

Subject: Bounce Back Loan Scheme Launch - May 4th - Further Update

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Bounce Back Loan Scheme (BBLs)

As we reported earlier today this scheme launched as planned at 9am this morning and any interested **businesses should contact their bank directly via its website.**

As the day has progressed each of the banks has opened up dedicated webpages to apply for these loans. If you simply type your banks name into any search engine together with 'bounce back loan' the pages should appear!

The feedback from clients has generally been positive, although it very much depends on which bank you are with as to how easy the process has been and what information is being requested. For example we are hearing that Santander are simply asking for company number, address, turnover, bank account details and amount of loan.

We understand that by 10am this morning Lloyds Bank had processed 5,000 BBLs applications with an average loan size of £35,000; in contrast its CBILS average loan size had been £250,000. By 2pm, Barclays said it had approved 6,000 BBLs loans totalling £200m.

As of 5pm the banks had collectively received more than 45,000 applications. Lloyds said it received the most with 17,000 applications while HSBC received 12,830 and 10,000 applied to NatWest. Barclays said it was ready to approve 6,000.

Each bank is asking slightly different questions and some are asking for scanned documents to support the application such as last tax returns. If you need any help with this information please contact us immediately.

As a reminder the key points of the scheme are:

- Loans are between **£2,000 and £50,000**
- Businesses can apply for up to **25% of their turnover**
- Loans will be **interest free for the first 12 months** (as this will be paid by the Government)
- Interest after that will be 2.5% per annum
- The Government will provide lenders with a 100% guarantee for the loan
- Lenders are not permitted to take personal guarantees
- The Government will pay any fees for the first 12 months
- Loan terms will be up to **6 years**
- Early repayment is allowed without penalties

During the application process the business will also need to self-certify that it:

- is engaged in **trading or commercial activity in the UK** and was established by 1 March 2020; and
- has been **negatively affected by Coronavirus**; and
- was not a **'business in difficulty'** on 31 December 2019 – this is defined in the FAQs link below and includes Limited companies which have accumulated losses greater than half of their share capital in their last annual accounts (this does not apply to SMEs less than 3 years old).

<https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-schemes/bounce-back-loans/faqs-for-small-businesses/>

It should not be forgotten that the money available under the scheme is a loan and not a grant, and as such **will need repaying**. We would urge all clients to think carefully before taking on any debt and to contact us if they have any concerns before making an application

Someone before making an application...

We will update you again on this tomorrow, and we would very much welcome any feedback, good and bad, as to how you have found the application process.

The Allens Team



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