

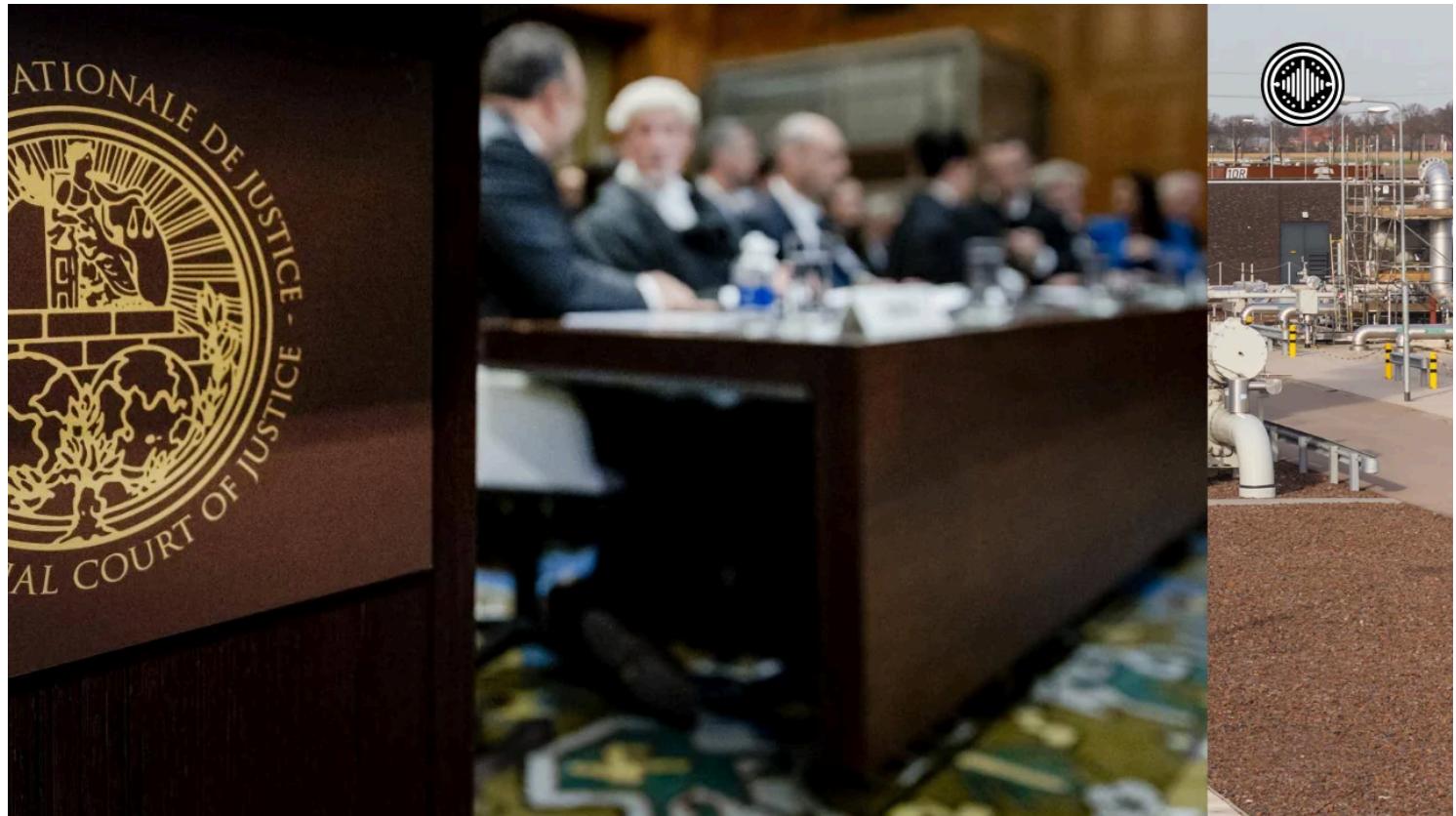
OpenVoiceNews U.K.

Transparent. Unbiased. Yours.

UK Government Faces Tough Questions Over Covid Loan Fraud Recovery

June 25, 2025

– Categories: *Politics & Government*



The UK government is under intense scrutiny for its slow and inadequate response to recovering billions lost through Covid-19 loan fraud. A recent report from the Public Accounts Committee highlights serious failings in the way funds were recovered after criminals exploited the Bounce Back Loan Scheme, which was designed to help small businesses weather the pandemic. While the scheme played a vital role in

supporting countless legitimate businesses, it unfortunately became an easy target for fraudsters, resulting in losses estimated at £1.9 billion. Yet, despite the gravity of the problem, only a small fraction, around £130 million, has been clawed back, raising concerns about the government's commitment and capacity to tackle the issue effectively.

One of the main reasons for the slow recovery is that lenders, who hold most of the responsibility for chasing repayments, have little financial incentive to pursue fraudsters aggressively because the government guarantees the loans. This has left a troubling gap in accountability, allowing many fraudulent claims to go unchallenged and taxpayers to shoulder the losses. The Public Accounts Committee describes this approach as "dangerously flat-footed," calling for a more coordinated and proactive effort to protect public funds.

Adding to the concerns is the performance of the National Investigation Service (Natis), a special unit set up to investigate Covid fraud. Despite receiving £38.5 million in public funds, the service has secured only 14 convictions. Questions have been raised about the effectiveness of Natis and the transparency of its financial recoveries. In light of these issues, the government has decided to shut down the unit and transfer active investigations to the Insolvency Service, signaling a shift toward a different strategy to combat fraud.

The report also points to shortcomings in the Department for Business and Trade, which had little anti-fraud infrastructure in place when the loan scheme was launched. This lack of preparation contributed to the scale of the fraud that occurred. Moving forward, the committee urges the government to build stronger fraud prevention systems, set clear accountability standards, and accelerate recovery efforts.

For taxpayers, this situation is deeply frustrating. The funds lost to fraud represent money that could have gone toward public services and supporting recovery. The government's challenge now is to show it can learn from these mistakes and act decisively to protect public money and restore public confidence. The report sends a clear message: recovering stolen funds is not just a financial necessity, it's a matter of trust and responsibility to the British people.