

# Small firms snap up £8bn emergency loans in a week

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Wednesday May 13 2020, 12.01am, The Times

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Lenders have provided £8.4 billion to almost 270,000 small businesses in government-backed “bounce back” loans since they were launched last week, but a minority of companies are still reporting difficulties securing the emergency finance.

The Bounce Back Loan Scheme has been providing 38,000 loans a day, new figures show. This is close to double the usual monthly volume every 24 hours.

There were signs yesterday that Natwest, Britain’s biggest small business lender, had experienced difficulties coping with unprecedented demand for the loans, which are designed to help companies survive the Covid-19 crisis.

Some customers have had their applications rejected due to an issue with matching information on online application forms with the details stored on the bank’s systems.

Some applicants reported that they had been rejected on erroneous grounds, including that they were not directors of their own companies or that they are undischarged bankrupts.

Natwest said that potentially fraudulent applications had been prevented but conceded that a technical issue meant people had been mistakenly turned away. The problem was discovered last week and bank staff had worked over the weekend to tackle it. A spokeswoman declined to say whether it had been resolved or how many customers have been affected.

The scheme provides lenders with a 100 per cent guarantee on loans to qualifying small companies. The debt is interest free for borrowers for one year, after which there is an interest rate of 2.5 per cent. The scheme has got off the ground much faster than the government’s previous pandemic credit programme, the coronavirus business interruption loan scheme.

A spokeswoman for Natwest, which is responsible for almost one in three government-backed loans, said: “This issue impacts a handful [of applicants] and we are working through each case.”