



Chartered Accountants

When do Bounce Back Loans need repaying?



Chartered Accountants

This is a question we're getting asked frequently, and with the first of the loans having been taken out in May 2020 we're coming to the end of the interest and repayment free periods for many businesses.

Whilst the initial loans were most welcome, and have provided a lifeline for many, to start repayments at a time when (at best) many are just coming out of lockdown and in some cases trading for the first time in 15 months, is a little unfortunate.

However, if like many your loan repayments are starting soon, and you're not comfortable in the business' ability to fund repayments all is not lost.

So, what are the options?

The simplest option is to start making the payments that are due, but your bank has a responsibility to give you alternatives, which some banks are doing in very, very small print on their internet banking sites.

There are multiple options available to use ranging from extending the term, to taking repayment holidays, or a combination of these.

The exact options vary depending on your bank, but (for example from TSB) include:

- a) Extend the loan term to 10 years
- b) 6-month full repayment holiday
- c) 6-month full repayment holiday with 6-month term extension
- d) 6-month full repayment holiday, and extend to 10-year term
- e) 6-month capital repayment holiday
- f) 6-month capital repayment holiday with 6-month term extension
- g) 6-month capital repayment holiday and extend to 10-year term

When can I change the repayments?

Most banks are writing to their customers 3 months before the first repayments are due, but others are asking businesses to contact them no sooner than 60 days prior to the first payments date. We suggest you look at your bank's website for details or contact your manager for more information.

What if I want to move my bank account?

There's nothing stopping you moving your main bank account and making any changes to your bounce back loan, although the loan will remain with your original bank when you move.

Burgis & Bullock, Chartered Accountants

Phone: 0345 177 5500

Web: www.burgisbullock.com

Email: info@burgisbullock.com

While we have made every attempt to ensure that the information contained in this document has been obtained from reliable sources, Burgis & Bullock is not responsible for any errors or omissions, or for the results obtained from the use of this information. All information in this document is provided "as is", with no guarantee of completeness, accuracy, timeliness or of the results obtained from the use of this information, and without warranty of any kind, express or implied, including, but not limited to warranties of performance, merchantability and fitness for a particular purpose. Nothing herein shall to any extent substitute for the independent investigations and the sound technical and business judgment of the reader. In no event will Burgis & Bullock, or its partners, employees or agents, be liable to you or anyone else for any decision made or action taken in reliance on the information in this document or for any consequential, special or similar damages, even if advised of the possibility of such damages.