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The Destruction of Bradford & Bingley (B&B)

Did the Bank of England (BoE) give Santander a BUNG?

London/Leeds. 13 November 2017. A supporter of BBAction Group has provided our deputy chairman Tim Lowden with a copy of a Bank of England Transactions Committee teleconference on Sunday 28 September 2008 attended by the Governor of the BoE Mervyn King. A competitive auction process had been initiated on Saturday 27 September for B&B's retail deposit business together with its branch network and Isle of Man operations. **Bids had been required by that Sunday morning but at the time of the meeting the Government had not made a decision on the winning bid therefore an announcement had been delayed.**

The transfer of liabilities to the winning bidder in the form of the retail deposits totaling approximately £22 Billion needed to be matched by an asset which took the form of an £18 Billion transfer from the Financial Services Compensation Scheme and HM Treasury would make a payment of circa £4 Billion to the winning bidder less an amount agreed by the successful bidder. In return the HM Treasury would acquire rights to the proceeds of the wind down and realization of the remaining assets of B&B. The successful bidder was Santander who secured the entire savings book and retail network for £612 million, this was announced just days later.

David Blundell, chairman of BBAG, commented: Bradford & Bingley had a stronger balance sheet than Northern Rock, Royal Bank of Scotland and Halifax Bank of Scotland as reported in the Post Mortem issued by the Local Authority Pension Fund Forum, but it was destroyed as an ongoing business whilst the other three banks received strong UK Government support. Furthermore, Santander the successful bidder received direct support of £22 billion from the UK Government and secured the B&B savings book at a fire sale price. Santander openly boasted in its subsequent annual reports of the significant profits made by the B&B savings book, **so why did the UK Government support a Spanish Bank at the expense of a UK bank based in the North of England?**

Currently four senior Barclays executives are being prosecuted in respect of the emergency fund raising in 2008 with Qatar which avoided taking a bail out from the UK Government, the charge is conspiracy to commit fraud by false representation and there is a further charge of unlawful financial assistance against two of them.

David Blundell added: The repeated refusals of successive UK Governments to explain why Bradford & Bingley was destroyed as an ongoing business, particularly details of the supposed “competitive process”, has been contemptible. **For the BoE to announce a one day competitive process was farcical and reinforces our view that the UK Government was guilty of gross misfeasance and possibly unlawful financial assistance.**

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