



Recovery Loan Scheme

Launched on 6 April 2021, the Recovery Loan Scheme (RLS) provides financial support to businesses across the UK as they recover and grow following the coronavirus pandemic.

The scheme replaces the existing Coronavirus business loan schemes and is open until 31 December, subject to review.

A key aim of the RLS is to improve the terms on offer to borrowers; but if a lender can offer a commercial loan on better terms, without requiring the guarantee provided by the RLS, they should do so.

You can use the RLS for any legitimate business purpose – including managing cash flow, investment and growth. However, you must be able to afford to take out any additional finance requested.

Applicants will need to demonstrate that their business:

- Is viable or would be viable were it not for the pandemic;
- Has been impacted by the pandemic;
- Is not part of collective insolvency proceedings.

The RLS is still open to you even if your business has already borrowed using any of the other Coronavirus loan schemes – namely:

- A Bounce Back Loan Scheme (BBLs)
- A Coronavirus Business Interruption Loan Scheme (CBILS)
- A Coronavirus Large Business Interruption Loan Scheme (CLBILS).

You will not necessarily have to refinance such facilities if you have them; however, the amount you have borrowed under an existing scheme may in certain circumstances limit the amount you can borrow under RLS.

Loans are available through a network of accredited lenders and the current list of approved lenders can be found by [following this link](#). More lenders will be added as they are approved.



Key Features

These are the headline features so please contact us for clarification on any points of detail.

1. The scheme is available until 31st December 2021.
2. Businesses from any sector will be eligible to apply except for banks, building societies, insurers and reinsurers (but not insurance brokers) public-sector bodies, or state-funded primary and secondary schools.
3. No minimum trading period is required in order to qualify.
4. There are no turnover restrictions for businesses accessing the scheme.
5. A lender can only provide a facility if:
 - They would not have offered a commercial facility for the same amount on similar terms, or;
 - They would only have been prepared to offer a commercial facility on similar terms at a higher price.
6. **This next point is very important:** RLS facilities will be approved by lenders at their sole discretion and in accordance with their particular risk appetite. They will have the final say and will still be able to decline applications that on the face of it meet the scheme criteria. Applications will be subject to stringent review of the business and its prospects of being able to service current and additional debt levels. For this reason it is vital that applications are well thought out and properly presented - in a way that lenders can easily digest and understand. Many of you will know that we are qualified and experienced lenders, having worked in senior lending roles for many years; and as such we will significantly improve a businesses chances of a achieving a successful outcome. Please talk to us if you are interested in learning more.
7. The maximum amount under the RLS is £10 million (or £30 million for a group) and is available as one of the following types of facility:
 - Term loan (minimum amount £25,001); term from 3 months to 6 years
 - Overdraft (minimum amount £25,001); term from 3 months to 3 years
 - Invoice finance (minimum amount £1,000); term from 3 months to 3 years
 - Asset finance (minimum amount £1,000); term from 3 months to 6 years

8. However, the amount will be limited to the lower of:
 - £10 million, or;
 - Double the 2019 wage bill of the applicant business (or the latest available year), or;
 - 25% of 2019 turnover, or;
 - The justifiable liquidity needs for the next 18 months.
9. From the outset, businesses are required to meet the costs of interest payments and any fees associated with the RLS facility.
10. The annual effective rate of interest, upfront fee and other fees cannot be more than 14.99%.

Security & Personal Guarantees

RLS gives the lender a government-backed guarantee against the outstanding balance of the facility. **However, the borrower is always 100% liable for the debt.**

For RLS facilities of £250,000 or less the lender will not take any form of personal guarantee. For facilities of more than £250,000 the lender has the discretion to decide whether to take personal guarantees, which will be capped at 20% of the outstanding balance of the RLS.

A Principal Private Residence cannot be taken as security.

Borrowers should be aware that lenders will be required to recover everything that they can from the borrower and any personal guarantor before they can claim on the government guarantee.

Contact Us

If you would like to speak to us about the **Recovery Loan Scheme**, please call your Independent Banking Consultant contact direct, or alternatively:

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