

If small business uses Â£1 billion of the Â£330 bil...

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This is what the [government-owned British Business Bank](#) has to say about the new loan guarantee facility of £330 billion for UK businesses, and how smaller businesses may access it:

HOW DOES A SMALL BUSINESS APPLY FOR A CBILS-BACKED FACILITY?

It's simple to apply and should take no longer than a standard application. Any small business interested in CBILS should, in the first instance, approach one of the [40+ accredited lenders](#) with their borrowing proposal.

If the accredited lender can offer finance on normal commercial terms without the need to make use of the scheme, they will do so. Where the small business has a sound borrowing proposal but insufficient security, the lender will consider the business for support via the scheme.

Disclaimer: We are in the process of defining and agreeing the scheme's details, specifications and eligibility and therefore information is subject to change. We will be updating our webpages to reflect any potential changes to CBILS as and when they are published.

Decision-making on whether a business is eligible for CBILS is fully delegated to the [40+ accredited lenders](#).

Please note:

- * The CBILS guarantee is to the lender and not the business
- * As with any other commercial transaction, the borrower is always 100% liable for repayment of the facility supported by CBILS

CBILS ENQUIRIES:

CBILS decision making is fully delegated to the accredited lenders. Any queries from a business with an active or historic EFG facility, including guarantee fee collection or alterations to their repayment profile **should raise them with their lender**, and not with the British Business Bank.

So let's be clear about three key issues.

First, the guarantee is to the bank. None of the support actually goes to the business.

Second, the business has to prove it can repay the loan as not all the facility is guaranteed and the bank is not going to provide any lending without security - which right now is going to be in very scarce supply indeed.

Third, what this means, I suspect is that if £1 billion of this as used by small businesses I would be completely astonished. There is not a smaller business in the country that could right now guarantee that it could repay a bank loan.

In other words, the whole government scheme is a sham. It's a support mechanism for banks. It may help some big businesses (but even then, I stress the 'may') and for small business this looks like a complete non-starter.