



BOUNCE BACK LOAN SCHEME

Guide for businesses

The Bounce Back Loan (BBL) Scheme is part of the banking and finance industry's package of support to help SMEs through these difficult times.

BBLs sit alongside assistance such as capital repayment holidays, overdrafts, working capital extensions and asset-based finance, and are part of the series of government measures which includes [Coronavirus Business Interruption Loans](#).

Bounce Back Loans are not grants and businesses should consider their finance requirements carefully against the full range of support [now available from the government](#) and whether this product is the right one for their needs.

What are Bounce Back Loans?

Bounce Back Loans help smaller businesses and sole traders rapidly access the finance they need by filling in a simple form online with an accredited lender. Under the scheme, businesses can apply for loans of between £2,000 to £50,00, up to a maximum of 25 per cent of a firm's annual turnover.

No repayments are required on the loan for the first 12 months, and the government will cover the first 12 months of interest payments and any lender-levered charges. After this twelve-month period, interest will be payable at the government-determined rate of 2.5 per cent. BBLs have a six-year term, with no early repayment charge.

The government provides a 100 per cent guarantee to the lender. However, it's important to remember that businesses still have full responsibility to repay the loan and interest after the first year and should carefully consider their repayment obligations before completing an application.

How to apply

Bounce Back Loans are delivered through lenders accredited by the British Business Bank. These include major high street lenders with more providers expected to follow shortly. There is a list of accredited lenders on the British Business Bank [website](#).

Applications are based on a short, simple online application form, requiring businesses to certify their eligibility and their ability and intention to repay the loan without the need for forward looking financial forecasts. Misrepresentation and false declarations by applicants will be regarded by the government as a criminal offence.

Applications from new customers or those operating through a personal account will take longer to process. Businesses can only have one BBL per group. The loan cannot be used in tandem with the CBIL scheme loan however a CBIL loan of up to £50,000 can be transferred into a BBL until 4 November 2020 where the lender is accredited to provide BBL.

Which businesses are eligible?

To be eligible to apply for the BBL scheme, a business must be:

1. Able to confirm that it has been impacted by the coronavirus (Covid-19).
2. Based in the UK and established by 1 March 2020.
3. Seeking a loan between £2,000 and £50,000 over a 6 year term.

The [BBL Scheme](#) has been authorised under the European Commission's Temporary Framework for State Aid measures. This means it cannot be used where an applicant was an 'undertaking in difficulty' as at 31st December 2019 unless exempted under de minimis rules.

Repaying the loan

While businesses only need to fill in a simple form online to apply, it's important to remember that this type of finance is debt, not a government or bank grant, and it will need to be repaid by the borrower over the 6 year term of the loan.

All businesses should consider carefully their repayment obligations before completing a Bounce Back Loan application. Under the terms of the scheme lenders are required to seek to recover any unpaid interest and principal on Bounce Back Loans from borrowers.

Lenders are required by Government to report to Credit Reference Agencies and recover loans in default from customers on behalf of the taxpayer. If a borrower is in financial difficulty they should contact their lenders early on. The [Business Debtline](#) can also provide advice.