

Financial assistance – loans under the Coronavirus Business Interruption Loan Scheme (CBILS)

Applications have been open since 23 March 2020 and will initially run for six months. All SME businesses in all industries (except excluded (see note 1 below) organisations) can apply. Resources have been trebled to process the increased demand expected for these loans, but since there will be high demand for CBILS facilities, phone lines are likely to be busy and branches may not be able to handle enquiries in person. Online applications on the lenders' websites are recommended.

Applications should be made directly to accredited lenders (see note 2 below) (the British Business Bank will be working to accredit new lenders). The lender has the authority to decide whether to offer finance under this scheme unless it can do so on normal commercial terms. Other lenders can be approached if one lender has turned the lending down.

SMEs will qualify if the business:

- is UK-based
- has an annual turnover under £45 million
- has a borrowing proposal which the lender would consider viable prior to the COVID-19 pandemic
- can evidence that it can trade out of any short-term to medium-term difficulty using this facility.

Applications can be made with your bank directly and SMEs will pay no arrangement fees to access this finance. The government will pay for any lender-levied fees and cover interest payments for the first 12 months, lowering the initial repayments for smaller businesses. In addition, some lenders are likely to offer capital deferment schemes of up to six months as well.

Schemes will be available for both term loans of up to six years and overdraft or invoice financing for up to three years.

Term loans from £10,000 to £5m will be available under this scheme for a maximum repayment period of six years. Overdraft and invoice financing to ease working capital requirements will be available for a maximum period of up to three years.

Borrowings of up to £250,000 can be accessed without security, at the lender's discretion, and whilst the lenders will have a government-backed guarantee of 80% of the loan value, the borrowers will be liable to repay 100% of the debt.

Notes:

(1) Excluded Businesses that cannot apply for CBILS:

- Banks and building societies
- Insurers and reinsurers (but not insurance brokers)
- Public-sector organisations, including state-funded primary and secondary schools
- Employer, professional, religious or political membership organisations
- Trade unions

(2) Access a list of [currently accredited lenders](#) that can offer loans under CBILS