



COVID-19 BRIEFING FOR SME'S ISSUED AT 1300 hrs on 9th APRIL 2020

OVERVIEW

This Bulletin contains updated information on the Coronavirus Business Interruption Loan Scheme (**CBILS**), the new assistance package for charities, and new guidance on the repayment of existing loans and credit cards.

CBILS

We are pleased to tell you that the Treasury has confirmed that Directors' personal guarantees are no longer required for business loans under this scheme. It is likely that approved lenders ([40 accredited lenders](#)) will ask for some information about an applicant's personal financial situation. This is because it's important that business owners applying for the Scheme take in to account their own income requirements during the next 12 months and don't underestimate the amount they are seeking to borrow, not just for the business but also to cover their own needs. Most lenders will ask for the same, or similar, information and we are attaching a spreadsheet used by a high street bank as an example.

We strongly suggest that if you intend to use this Scheme you should start your application now; many companies are applying and there will be inevitable delays in processing large volumes of requests.

HELP FOR CHARITIES

The Chancellor of the Exchequer has announced a £750 million package of assistance for charities, focussed initially on those that have some input to Covid-19 related activities. The key points are:

- £750 million pot for frontline charities across the UK – including hospices and those supporting domestic abuse victims
- £360 million direct from government departments and £370 million for smaller charities, including through a grant to the National Lottery Community Fund
- The Government will match donations to the National Emergencies Trust as part of the BBC's Big Night In fundraiser later this month – pledging a minimum of £20 million

As part of the UK-wide package of support, £360 million will be directly allocated by Government departments to charities providing key services and supporting vulnerable people during the crisis.

As well as this, £370 million for small and medium-sized charities, including through a grant to the National Lottery Community Fund for those in England, will support those organisations at the heart of local communities which are making a big difference during the outbreak, including those delivering food, essential medicines and providing financial advice.

The Chancellor also announced the Government will match-fund whatever the public decides to donate to the BBC's 'Big Night In' charity appeal on 23rd April, starting with a contribution of at least £20 million to the National Emergencies Trust appeal (<https://nationalemergenciestrust.org.uk>).

The details of how to apply for funding are being finalised over the weekend and should be published next week. As soon as we have the information we will pass it on to you.

HELP WITH EXISTING LOAN AND CREDIT CARD REPAYMENTS

The Financial Conduct Authority (FCA) has today confirmed a package of targeted temporary measures to help individuals and businesses with some of the most commonly used consumer credit products.

Christopher Woolard, interim Chief Executive at the FCA, said:

“We know many people are suffering financial pressures brought on as a result of the Coronavirus pandemic. The measures we’ve announced are designed to provide people affected with short-term financial support through what could be a very difficult time. The changes will provide support for consumers with credit cards, loans and overdrafts, who are facing temporary financial difficulties because of the pandemic.

Customers should think carefully before making use of these measures and only do so if they need immediate help. Where they can still afford to make payments, they should continue to do so. We know there is still more work to be done, and we will be announcing further measures to support consumers in other parts of the credit market in the future, including in the motor finance sector next week.”

The measures include lenders being expected to:

- offer a temporary payment freeze on loans and credit cards for up to three months, for consumers negatively impacted by Coronavirus
- allow customers who are negatively impacted by Coronavirus and who already have an arranged overdraft on their main personal current account, up to £500 charged at zero interest for three months
- make sure that all overdraft customers are no worse off on price when compared to the prices they were charged before the recent overdraft pricing changes came into force
- ensure consumers using any of these temporary payment freeze measures will not have their credit file/rating affected

The rule changes will be in force from today, Thursday 9th April 2020, and the full range of measures will apply by Tuesday 14th April. This is to allow lenders time to ensure they have the appropriate level of resources available to handle customer requests. All lenders will be ready to receive customer requests by 14th April, although some firms including the major banks and building societies (HSBC, Lloyds, RBS, Barclays, Santander and Nationwide) will be adopting the changes today.

Customers should check their lenders’ websites or social media posts for more information, and where possible use online services to request assistance. This will reduce the pressure on call centres, which are experiencing a high demand in calls due to the current Coronavirus situation. If you need to get in touch by telephone please be patient and, if you can, wait until after the Easter weekend, even if your lender is offering help sooner than the 14th of April 2020.

If you decide to apply for a repayment freeze make sure to read ‘the small print’. It is likely that some, perhaps most, lenders will not allow you to continue to use a credit card for new purchases during the period of the agreed freeze.

We will issue further advice and guidance Bulletins as the Covid-19 situation develops.

Henry Boyle
1300 hrs 9th April 2020