

UK Announces New 100% Loan Guarantee Program Targeted at Smallest Businesses

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Original post [here](#).

On April 27, the United Kingdom (UK) announced a new loan guarantee program called the [Bounce Back Loans Scheme](#) targeted at the smallest of small businesses. In contrast to the 80% coverage offered in the UK's existing credit guarantee program, the government will guarantee 100% of Bounce Back Loans.

The [new program](#) widens eligibility to any UK-based business that has been affected by the COVID-19 pandemic and was not an “undertaking in difficulty” on December 31, 2019. Businesses can apply for guaranteed loans between GBP 2,000 and up to 25% of turnover with a limit of GBP 50,000 (\$62,948). The term of the loans will be up to six years. In the first year, no payments will be required, and the government will cover any fees and interest. The government also indicated it will work with lenders to agree on a low rate of interest for the loans. The government did not announce a maximum number of loans or the total amount of money that would be available in the program.

A business cannot access the Bounce Back Loans Scheme if it already has a loan under the earlier loan guarantee program called the [Coronavirus Business Interruption Loan Scheme](#) (CBILS). The government guarantees 80% of CBILS loans. If a business already took out a CBILS loan that is less than GBP 50,000, it can work with the lender to convert the CBILS loan to a Bounce Back Loan. Businesses have until November 4 to make this conversion.

Accredited lenders will issue the loans, though the list of lenders has not been released yet. Similar to a loan guarantee program in [Switzerland](#), the government has created a short, simplified, standard online application that businesses will fill out and take to the lenders. The government expects businesses to have access within days, often within [24 hours](#).

The government indicated that the Bounce Back Loans Scheme would be open and operational on May 4.