

# Delays to bank loans ‘put small businesses at risk’

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Friday May 08 2020, 12.00am, The Times

Thousands of small businesses applied for emergency loans within 24 hours of the government scheme being launched on Monday



High street lenders are struggling to cope with demand for the chancellor’s emergency credit scheme for small businesses, with a senior MP warning that delays in issuing cash may “threaten business survival”.

[Mel Stride](#), chairman of the Treasury committee, has written to Barclays demanding an explanation for problems with the bank’s distribution of the bounce-back loan scheme.

Natwest is also experiencing problems administering the programme, launched on Monday, which intends to give a lifeline to small companies hit by the Covid-19 crisis by providing unsecured loans of between £2,000 and £50,000.

More than 69,000 bounce-back loans worth £2 billion were approved in the first 24 hours of the scheme, about three times the normal monthly lending volume for small businesses. While many business owners have praised the speed at which they have received the loans, the scale of demand has placed significant pressure on lenders’ systems.

Natwest is reporting difficulties matching some of the information entered by online applicants with its customer records. Some customers have received a letter from the bank wrongly stating that they were not a “key signatory against the account details on the application form”.

Mr Stride said he had asked Matt Hammerstein, chief executive of Barclays UK, to explain “what is happening” after reports persisted of the bank’s problems in issuing the loans. Barclays has apologised to some customers whose loans were approved but are still waiting for the money.

HSBC has told customers who applied for the loans on Monday but whose forms are yet to be processed that the “number of requests we are receiving” has caused delays.

Mr Stride said that the scheme had enabled cash to be transferred to smaller-sized businesses “that need it fast”. He said: “Issues that hamper this are very frustrating to customers and may in some cases threaten business survival.”

Loans issued under the scheme are underwritten by the state. A rate of 2.5 per cent interest is charged but the government will cover the cost of interest and fees for the borrower for the first 12 months, when no repayments are due.

New figures for the government’s more established emergency credit programme, the coronavirus business interruption loan scheme, show that £5.5 billion has been provided to 30,000 businesses.

A Natwest spokeswoman said: “We understand the frustration that where the information submitted doesn’t match customer records the process can be subject to delay. We would urge customers to ensure all information is as accurate as possible.” A spokeswoman for Barclays apologised to applicants who “may be receiving an error message”. “We require additional information from these customers and will shortly be updating our systems to give much clearer information on what we require from them in order to progress their application.”

HSBC was approached for comment.