

Coronavirus Guidance - Bounce-Back Loan Scheme Update

This is an update to the COVID-19 Working Group's initial guidance on the Bounce-Back Loan Scheme (BBL) and includes a list (at the end of the document) of current BBL lenders and to whom they are offering BBL.

The Government launched the BBL to provide financial support to small- and medium-sized businesses across the UK that are losing revenue and seeing their cashflow disrupted as a result of the COVID-19 outbreak and that can benefit from £50,000 or less in finance.

Like the Coronavirus Business Interruption Loan Scheme (CBIL), the BBL is managed by the British Business Bank (BBB) through a number of accredited lenders; the lenders at the time of writing are shown below but the authoritative list is on the [BBB website here](#). Further lenders are expected to be accredited in due course.

BBL provides loans between £2,000 and £50,000, capped at 25% of the business's turnover. The funds are 100% guaranteed to the lender by the Government, so the approval process can be simplified, with decisions reached and funds made available quickly.

CBIL provides loans and overdrafts for eligible businesses (including sole traders) from £50,001 up to £5M. Barristers or chambers seeking finance who are unsure which scheme might suit them better should initially discuss this with their bank. Those who have had CBIL applications rejected are able to apply for a BBL loan. Those who have taken CBIL loans or overdrafts of £50,000 or less can apply to transfer this liability to a BBL loan.

Self-employed barristers (as "sole traders") and chambers (operating either as a Trade Protection Association or through an incorporated company) are eligible to be considered for a loan under this scheme as long as they satisfy the BBB's general criteria, shown below. Individual lenders may apply additional criteria: most lenders will consider those who run their business through personal accounts but may require the applicant to open a business account; some currently limit applications to existing customers – see the list at the end of this document.

Further details of BBL include:

No fee is payable by the borrower for the loan.

The loan term is to six years, although early repayment, with no extra charge, is allowable.

The interest rate set at 2.5%

No interest is charged to the borrower for the first 12 months.

No repayments are required in the first 12 months.

The application process is a "short, simple, online form".

Applicants self-certify that they have a viable business and will not need to provide financial data or business plans (as they do under CBIL), lifting obligations on lenders to carry out their own checks.

Businesses cannot apply if they've already had a CBIL loan/overdraft but can transfer to BBL a CBIL facility of £50,000 or less. (The terms will almost certainly be better under BBL than CBIL.)

Borrowers remain 100% liable for repayment – this is a loan, not a grant.

Eligibility:

A business must be able to self-declare that it:

has been impacted by the coronavirus pandemic.

was not an "undertaking in difficulty" at 31 December 2019 (see the definition in the [BBB FAQ](#) – for a sole trader, this essentially means that you were not in collective insolvency proceedings at that date)

is engaged in trading or commercial activity in the UK and was established by 1 March 2020

is not using the CBIL, unless the BBL Loan will refinance the whole of the CBIL facility

is not in bankruptcy or liquidation or undergoing debt restructuring at the time it submits its application for finance.

derives more than 50% of its total income from its trading activity.

There is no upper limit on business turnover, so chambers that wish to borrow no more than £50K may wish to consider a BBLs loan, which may be used to refinance existing loans and overdrafts.

The applicant “must confirm to the lender that the loan will only be used to provide an economic benefit to the business, for example providing working capital, and not for personal purposes”.

The Bar Council has asked the BBB to clarify how this should be interpreted for a sole trader, much of whose personal expenditure will be essential to ensure that the business can continue to exist and might therefore be assumed to be providing “economic benefit to the business”.

Further information can be found at:

[BBB BBLs webpage for Businesses](#)

[BBB FAQ on BBLs](#)

The website of each BBLs lender

Current Lenders

As at 15 May 2020, the following are accredited BBLs lenders. Some BBLs lenders state that they require borrowers to be business-banking customers, others state that business owners using a personal bank account can borrow through BBLs after opening a business account, others still state that a borrower does not need to be a bank customer. Nevertheless, all lenders are understandably prioritising applications from existing customers, and the demand for loans is intense. This means that those seeking to open new accounts will be faced with delay.

Standard obligations on lenders regarding money-laundering and fraud will require normal due-diligence checks to be carried out, which may include checks with credit-reference agencies, on new and some transferring customers.

The Bar Council is asking the Treasury to encourage more banks to seek BBLs accreditation and for all to accept applications from businesses, including sole traders, which are not existing customers.

Detailed information should be sought from each lender’s website.

HSBC will lend to existing business- and personal-account holders and those who are not existing customers. If you do not want to open a HSBC business account, a temporary feeder account will have to be opened to use to draw down the loan, from which you can then transfer the funds.

RBS, NatWest and Ulster Bank (all part of the RBS Banking Group) will lend to existing business- and personal-account holders only. If you have a personal account, you will need to open a feeder account to draw down the loan, from which you can then transfer the funds. Due to “unprecedented demand”, if you opened a business account after 4 May 202, you will not currently be able to apply for a BBLs loan.

TSB will lend to existing business- and personal-account holders only. They are no longer accepting BBLs applications for non-customers. Personal-account holders will need to open a business account before applying for BBLs.

Barclays Bank will lend to existing business- and personal-account holders and those who are not existing customers. Personal-account holders will need to open a business account before applying for BBLs. There is likely to be a substantial delay for new customers opening accounts.

Clydesdale Bank and Yorkshire Bank (part of Virgin Money UK plc) will lend to existing business- and personal-account holders. It is not clear if personal-account holders will be required to open a business account. Although the banks say that they will consider applications from non-customers, they state that they are “unable to give you a timeframe for reviewing your application”.

Lloyds and Bank of Scotland (BOS) (both part of Lloyds Banking Group) will lend to existing business- and personal-account holders only. Personal-account holders will need to open a business account before applying for BBLS.

Cooperative Bank will lend to existing business- and personal-account holders only. Personal-account holders will need to open a business account before applying for BBLS.

Danske Bank will lend to existing business-account holders only.

Santander will lend to existing business-account holders only. They are currently not accepting new applications for business accounts, but “will review this position over the coming weeks”.

Starling Bank will lend to existing business- or sole-trader-account holders. They are not opening any new sole-trader accounts, but aim to reopen for applications on 1 June.

Allied Irish Bank is a BBLS lender but only holds business accounts.

Bank of Ireland UK (which operates in Northern Ireland) has recently become an accredited BBLS lender and is “working hard to open applications to existing customers in the coming days”.

Bar Council, LPMA & IBC COVID-19 Working Group

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