interest of transparency, we disclose below services we have sought from within our firm or from a party with whom (to the best of our knowledge) our firm, or an individual within our firm, has a business or personal relationship:

Service provider	Services enlisted	Cost of service
Grant Thornton UK LLP	<ul style="list-style-type: none">Tax work/advice (narrative is included within the above narrative of work done)Pensions work/advice (narrative is included within the above narrative of work done)	<ul style="list-style-type: none">Costs are included within the above SIP9 time cost analysis

Relationships requiring disclosure

We confirm that we are not aware of any business or personal relationships with any parties responsible for approving the administrative receiver's fee basis, or who provide services to us as administrative receiver, which may give rise to a potential conflict.

Information for creditors and members

Information to help creditors and members to understand their rights in insolvency and regarding officeholders' (ie administrators or liquidators) fees, and the roles and functions of committees is available via Grant Thornton's website:

<https://www.grantthornton.co.uk/portal>

Alternatively, we will supply this information by post, free of charge, on request.

C Statutory information

Company information

Company name	CashEuroNet UK, LLC
Date of incorporation	18 November 2014
Company registration number	FC032279
Former trading address	2nd Floor Fergusson House 124-128 City Road London EC1V 2NJ
Present registered office	4 Hardman Square Spinningfields Manchester M3 3EB

Administration information

Administration appointment	The administration appointment granted in the High Court of Justice, Business and Property Courts of England & Wales, 007155 of 2019
Appointor	the Company
Date of appointment	25 October 2019
Joint administrators' names	Chris M Laverty Trevor P O'Sullivan Andrew Charters
Joint administrators' address	30 Finsbury Square, London, EC2A 1AG
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 (without first being in administration)
Estimated values of the net property and prescribed part	The Prescribed Part shall not apply in this case as there is no qualifying floating charge holder
Prescribed part distribution	as above
Functions	In accordance with paragraph 100(2) of Schedule B1 to the Insolvency Act 1986, the functions of the administrators are to be exercised by any or all of them.
Current administration expiry date	24 October 2020

D Notice about this report

This report has been prepared by Chris M Laverty, the joint administrator of CashEuroNet UK, LLC – in administration, solely to comply with the joint administrators' statutory duty to report to creditors under the Insolvency (England and Wales) Rules 2016 on the progress of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purposes, or in any other context.

This report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company.

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

Any persons choosing to rely on this report for any purpose or in any context other than under the Insolvency (England and Wales) Rules 2016 do so at their own risk. To the fullest extent permitted by law, the joint administrators do not assume any liability in respect of this report to any such person.

Please note that we are all authorised by the Insolvency Practitioners Association to act as insolvency practitioners.

The joint administrators are bound by the Insolvency Code of Ethics.

The joint administrators act as agents for the Company and contract without personal liability. The appointment of the joint administrators is personal to them and to the fullest extent permitted by law, Grant Thornton UK LLP does not assume any responsibility and will not accept any liability to any person in respect of this report or the conduct of the administration.

Please note you should read this progress report in conjunction with the joint administrators' previous progress reports and proposals issued to the Company's creditors, which can be found on the Grant Thornton portal (<https://www.grantthornton.co.uk/portal/>). Unless stated otherwise, all amounts in this progress report and appendices are stated net of VAT. For definitions of abbreviations please refer to the 'Definitions' table at the start of this progress report.

Disclaimer

This Progress Report has been prepared by the joint administrators of CashEuroNet UK, LLC, solely to comply with the statutory duty under rule 18.3 of the the Insolvency (England and Wales) Rules 2016 to report to creditors on the joint administrator progress on 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.

This Progress Report has been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company.

Any estimated outcome for creditors included in this Progress Report is illustrative only and cannot be relied upon as guidance as to the actual outcome for creditors. Any person that chooses to rely on this report for any purpose or in any context other than the aforementioned rule 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 to this report.



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