

**HSBC UK Bank plc**

1 Centenary Square  
Birmingham  
United Kingdom  
B1 1HQ

Web: [hsbc.co.uk](https://www.hsbc.co.uk)

19 December 2022

Dear Dame Meg,

Thank you for the opportunity to give oral evidence to the Public Accounts Committee on 5 December 2022, to discuss the Bounce Back Loan Scheme (BBLs) as part of the BEIS Annual Report & Accounts inquiry.

In answer to the specific questions raised in writing on 7 December 2022, I will take each of these in turn.

### **New Customers**

When the Covid-19 lending schemes were launched, we were determined to do the right thing and support businesses beyond our existing customer base. At a difficult time, some businesses were locked out from accessing the BBLs when their existing provider either stopped offering the product or was not accredited. We were one of a few major banks to remain open to new customers from the outset and are proud to have opened over 71,000 accounts for new customers, providing vital access to finance and the BBLs.

As you know, although the BBLs relied on self-certification by the customer when it comes to credit and other issues (subject to some fraud checks), we could not lend unless the applicant was a customer of the bank. All new customers must undergo standard Know Your Customer (KYC), Anti-Money Laundering (AML), credit and fraud checks to meet our standard legal and regulatory obligations and be on-boarded as an HSBC customer. Only after passing these checks were businesses able to apply for a BBL.

Looking at the overall performance of our BBLs book, about 83% of all loans are performing: nearly 11% have repaid in full, 3% have taken up a Pay As You Grow option and almost 70% continue to make repayments. This leaves about 17% who are either in arrears or have defaulted, of which less than 29% are new customers.

### **Applications turned down**

We are proud of our efforts in supporting British business through the pandemic. By the time the scheme closed on 31 May 2021, we had approved more than 237,000 BBLs for a value of over £7.2bn. We declined a further 84,365, worth almost £2.8bn. Applications were

declined due to a number of possible reasons, including missing information on application forms, a failure to return or respond to facility letters, fraud concerns or issues arising from additional checks.

As per my oral evidence, we identified and declined more than 8,000 applications due to fraud concerns, additional lender checks and financial crime checks. Using the average BBLS loan value of £33,000, this is the equivalent of more than £302.5m.

Despite the challenging circumstances, the BBLS was implemented at unprecedented speed to provide vital support to UK businesses when they needed it the most and preventing an estimated 146,000 – 505,000 UK businesses from ceasing trading according to research from the BBB.

Thank you again for the opportunity to provide evidence to the committee on these important issues.

Yours Sincerely,

A handwritten signature in dark ink, appearing to be 'Karl Reid', written in a cursive style.

Karl Reid  
Head of Lending, HSBC UK Commercial banking