

HOW RECRUITMENT FUNDING FEES REALLY WORK

(AND WHAT ACTUALLY SHAPES YOUR COST, MARGIN AND PAYROLL CONFIDENCE)

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THE RATE ISN'T THE FULL STORY

A headline fee doesn't tell you how funding will behave when your business grows, invoices age, or risk levels change. That's where real cost, and real stress, can appear.

Ask:

- How long invoices remain unpaid
- How debtor risk is assessed
- Whether funding scales with growth
- What operational scenarios trigger deductions

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DEBT PROTECTION & INSURANCE TIMING

Debt protection doesn't work the same way everywhere. When cover becomes active can affect funding decisions, sometimes right before payroll.

Make sure you know:

- When protection starts
- Whether cover is confirmed before funding
- What happens if cover isn't agreed
- What excess applies if a claim happens

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DISALLOWABLES & MARGIN HOLDS

Sometimes part of your expected payout can be held back.

This can happen when:

- Invoices go overdue
- A dispute starts
- Limits are exceeded
- Risk levels change
- You provide notice to leave a funder

You should know:

- Exactly when this applies
- Whether one issue affects all invoices
- How and when money is released
- When your margin being released
- What's your notice period and how will your margin be withheld

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PAYROLL CONTINUITY RISK

Funding behaviour under pressure is what really counts.

Some setups pause funding if:

- Debt ages past certain points
- Limits are exceeded
- Paperwork is missing
- Risk reviews change

Even small issues can affect the whole funding flow and payroll timing. Understanding this risk is critical.

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ADDITIONAL AND ANCILLARY CHARGES

The main fee isn't always the only cost.

Other charges can include:

- Payroll processing
- Admin or system tasks
- Credit checks
- Compliance work
- Reporting requests
- Platform modules

It's important to see the full picture.

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SCALING MECHANICS

Your funding setup should grow with you, not hold it back.

Ask:

- What happens if contractor numbers double?
- Do limits increase smoothly?
- Do bigger clients change the model?
- Can new sectors or countries be supported?

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VISIBILITY & REPORTING

To avoid surprises, you should be able to see:

- Funding position
- Credit limits
- Invoices
- Deductions
- Pre-payroll reports

Without needing to request reports.

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SUPPORT MODEL IMPACT

Processes vary significantly:

- Some providers require multiple approvals before releasing funds
- Some require direct contractor or client contact for each assignment
- Some operate via pooled support teams rather than named contacts

Understand what level of support can you expect:

- How proactive will your credit controller / support contact be?
- What is the experience going to be like for candidate and client?

This all affects speed, stress and operational flow.

WHEN LOOKING FOR YOUR FUTURE FUNDER - COMPARE HOW FUNDING WORKS, NOT JUST THE RATE.

Ask the provider to walk you through a real trading month example, including deductions and situations where funding might be reduced or paused.

IF YOU WANT RECRUITMENT FUNDING EXPLAINED IN THE CONTEXT OF HOW AGENCIES ACTUALLY OPERATE — WE'RE HAPPY TO TALK IT THROUGH.

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