



## COVID-19 BRIEFING FOR SME'S ISSUED AT 0930 hrs on 24<sup>th</sup> APRIL 2020

### OVERVIEW

This Bulletin covers:

- The new Government Support Finder Portal
- New directives/support from the Financial Conduct Authority (FCA)
- Coronavirus Business Interruption Loan Scheme (CBILS) Update
- Supplying the NHS and other Government Departments

### Government Support Finder Portal

With a number of Government support schemes now operational, it is a good time to check that you have applied for all the help to which you are entitled, both personally and for your organisation.

With the large volume of information circulated in the past few weeks it is possible that you may have missed something that could provide help. We are pleased to tell you that the Government has now set up a single-point portal that will guide you to the support schemes that are available and applicable in your case.

The portal asks you to complete a simple basic questionnaire – it only takes about 3 to 4 minutes. It will then list which Government support schemes you may be eligible for and shows you how to make a claim. The entry portal is: <https://www.gov.uk/business-coronavirus-support-finder>

Please note that this portal only covers UK Government schemes. You should check your Local Council's website to find out if there are any local schemes that may provide additional support. You can find your Local Council here: [Contact your Local Authority](#)

### Financial Conduct Authority (FCA)

The FCA has announced today (24<sup>th</sup> April) that additional financial support should be offered to customers who are having temporary difficulties meeting finance or leasing payments due to Coronavirus. This new support covers three types of loan and leasing arrangements; these are:

#### 1. Motor finance

The FCA expects finance firms to provide a 3-month payment freeze and should not take steps to end agreements or repossess vehicles. The FCA has also proposed that:

- Finance firms should not change customer contracts in a way that is unfair
- Where a customer wishes to keep their vehicle at the end of their Personal Contract Purchase (PCP) agreement, but does not have the cash to cover the balloon payment (this is a lump sum owed to the lender at the end of a finance agreement) due to Coronavirus-related financial difficulties, financing firms should work with the customer to find an appropriate solution.

#### 2. High-cost short-term credit (including payday loans)

The FCA is proposing that high-cost short-term credit (payday lending) firms will be expected to provide a 1-month interest-free payment freeze to customers facing payment difficulties. After the end of the freeze, the lender should allow the consumer to pay the deferred payment in an affordable way – whether for example, by one single payment after the end of the term or by a number of smaller instalments.

#### 3. Other credit products

The FCA is proposing that finance firms that enter into Rent-to-Own (RTO), Buy Now Pay Later (BNPL), or pawnbroking agreements will be expected to provide a 3-month payment freeze to customers in financial difficulty. The FCA is proposing that firms should also take the following steps in relation to specific products:

- Pawnbrokers should extend the redemption period for the 3-month freeze period or, if the redemption period has already ended, agree not to serve notice to sell an item that has been pawned for that period. If

the firm has already informed the consumer they intend to sell the item, they should suspend the sale during the payment freeze

- If a BNPL customer is within the promotional period, finance firms should extend this by the length of the payment freeze
- RTO firms should provide a 3-month payment freeze. In addition, if a customer needs the goods during the guidance period, repossession should not take place
- If social distancing means that pawnbrokers and RTO firms are unable to redeem, collect or repossess goods, they should not pass on any additional charges or fees to the consumer

This scheme will come in to operation on Monday 27<sup>th</sup> April. Lenders will **not** automatically apply such freezes to every account in all circumstances. Customers should contact their lenders (via a website is likely to be quicker than by phone) to request a loan or credit freeze. If your lender is unhelpful, you should quote this new guidance from the Financial Conduct Authority. Keep a record (an email is best) of any agreement that you reach with a lender in case of any potential future dispute.

### **CBILS Update**

Across the UK many small firms are reporting that they have been rejected by lenders for loans under this scheme and it is clear that the original good intent of the Government is not translating in to practical help for them. Under the current rules the Government guarantees 80% of the risk value of the loan and the approved lenders take up the remaining 20%. Lenders appear to be continuing to apply their standard commercial lending criteria in many cases, resulting in otherwise viable small-and-micro enterprises being unable to obtain loans.

Following pressure from many sources, the Treasury have today (24<sup>th</sup> April) agreed to look again at the percentage value of their guarantee for loans under this scheme. They have indicated that for small loans up to £25,000 they are considering revising the rules, which would then see the Government guaranteeing 100% of the value of the loan. This would clearly enable the lenders to agree to make loans available to viable businesses without any risk to themselves. The Treasury have said that they are urgently considering making these changes to CBILS and that they will “make a statement early next week”; we will update you as soon as we have confirmation and/or further revisions.

If, as seems likely, the loan rules are changed, we suggest that any firms that have already applied but been rejected should contact their lender and ask to be reconsidered. If the lender continues to refuse a loan we suggest approaching one of the other accredited lenders, as criteria are not necessarily standard across all firms operating this scheme on behalf of the Government. Here is a link to the full list of lenders participating in CBILS: [40 accredited lenders](#) . If businesses have not yet applied they may want to consider doing so but they may choose to delay their application until the Treasury update statement next week. It is very important that all applicants show that their businesses are viable – usually by way of a robust and credible business plan – and they should remember that this is a repayable loan scheme, not a grant.

### **Supplying the NHS and other Government Departments**

The Government generally and the NHS specifically are urging all UK companies and organisations that can supply goods and services to contact them immediately. You may have seen media reports that some firms have already offered help but have not had a reply. One reason why this has happened is that until earlier this week there was no central clearance system for either the Government or the NHS. This has now been rectified, so if you or an organisation you know can supply medical-related goods in bulk (particularly Personal Protective Equipment – PPE) you should go to this portal, which has a list of goods needed on its landing page, and complete the registration form:

<https://forms.office.com/Pages/ResponsePage.aspx?id=mbNygumLpkWaLEkw6Ma9aGq8Zn6NR2tJgqjiJleeoYZUNDZDTUxIRVg2WE5FTTkzNkNJVjFGM1NBVC4u>

More generally, the Government is seeking suppliers of bulk goods and specialist services such as:

- Medical testing equipment
- Medical equipment design
- Protective equipment for healthcare workers, such as masks, gowns and sanitiser
- Hotel rooms
- Transport and logistics, for moving goods or people
- Manufacturing equipment

- Warehouse or office space, for medical use or storage
- Expertise or support on IT, manufacturing, construction, project management, procurement or engineering
- Social care or childcare

This is the portal to use if you can help: <https://www.gov.uk/coronavirus-support-from-business>

You'll be asked some questions about the type of support you can give. You'll then be contacted as soon as possible if your support is needed. You'll need your company number if you have one.

Please note that if you are offering goods, you will be asked to supply technical specifications and almost certainly be asked to supply some samples for evaluation.

If you want to offer much smaller supplies of goods, and/or limited services, you should contact your Local Council detailing what you have available and, if applicable, the cost. [Contact your Local Authority](#)

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

Henry Boyle  
0930 hrs 24<sup>th</sup> April 2020