

BUSINESS UPDATE

HOW WE CAN HELP

LLOYDS BANK



NatWest



HSBC UK

BANK OF SCOTLAND

BARCLAYS

BOUNCE BACK LOANS

The additional funding option announced by the Chancellor last week is available from today (4 May) from all the 5 main banks and a number of other lenders.

The key details are...

- Business must have started before 1 March 2020
- Loans between £2,000 and £50,000 but limited to no more than 25% of annual turnover.
- Interest rate fixed at 2.5%
- Year 1 interest and fees covered by the government
- 6 year term
- 100% guaranteed by the Government

Most banks should now provide some online access to these funds with simple information gathering but no requirement for detailed financial information or projections.

This may be a really important lifeline for many small businesses, including those struggling to access the CBILS funds.

CRITICAL POINT

It is important to understand that the Government guarantee is the last recovery option.

The business will remain liable in full, and the Bank will look at all other recovery methods, including seizing assets and forced business closure, before they would be able to access the Government guarantee.

That point is much more important for any sole traders or ordinary partnerships (not Limited Liability Partnerships – LLP's) that take out these loans, as they will in effect remain personally liable for the loans. That may mean that you are in reality borrowing against the equity in your home or other personal assets, which would be at risk if you are unable to repay it in full.

So whilst this further support is very welcome for small businesses, the 100% guarantee must be fully understood before you grab the opportunity to access the funds.

If you want advice on whether this is the right option for you, please feel free to give us a call.

THINK, PLAN, ACT