

RECOVERY LOAN SCHEME WITH CAPITALISE

Getting clients back on track with the Recovery Loan Scheme

At a glance



[The Recovery Loan Scheme](#) is a government loan scheme that allows qualifying businesses to borrow up to £10 million – either as term loans, overdrafts, invoice finance or asset finance. It replaces the now closed Coronavirus Business Interruption Loan Scheme (CBILS) and Bounce Back Loan Scheme (BBLs).

Recovery Loans Scheme with Capitalise

Many business clients are eager to get back into the market post-Covid. But with the significant drops in revenue, cash flow and working capital over the pandemic, many clients will be cash-poor and in need of extra funds to kickstart their recovery and long-term prosperity.

RECOVERY LOAN SCHEME

Available from 6 April 2021 and open to UK trading businesses of all sizes. The scheme allows eligible businesses to access up to £10 million in finance. Meeting the eligibility criteria means showing that the business:

- Is trading in the UK
- Is viable or would be viable were it not for the pandemic
- Has been impacted by the coronavirus pandemic
- Is not in collective insolvency proceedings – further details on this condition will be provided in due course.

NOTE: businesses are eligible even if they have already taken out a loan under CBILS or BBLs.

The benefits of the Recovery Loan Scheme?

- ✓ The Recovery loan Scheme is available between 6 April and 31 December 2021, giving clients a boost to their working capital and the health of their balance sheet.
- ✓ Businesses can borrow between £25,001 and £10 million per business in the form of a term loan or overdraft.
- ✓ Alternatively, businesses can borrow between £1,000 and £10 million per business in the form of invoice finance or asset finance.
- ✓ Enhances your firm's Capital Advisory offering, increasing client opportunities and increasing your value as an adviser.

WHAT HAS STAYED THE SAME

- No personal guarantees up to £250k.
- Same criteria for UK trading companies, being a viable business that is not in financial difficulty.
- Public sector, banks, building societies, insurers and reinsurers, and state funded primary and secondary schools cannot apply.
- Finance terms are up to six years for term loans and asset finance facilities. For overdrafts and invoice finance facilities, terms will be up to three years.
- The government guarantees 80% of the finance to the lender to ensure they continue to have confidence to lend.
- A borrower's principal private residence cannot be taken as security.

WHAT IS DIFFERENT?

- Interest and fees will be paid by the business from the outset: companies would be required to meet the costs of interest payments and any fees associated with the facility.
- Starts from £25k and goes up to £10m.
- No turnover limit for applications (£45m previously).
- No 25% of turnover limit.
- No more secured product.
- A business can apply for the Recovery Loan Scheme even if it has an existing BBL, CBIL or Coronavirus Large Business Interruption Loan (CLBIL).

When to talk to clients about Recovery Loan Scheme

If you have clients that are looking to strengthen their balance sheet and are in need of additional finance, Recovery Loan Scheme is an ideal route to extra funding.

Talk to clients when the business is:

- Aiming to improve its long-term capital position
- In need of a third-party business loan to secure its recovery
- Planning to invest in new assets and equipment
- Looking to ensure sufficient working capital to grow the business post-Covid
- In need of an overdraft extension to extend its cash runway
- Thinking about taking on more staff, or premises, to aid its recovery

How to apply for a Recovery Loan Scheme

Clients can apply for the scheme on the Capitalise platform. We are here to streamline the process for your clients and to bring you our wide-ranging network of banking and lending partners.