

Coronavirus Bounce Back Loans Scheme (CBBLs)

On Monday 4 May, the Government's new Coronavirus Bounce Back Loan Scheme launched in response to the feedback that the Coronavirus Business Interruption Loan Scheme was less accessible for small businesses than the Government had intended.

The key features of the new "Bounce Back Loans" are as follows:

- 100% underwritten by the Government
- Interest-free for 12 months
- A low rate of interest of 2.5% thereafter
- Simplified application process with minimal underwriting
- Loans of between £2,000 and £50,000, up to a maximum of 25% of turnover
- 6-year term
- Early repayment available with no penalties

How long will the Scheme be open?

The CBBLs will run for a period of 6 months from 4 May 2020 to 4 November 2020. The Government has confirmed that they may extend the Scheme Period at their discretion.

What do I need to apply?

The application process is expected to be fast, with borrowers completing a simple online application form, which is then expeditiously processed by Lenders.

A business applying for a CBBLs facility will, among other things, be required to self-declare that:

- it has been impacted by the coronavirus (COVID-19) epidemic
- it was not a business in difficulty at 31 December 2019 (if it was, then the borrower must confirm it complies with additional state aid restrictions under de minimis state aid rules)
- it is a business engaged in trading or commercial activity in the UK and was established by 1 March 2020
- it is not using CBILS, the Coronavirus Large Business Interruption Loan Scheme ("CLBILS") or the Bank of England's Covid Corporate Financing Facility Scheme ("CCFF"), unless the BBLs facility will refinance the whole of the CBILS, CLBILS or CCFF facility
- its business is not in a restricted sector.

These confirmations by businesses are self-certified by borrowers and do not need to be verified by the Lender.

An example lender application criteria is shown in Appendix 1.

Are any businesses restricted?

The following businesses are not eligible to apply:

- banks, insurers and reinsurers (but not insurance brokers)
- public-sector bodies
- state-funded primary and secondary schools

How much can I apply for?

CBBLs loans must not exceed 25% of the turnover of a business in the calendar year 2019, from a minimum of £2,000 up to a maximum of £50,000.

When will I receive the money?

It is expected that the approval process for the loan will only take 1 or 2 working days (although this will be influenced by demand).

Once approved, in most cases, the money will arrive in your account within 1 working day.

Can I repay my loan early?

CBBLs loans are term loans of six years. Early repayment is permitted at any stage, without early repayment fees.

What is the interest rate?

Under CBBLs loans, businesses will make no repayments in the first 12 months, with the Government covering interest payable in relation to the loan through a Business Interruption Payment (BIP) during this period.

Thereafter, a 2.5% fixed rate of interest will be payable. No guarantee fee is chargeable and there are no scheme lender fees.

What lenders can I use?

Initially, 8 lenders are offering the loans. These are detailed in Appendix 2.

We expect more lenders to join the scheme in the coming days.

Can I apply if I already have a Coronavirus Business Interruption Loan Scheme?

You cannot apply if you're already claiming under the Coronavirus Business Interruption Loan Scheme (CBILS).

If you've already received a loan of up to £50,000 under CBILS and would like to transfer it into the Bounce Back Loan scheme, you can arrange this with your lender until 4 November 2020

Example Lender Application Criteria

You will need the following information to apply for a loan from the Bounce Back Loan Scheme (BBLs):

- Company name, address and company registration number
- Turnover for 2019 (estimates can be used)
- Bank business account number and sort code

Please enter the information as it appears on your statements. It's important you do this otherwise the Bank may not be able to process your application.

If you're applying for a Bounce Back Loan but only have a personal current account which you use for your business, you'll need to provide the Bank with a copy of your full 2018/19 self-assessment tax return.

Further details will be provided as part of the application process.

Accredited Lenders

As at 4 May 2020, the following accredited lenders are offering the Scheme.

In England, Scotland and Wales, currently 6 lenders are available:

Barclays Bank
Yorkshire Bank/Clydesdale Bank
Lloyds Bank
Natwest
Santander
Royal Bank of Scotland

In Northern Ireland, 2 lenders are available:

Danske Bank
Ulster Bank