

# Coronavirus Business Interruption Loan

The CBIL scheme replaces the Enterprise Finance Guarantee, we've summarised how it will work and where to get more information.

## What is it?

The CBIL scheme supports SMEs with access to finance up to £5m and 6 years. The government is covering the first 12 months of interest payments, and any lender-levied fees. Smaller businesses therefore benefit from no upfront costs, and lower initial repayments.

The scheme is through commercial lenders, backed by the British Business Bank. It is designed to provide the lender with a government-backed guarantee potentially enabling a 'no' credit decision to become a 'yes'.

## Am I eligible?

You will qualify if your business is meets the following criteria as set by the British Business Bank:

- UK-based in its business activity and turnover less than £45 million a year
- Have a borrowing proposal which, COVID-19 aside, would be considered viable by a lender and that they believe finance would help you trade out short-medium term difficulty

## How do I access it?

You should apply by your lenders website or through the 40 accredited finance providers offering the scheme. Visit <https://www.british-business-bank.co.uk> for the list. The scheme is open now.

## What types of finance are available?

CBIL supports a wide range of business finance facilities, including:

- Term loans
- Overdrafts
- Asset finance
- Invoice finance

Not all lenders offer all type of finance.

## Useful information

The government is not lending the money, rather they are offering guarantees to lenders who wish to lend money. The borrower will always be liable for the full debt.

The guidance seems to be that lenders will look at applications in amounts of no more than 25% of turnover or twice last year's wage bill (including NI) - whichever is greater.

Finance from a High Street bank is likely to be at a lower interest rate, but probably more difficult to achieve. An alternative option is to look at a Fintech lender, where the process is quicker but the cost greater.

