

To: BBLs Live Lenders[BBLSlivelenders@british-business-bank.co.uk]
From: BBLs Live Lenders
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Dear Lender,

We have been in discussions with HMT and BEIS regarding a number of topics that lenders have raised over the past weeks. I am pleased to advise there has been some progress and movement on these, please see an update below.

CCJs and Credit checks

Lenders have raised the issue of CCJs. Many have their fraud checks embedded with their standard credit checks process, and some lenders have questioned how many CCJs would represent fraud and could they be taken into account. The instruction remains that there should be no declines based on a credit decision or resulting from an affordability check. Point 2 and 3 of schedule 8 still stand and do give flexibility:

2. If the Lender's fraud checking process is embedded within credit checks then credit related flags may be disregarded unless they give rise to potential fraud concerns.

3. If the Proposed Scheme Facility fails the Lender's fraud checks, the Lender must decline such Proposed Scheme Facility.

As the scheme has settled and lenders have tested the implications of schedule 8, we thought a clarification may be helpful. It has been confirmed with HMT that lenders can use their judgement in assessing what is an indicator of fraud, this indicator could be CCJs. However, these CCJ flags/referrals would still need to be reviewed to determine if the application should be declined because of fraud concerns rather than have a policy of blanket decline. We consider that the lenders are best-placed to make this decision.

Speed of delivery

The scheme intent has always been that the majority of loans are delivered within 24 hours of the BBL applications being submitted. It has been highlighted by the lenders that this expectation limits both the type of fraud checks that can be actioned and also the quality of fraud checks due to the operational challenges of building a process to turn around a high volume of applications in 24 hours. We are not willing to move away from the scheme intent, however, we have agreed with BEIS and HMT that lenders can take up to 48 hours for fraud checks across high-risk groups, as long as they continue to process the majority of applicants within 24 hours. We acknowledge that there are already customer journeys that are taking longer than 24 hours but hope that this amendment will give confidence to build/adapt existing journeys within scheme design, potentially reorder existing process for maximum operational efficiency and when suitable, introduce additional checks/processes where they may take longer but add more fraud prevention or generate better operational efficiency.

Cifas duplicate application check

The majority of lenders are using the Cifas duplicate account check and the remaining lenders are imminently joining. However, the more data available improves the mitigant so to ensure new lenders join the scheme HMT and BEIS have agreed to add the duplicate account check to the minimum standards. This will ensure all new lenders join and add their own data to the Cifas database but it does proscribe the existing lenders who have joined from pulling out of the Cifas duplicate application check.

Errors on application resulting in incorrect amount

A concern has been raised that a small number of applicants have made errors on the application form and ended up drawing down less than they had intended. The scheme has a strict one loan per business policy that was designed to ensure that businesses could not come back at a later date to request more funds. It was also acknowledged that dealing with requests for corrections, amendments, repayment of existing and redrawing would add additional complexity and operational impact on the lenders. We have reviewed this with HMT and the decision is to stand by

the scheme design. We acknowledge that this will lead to a small number of difficult situations where more flexibility in the scheme would help but the concern is that this would then open us up to other challenges, more exceptions and ultimately more operational challenges with a heightened risk of fraud. The applicant is signing a facility letter and there is an onus on them to have read the facility letter and if the amount is not what they wanted to call that out before drawdown. We have previously accepted that lenders can make changes during the application process if an error is observed before drawdown.

Thank you

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