

If 10% of companies who took Covid loans think they mig...

Published: January 13, 2026, 2:06 am

According to [the FT this morning](#):

More than a quarter of companies forced to take on extra debt to survive the pandemic have warned they may need to cut back their operations, highlighting a mounting crisis that economists warn could hold back business recovery in the UK.

They add:

More than 40 per cent of companies took on debt during the crisis, according to a survey conducted by the British Chambers of Commerce and banking group TSB. While one in four warned over their future growth plans, about a tenth said they may cease trading altogether.

The claim that 40% of companies took on debt during the crisis is very clearly misleading. Government data suggests that [more than 1.5 million companies](#) have now had financial support for Covid 19 reasons. HMRC data suggests that there are about [1.6 million companies](#) which have trading income in the UK. Where TSB get their data from is, in that case, hard to know. What is clear is that the problem must be bigger than they suggest: the vast majority of companies in the UK actually took on debt to manage the coronavirus crisis.

And what the report says is that many of these companies are at risk already. And that's before the economy does in many ways really turn down, because there has been a phoney war and massive extended credit to date.

But even without having to extrapolate the data very much it is apparent that if most companies took Covid loans and maybe 10% think they might close then with the private sector engaging approximately 25 million people in the UK at present that might be 2.5 million jobs to go, and more given that many other companies are warning about their growth plans. My suggestion that more than 5 million people might be unemployed still looks to be depressingly realistic, especially when it is recalled that most companies wildly over-estimate their ability to survive. The Office for Budget Responsibility does, for example, think the failure rate will be much higher than this

survey suggests.

I am not cheered, in other words.