



Economy, Energy and Fair Work Committee

Fergus Murphy,
Group Personal Banking Director
Clydesdale Bank PLC
(trading under the name Virgin
Money)

The Scottish Parliament
Edinburgh
EH99 1SP
Tel: (0131) 348 5207
RNID Typetalk 18001 0131 348 5207

Sent by email only

economyenergyandfairwork@parliament.scot

6 May 2020

Dear Mr Murphy,

The Economy, Energy and Fair Work Committee is currently doing an inquiry on the impact of COVID-19 on businesses, workers and the economy in Scotland. The Committee launched a call for views on the inquiry and has received a number of responses which can be read [here](#).

I am writing to you regarding support being offered by your bank to businesses during the COVID-19 crisis. Whilst some businesses are receiving valued assistance from the banks at this difficult time, others have reported problems in securing finance from banks for a number of reasons.

Issues highlighted to the Committee in written evidence include:

- in order to determine whether to offer support, some banks are using normal commercial criteria that existed before the Coronavirus Business Interruption Loans Scheme (CBILS) was created, with certain businesses (such as small hospitality businesses) being put through a higher level of scrutiny than businesses in other industries, making support less likely;
- some banks are requiring normal paperwork, applying unchanged timelines for processing applications or requiring personal liability;
- some banks are lending a minimum of £25k in loans and not operating overdrafts, (which are better suited to most smaller businesses) through the scheme;
- some banks are prioritising existing customers for any lending that is occurring under CBILS;
- one business was told by a bank that it will not be supported as its business is 'too strong' and

- some banks are imposing prohibitive interest rates.

I would be grateful if you could consider the issues outlined above in a response to the Committee and advise on the guidance and procedures your bank is using when dealing with CBILS applications from customers and also the lending criteria being applied (including setting out what criteria you set for businesses to meet to demonstrate that they are viable).

I note that new Bounce Back Loan Scheme was launched by the UK Government this week. It would be helpful if you could comment on arrangements within your bank for dealing with applications for this new category of loan, including lending criteria.

It would also be helpful for the Committee to understand what level of assistance customers are approaching the bank for, including an indication of:

- the number of CBLIS applications received by your bank;
- the % that are successful and
- the average loan request.

If any of this data can be provided at lower more regional geographical levels as well, that would be helpful.

It would also be helpful to know if your bank is offering any other support directly related to the COVID-19 crisis and if so how many businesses have benefited and what is the value of that support. In addition, the Committee would ask you to provide weekly updates on the data requested in this letter, including in relation to the Bounce Back Loan Scheme.

I am aware that some banks have been providing MSPs with updates on the support they have been providing which is both welcome and helpful. As the Committee progresses its inquiry we may seek to hear from the banks at one of our evidence sessions. It would be helpful if you would indicate whether you would be willing to give evidence to the Committee at one of our virtual sessions.

It would be helpful to receive a response within two weeks of the date of this letter.

Kind regards



Michelle Ballantyne MSP

Convener