

Coronavirus Business Interruption Loan Scheme (CBILS)

GUIDE SHEET

WHAT IS CBILS?

The Coronavirus Business Interruption Loan Scheme (CBILS) has been introduced by the government to provide a line of credit to many businesses that may require additional funding to help see them through this difficult period. It is not a grant. It is a loan and whilst there very attractive terms including reduced payments for the first 12 months please note that the borrower remains liable for the debt.

The scheme is overseen by the British Business Bank and they appoint the various lenders. Weblinks are available further below.

Here is an extract from the British Business Bank's website explaining the scheme:

"CBILS is a new scheme, announced by The Chancellor at Budget 2020, that can provide facilities of up to £5m for smaller businesses across the UK who are experiencing lost or deferred revenues, leading to disruptions to their cashflow.

CBILS supports a wide range of business finance products, including term loans, overdrafts, invoice finance and asset finance. The scheme provides the **lender** with a government-backed guarantee potentially enabling a 'no' credit decision from a lender to become a 'yes'. However the borrower always remains 100% liable for the debt."

WHAT ARE THE DETAILS?

- **Up to £5m facility:** The maximum value of a facility provided under the scheme will be £5m, available on repayment terms of up to six years.
- **80% guarantee:** The scheme provides the lender with a government-backed, partial guarantee (80%) against the outstanding facility balance, subject to an overall cap per lender.
- **No guarantee fee for SMEs to access the scheme:** No fee for smaller businesses. Lenders will pay a fee to access the scheme.
- **Interest and fees paid by Government for 12 months:** The Government will make a Business Interruption Payment to cover the first 12 months of interest payments and any lender-levied fees, so smaller businesses will benefit from no upfront costs and lower initial repayments.
- **Finance terms:** Finance terms are up to six years for term loans and asset finance facilities. For overdrafts and invoice finance facilities, terms will be up to three years.
- **Security:** At the discretion of the lender, the scheme may be used for unsecured lending for facilities of £250,000 and under. For facilities above £250,000, the lender must establish a lack or absence of security prior to businesses using CBILS. If the

lender can offer finance on normal commercial terms without the need to make use of the scheme, they will do so.

- **The borrower always remains 100% liable for the debt.**

<https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-scheme-cbils/>

WHO OFFERS THIS SCHEME?

The scheme is currently available from over 40 different lenders however not all of them offer all variants of the scheme. The 3 main franchise banks, HSBC, Lloyds and Natwest are all members along with a number of other banks; Metro, Santander, TSB, RBS, Barclays and Ulster bank to list a few. Additionally there are a number of other lenders in the mix.

<https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-scheme-cbils/accredited-lenders/>

HOW DO I ACCESS THE SCHEME?

Firstly, it is usually the case that you apply to your current business bank or lender. Check on the link immediately above that your lender offers the scheme and then either click through to their website or open up their website in a new browser window.

It's usually pretty obvious where the COVID19 resources are on the lender's website. Look for the links on their landing pages.

Each lender has their own application process. Follow this process.

As this is new we haven't any feedback yet on any client's applications but should we receive this we will add it to this guide sheet.

Please note that lenders are being left to decide their own rates and underwriting criteria. Lenders can vary their rates depending on their risk assessment of applications. However we are being told that rates should be around those usually available for Enterprise Finance Guarantee Scheme (EFG) applications. Please note that the EFG scheme is currently suspended.

Additional information on the three main franchise banks follows on the next page.

ADDITIONAL INFORMATION

Here is some additional information for the three main franchise banks. Please consult the individual websites for all other banks and lenders.

LLOYDS

- Visit www.lloydsbank.com/business/coronavirus/CBILS.html to complete eligibility questionnaire and download the application form.
- Send in the completed application form to: Covid19Loan@LloydsBanking.com and a business manager will get in touch to progress the application

More information available here:

https://www.lloydsbank.com/business/coronavirus/cbils.html?WT.ac=lloyds-bb_and_sme-covid_19-support-tile-FOM-cbils_homepage

Or Lloyds website link:

<https://www.lloydsbank.com/business/coronavirus.html?WT.ac=Lloyds-BizHome-CV-LP-HeroP1>

HSBC

- Check eligibility and apply on-line here:

<https://www.business.hsbc.uk/en-gb/finance-and-borrowing/credit-and-lending/coronavirus-business-interruption-loan-scheme>

- Call HSBC on 0800 0113 317*5 or speak to your Relationship Manager directly

More information available here:

<https://www.business.hsbc.uk/en-gb/gb/campaign/coronavirus>

Or HSBC Website link:

<https://www.hsbc.co.uk/help/coronavirus/>

NATWEST

- To complete an assessment of your situation as quickly as possible, please complete the NATWEST Fact Find and Application Form available on the COVID19 factsheet
- Send it to your Relationship Manager by email.
- They'll then be in touch to discuss your application and next steps

More information available here:

<https://www.business.natwest.com/business/support-centre/service-status/coronavirus/government-scheme.html>

Or register for a call back by using this link:

<https://www.business.natwest.com/business/support-centre/service-status/coronavirus.html>