

British Business Bank
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Dear Stephen

Bounce Bank Loan Scheme – Ongoing Fraud Checks by Accredited Lenders

I am writing in response to your letter dated 12th August. You raise a number of topics and I will respond to what I see as the main themes. Many of these points are being considered as part of the ongoing HMT led recoveries workshop and I&S from that process is currently being reviewed by UKF and several of the lenders.

Request for a change control process for amendments to the Guarantee Agreement

To the extent it is practical and feasible to do so, we will (and have) endeavoured to consult and engage with lenders in advance of making changes to the guarantee agreements under the COVID schemes and provide lenders with adequate lead time to implement any changes. However, given the nature of the schemes, it is not possible to impose a set change control framework around this engagement. We are very cognisant of the importance of consulting with lenders and we will continue work with the lenders as collaboratively as possible as the schemes mature.

What constitutes fraud?

I&S



Fraud is ultimately determined by the lenders following review of flags that are generated from the mandatory checks or the impressive additional activities that many lenders have put in place. The lenders have good expertise in identifying fraud and in the vast majority of cases a fraud is no different in this scheme to any other that the lender experiences and identifies.

We acknowledge there is lender concern over misrepresentation in self-certification and in particular, turnover inflation. We believe lenders should retain the ultimate judgement to determine fraud, I&S

I&S

Obligations to check and take action under Self certification

The lenders are under no obligation to check the self-certifications. Lenders have instigated their own fraud checks, in addition to the minimum standards, if they become aware of dishonesty then we would expect they take appropriate action and either decline the loan or if drawn take steps to cancel the loan and reclaim the funds.

Discovered duplicate applications

I&S

We have issued clear written instructions to the lenders that the guarantee is not at risk from any duplicates that occurred before the duplicate account check was live. However, we are grateful that the lenders are reviewing the back book, identifying fraudsters and reclaiming funds when they can. I&S

I&S

Obligations being amended or extended

The lenders fraud workshop, which is cochaired by UKF, is the forum where fraud risks are logged, activities discussed, and changes considered. The additional actions agreed at the workshop such as the duplicate account check, the change in directorship check and account formation agent check have all come from lenders feedback and concerns. These have been developed collaboratively with lender input.



I hope this clarifies the issues raised I your response and again thank you and the wider UK Finance team for continued support of the Bounce Bank Loans scheme.

Yours sincerely,

Personal Data

Richard Bearman
MD – Start Up Loans

