

BBAG – Bradford & Bingley Action Group

The Prime Minister
10 Downing Street
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25 September 2012

The nationalisation of Bradford & Bingley (B&B)

Dear Mr Cameron,

I wrote to you at the above address as chairman of the B&B Action Group (BBAG), the letter was dated the 20 July 2012. Your office acknowledged receipt followed by a letter from the Treasury (HMT) dated the 4 September 2012 which offered the same stale excuses in attempting to justify the UK Government's action in nationalising B&B to which its former shareholders have been subjected for nearly four years. During that period my wife and I have responded to thousands of letters, emails and telephone calls with heart breaking stories of significant financial hardship involving pensioners and disabled children, many of the telephone calls causing my wife to break down in tears.

In your statement to the House of Commons on the 20 July 2011 you announced significant amendments to the Leveson Inquiry and emphasised the need for transparency and every citizen's rights to know the facts on any matter under the Freedom of Information Act (FOIA). In the view of many of our supporters the incompetence, obfuscation and at times deception by the Cabinet Office, HMT and the FSA in this matter has made a mockery of the assurance that you gave.

I would draw your attention to the Upper Tribunal note and Update 12 dated the 27 March 2011 and 28 June 2011 respectively on BBAG's website www.bbactiongroup.org, which highlights key points in this matter. All the evidence suggests the International Financial Reporting Standards (IFRS) and IAS 39 adopted by the UK Government and the European Union are deeply flawed and largely responsible for the banking crisis, (BBAG Update 14, 31 October 2011). How else were B&B's auditors able to sign off the 2007 Report & Accounts, a dividend paid and a successful rights issue approved by the FSA completed less than eight weeks before the nationalisation.

Furthermore, extensive audit work had been completed by KPMG just weeks prior to nationalisation on the rights issue and the interim results announced on the 29 August 2008 which supported a solvent, well capitalised bank with net assets of over £1.00 a share and a Tier 1 capital ratio of 9.1%, far stronger than Royal Bank of Scotland and Halifax Bank of Scotland who received £61 billion of support less than two weeks after the B&B nationalisation.

The claims made by the UK Government in justifying the B&B nationalisation conflict with contemporaneous statements by senior B&B management approved by the FSA before the nationalisation and in evidence given to the Treasury Select Committee by Messrs Kent and Pym B&B directors on the 18 November 2008. So who is telling the truth?

Independent accounting advice we have received suggests that based on current trends there will be a considerable surplus on the final run down of B&B which will benefit HMT as the sole shareholder - rather than the original shareholders. This reinforces BBAG's view that the decision to nationalise was deeply flawed and made in haste for political reasons. I quote the final paragraph of my previous letter to you:

‘ I apologise if my frustrations are evident in this letter but would be grateful if you could write to me within one month stating whether you think the decision to nationalise B&B was correct, and consistent, in relation to the decisions taken at or around the same time in respect of other financial institutions’.

Again I would request an answer from you to the above question within one month as BBAG believes the UK Government has not treated B&B shareholders in a proportionate and equitable manner, particularly in failing to provide the full facts prior to the nationalisation which they are entitled to as former owners of the company.

Yours Faithfully

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