

Coronavirus Business Interruption Loan Scheme – Hire Purchase

The Coronavirus Business Interruption Loan Scheme (CBILS) launched in April this year has now evolved to help SME's across the UK affected by Coronavirus.

One of the latest developments is the addition of a 'Sale and HP Back' variant. Businesses can now apply to refinance current owned assets to release working capital. This refinancing could result in lower repayments, additional cash and all interest free for 12 months.

The PVS Group in conjunction with our friends at Hitachi Capital Business Finance (HCBF) can now help you secure this funding.

All agreements must be in place by 30th September, so you need to act quickly.

Here is the detail...but if you prefer, just call me on 07578 278 563 and I will 'walk you through this'. Otherwise, here is what you need to know with the key features and benefits, along with some standard exclusions.

Fees & Interest

- No Credit Facility Fee (usually a minimum £175)
- The interest charge for the first 12-months is covered by the British Business Bank (BBB), subject to the maximum as per the BBB guidelines. The total BIP payment can amount up to £0.720m
- Standard option to purchase fee will be payable with the final instalment to transfer title of the goods. This is £90 inclusive of VAT
- Standard early settlement fees will apply

Guarantee

- BBB will guarantee 80% of the proposed liability

Availability

- HCBF need to prove to the BBB that they would have sanctioned your funding under their standard credit policy prior to COVID-19. You also need to confirm that your business has been affected by COVID-19 - this can be standard information such as proving that you have already taken advantage of the furlough scheme, deferring vat, applying for CBILS via your bank.
- The requested amount cannot exceed 25% of your business's turnover in your 2019 trading year
- CBILS HP is designed to finance business fixed assets such as Vehicles (not cars), Plant & Machinery, Manufacturing Equipment and Technology

Exclusions

- Your business was in distress pre-COVID
- Your businesses was loss making in 2019
- Private Individuals funding non-business use assets
- Businesses with annual turnover exceeding £45m
- Businesses that have already taken advantage of the Bounce Back Business Loan (BBL)

Amount, Term and Repayments

- Transactions in sterling only
- Facility is a minimum amount of £25,001 to a maximum of £5 Million
- A Hire Purchase for a period of 12 to 60-months
- Repayments to be monthly in arrears

State Aid

- HCBF must be made aware of any other BIP's (Business Interruption Payments), so this will be any Interest paid by BBB on any other CBILS in the first 12-months

Credit Conditions

- For transactions in excess of £0.250m, a directors guarantee maybe required

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