

COVID-19: Support for small and medium-sized businesses

Coronavirus Bounce Back Loan Scheme



The Government has introduced a number of financial schemes and packages to help UK businesses as the economy fights its own battle against the coronavirus pandemic. The latest, aimed at small and medium-sized businesses, including sole traders, which the Government recognises are the backbone of the UK economy, is the Coronavirus Bounce Back Loan Scheme. It was launched on Monday, 4 May 2020 and will initially be open until 4 November 2020, although the Government has retained the right to extend this period.

What is the purpose of the loan?

The scheme will help small and medium-sized businesses including sole traders such as hairdressers, coffee shops and florists affected by Covid-19 to apply for loans between £2,000 and £50,000.

How does it work in brief?

Businesses can apply for the loan online by completing a simple form comprising seven questions. The Government will guarantee 100% of the loan and will cover the cost of any fees and interest for the borrower for the first 12 months.

The Government has agreed a flat rate of interest of 2.5% with lenders with nothing to pay during the first year to enable businesses taking the loans out to get back on their feet. The loan terms will be up to 6 years. The borrower remains liable for 100% of the debt.

Which businesses are eligible for a loan?

You can apply for a loan if your business:

- Is based in the UK
- Has been negatively affected by coronavirus
- Was not an 'undertaking in difficulty' on 31 December 2019

Are there any other criteria?

You must derive more than 50% of the business' income from its trading activity.

Who cannot apply for a Bounce Back Loan?

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

Who are the lenders and how do I approach them?

The scheme is being delivered through a network of accredited lenders: Bank of Scotland, Barclays, Clydesdale and Yorkshire Banks, Danske Bank, HSBC, Lloyds, NatWest, Santander, RBS and Ulster Bank.

You should approach the lender yourself ideally via their website. In the first instance you should go to your own provider but if they are unable to help you to access the finance you require, you can approach other lenders.

How long does it take to get the funds?

The aim of the scheme is help businesses access finance quickly. Therefore, you will be asked to fill in the simple form online. The lender you apply to may ask you for some additional information such as an HMRC self-assessment tax return. Eligible companies will be subject to standard customer fraud checks, Anti-Money Laundering (AML) and Know Your Customer (KYC) checks.

What can I use the loan for?

The borrower must confirm to the lender that the loan will only be used to provide an economic benefit to their business, for example working capital, and that it is not for personal purposes.

Would I have to give a personal guarantee?

The lender has the authority to decide whether or not to offer you finance. However, under the scheme they are not permitted to take any form of personal guarantee or to take recovery action over your personal assets such as your main home or your personal vehicle.

I'm already claiming under the Coronavirus Business Interruption Loan Scheme (CBILS), can I also claim the Bounce Back Loan?

No, you can't claim both at the same time. However, if you've already received a loan of up to £50,000 under CBILS you can transfer it to the Bounce Back Loan. You will have the opportunity to do this until 4 November 2020.

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