

Companies demand clarity on business interruption loan figures

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Thursday April 16 2020, 12.01am, The Times

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The banking industry has been criticised for a lack of clarity in data it published recording the provision of emergency state-backed credit to companies whose trade has been damaged.

UK Finance, the banking trade body, said that £1.1 billion had gone to 6,020 borrowers via the coronavirus business interruption loan scheme.

While this was a 150 per cent increase on last week, critics questioned why there was no bank-by-bank breakdown of loans, which could reveal lenders not pulling their weight, or any public data on how many applications had been declined.

There have been 28,460 “formal applications”, UK Finance said, but this includes approved applications, those still being processed, applications that have been declined and applications that may “not be eligible or cases where customers will decide not to proceed”.

Under the scheme on which coronavirus business interruption loans are based, the Enterprise Finance Guarantee, a bank-by-bank performance breakdown is provided. Both programmes involve the taxpayer underwriting bank debt to encourage lenders to support small companies.

UK Finance said that it would not be providing a comparison of lenders' performance for coronavirus business interruption loans as it only “publishes member data on an aggregate basis”.

Royal Bank of Scotland has said that it has been providing half of the scheme's loans of more than £25,000, but there are no figures for other lenders. Craig Beaumont, director of external affairs at the Federation of Small Businesses, said: “Billions of pounds of taxpayers' money is being provided to underwrite bank loans. We have the right to know the effectiveness of each bank.”