

8 Salisbury Square  
2nd Floor  
London EC4Y 8AP

+44 (0)20 3772 1340

[british-business-bank.co.uk](http://british-business-bank.co.uk)  
[@britishbbank](https://twitter.com/britishbbank)

16 February 2021

Meg Hillier MP  
Chair  
Public Accounts Committee  
Westminster  
SW1A 0AA

Dear Ms Hillier

Further to my letter on 18 December 2020, I am writing to update you on several matters in response to a request for information made in your *Covid-19: Bounce Back Loan Scheme* report. In addition to this letter, the British Business Bank has contributed to the Treasury Minute response to this report. I hope the information below is helpful.

### **Update on prevented fraud estimate**

I wrote to the Committee on 3 November 2020 providing an estimate on the total prevented fraud in the Bounce Back Loan Scheme (BBLs) to date. I am happy to now provide an update to this figure to give an indication of the scale of the fraud prevention activities that the lenders have been undertaking.

On an aggregated view across all BBLs lenders, as of 20 January 2021:

- Prevented fraud: number of loans: 43,958
- Prevented fraud: value: £1.59bn

The data is provided by lenders, based on a methodology which remains subject to refinement and to several of the caveats highlighted in our letter sent 3 November 2020.

### **Update on loan book sampling exercise**

The Bank commissioned PwC on 23 November 2020 to undertake a sampling exercise of the BBLs loan book. This is an ongoing four stage process involving the analysis of a sample of successful BBLs applications. The exercise is seeking to identify fraud risk indicators across the sample, therefore enabling the Bank to estimate with a higher degree of confidence the level of fraud across

the scheme. We will share the results with the Committee as soon as is practically possible and once we have updated estimates that have been subject to thorough internal review.

The first stage of this work concluded on 28 January 2021. It involved using external data sources to match loan information within the sample against a number of risk indicators, which provides us with a basis to conduct our further work.

The second stage of this exercise has recently commenced. This is a more intensive examination of the portion of the sample which could not be matched against external data in the first stage, this time making use of enhanced loan information from other sources.

Stage three examines loans that have been flagged with risk indicators across the first two stages in increasing level of detail using lender data. Stage four examines the final subset of the sample requiring investigation using information from stakeholders, leading to the calculation of a final fraud estimate. This final report is due in April 2021 and will be used to inform the BEIS 20/21 Annual Report and Accounts.

The Bank remains committed to delivering the Bounce Back Loan Scheme to the very best of our ability, taking on board lessons learned since launch to deliver value for money. As indicated, we will share the results of the sampling exercise with the Committee as soon as is practically possible and once we have estimates that have been subject to thorough internal review. If you have any further questions about any of the topics outlined above, please do get in contact with me or the team at [BBBGovernmentRelations@british-business-bank.co.uk](mailto:BBBGovernmentRelations@british-business-bank.co.uk).

Yours sincerely



**Catherine Lewis La Torre**

Chief Executive

[catherine.lewislatorre@british-business-bank.co.uk](mailto:catherine.lewislatorre@british-business-bank.co.uk)