

RECOVERY LOAN SCHEME

MESSAGE FROM OUR MANAGING DIRECTOR

BY STUART CRUICKSHANK

We are now over 12 months into the pandemic and it would appear that some form of normality is round the corner. Many businesses have survived by making use of the Government backed loan schemes such as Bounce Back Loans, CBILS and CLBILS. Those schemes are now closed so where does this leave business owners looking to borrow going forward?

The Recovery Loan Scheme (RLS) has now launched which replaces the above schemes. It is still backed by a Government guarantee to the lenders which is set at 80%, the same as CBILS but lower than Bounce Back Loans.

There are different types of borrowing available under the RLS and I will expand on these below. The loans are available through an approved panel of lenders who have been accredited by the British Business Bank. The scheme launched on the 6th April 2021 and is currently scheduled to run until the end of December this year.

You can apply directly to a lender for a loan under the scheme or you can use the services of a regulated broker, such as Lochend Finance, to apply on your behalf & take the stress out of the process for you and ensure you present the strongest case to achieve a positive outcome.

Recovery Loan Scheme



Lochend Finance
Commercial & Asset Finance

www.lochendfinance.co.uk
info@lochendfinance.co.uk

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WHO CAN APPLY FOR A LOAN UNDER THE SCHEME?

To apply for a loan under the scheme you need to be a UK Trading Business and be viable and not be going through any insolvency proceedings. You need to have been impacted by the pandemic

You can not apply if you are a bank, or similar institution, or an insurer. Public Sector bodies are also excluded as are state funded schools.

You can borrow between £1K & £10M for Invoice Finance or Overdraft, or £25K and £10M for Term Loans and Asset Finance. Individual lenders may set their own min & max limits.

The Government will provide a guarantee of 80% of the outstanding loan to the lender to help support the application. Lenders will not take personal guarantees on facilities up to £250K and they can not take security over a principal private residence.

Overdraft & Invoice Finance facilities can be for up to 3 years and Term Loans and Asset Finance up to 6 years.

"There will be no personal guarantees on borrowing up to £250K"

"The Recovery Loan Scheme runs from 6th April 2021 until 31st December 2021"

WHAT CHECKS WILL LENDERS CARRY OUT?

The checks lenders carry out will be based on their own credit policies. They will all carry out credit checks and fraud checks and will most likely require applicants to provide supporting financial information such as filed accounts, management information and bank statements.

Lenders may require to see a Business Plan and / or cash flow projections depending on the maturity of the business, its current financial position or how it has been impacted by the pandemic.

What about interest & fees?

Businesses will be liable to pay interest on the loans from day 1. There is no interest free period or Government support in this regard. Applicants will also need to cover any set up fees charged by the lenders although often, these can be added to the amount being borrowed.



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HOW DO I APPLY?

You can apply for a loan under the scheme by approaching one of the accredited lenders directly if they accept loans in that way. A list of lenders is available on the British Business Bank website.

Lochend Finance is very experienced in obtaining finance on behalf of its clients and was very successful in obtaining loans under the CBILS scheme. You can see some of the successes here: www.lochendfinance.co.uk/completed-deals

We would be happy to progress an application on your behalf. Why use Lochend Finance?

- We are independent
- We are authorised & regulated by the FCA
- We are not tied to any one lender
- We act for YOU, not the lender
- We are members of the NACFB
- We are members of FIBA
- We aim to get you the best deal in terms of loan amount, price and conditions
- We remove the stress and hassle out of arranging finance for you and are skilled in presenting cases to lenders to maximise your chances of success.

"We would, without hesitation, recommend Lochend Finance. Very professional, informative, and supportive of our needs. Every target date was met and Stuart has the most welcoming manner - he was excellent to deal work with"

Martin Cosh



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