

PRESS RELEASE

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THE NATIONALISATION OF BRADFORD & BINGLEY (B&B) WHY DID THE CABINET OFFICE LIE?

At Prime Minister's question time at 1305 hrs on the 20/07/2011 David Cameron stated: "*the Freedom of Information Act [FOIA] means that every citizen has the right to know the facts on any matter*". The Bradford & Bingley Action Group [BBAG] agrees with this and looks forward to its implementation in order to establish who was responsible for and the manner in which B&B was nationalised. Unfortunately the relevant government departments and regulatory bodies have ignored the Prime Minister and in response to hundreds of requests for information have indulged in obfuscation and subterfuge which clearly indicates their determination to avoid telling the truth. One of our supporters wrote to the Cabinet Office [CO] in 2008 asking for details under the FOIA, the reply was "*we have no files whatsoever*". However, Page 47 of Gordon Brown's book 'Beyond the Crash' confirms this statement was untrue and after several further requests from BBAG over a period of three years the CO has admitted finally that it does have relevant records but refuses to provide them on the grounds that it would not be in the public interest.

Requests to the Treasury [HMT] have been refused on the grounds of cost. The last FOI request to HMT was "*we would appreciate full details of all documentation, faxes, telephone call transcripts, emails and meetings between Mr Kingman, a treasury official at the time, and Mr Peston of the BBC*". This focused request was to avoid a refusal on the grounds of cost. The HMT reply was "*following a search of our records I can confirm we do not hold information within the scope of your request*". BBAG has asked HMT to conduct an internal review into its refusal which is the next step in the complaints procedure as specified by the Information Commissioner's Office [ICO]. The Financial Services Authority [FSA] has also refused to provide information on the grounds of cost. Andrew Tyrie, chairman of the Treasury Select Committee [TSC] asked Lord Turner of the FSA to consider the B&B nationalisation as a part of the Royal Bank of Scotland [RBS] review - he refused to do so on the grounds that "*we have nothing to learn from it*". BBAG has written to Lord Turner expressing our dismay as there would be a great deal to learn from an independent inquiry into the banking crisis including the B&B nationalisation as the best example of what went wrong. Why was it nationalised and its savings book and branch network sold at a fire sale price, thus destroying it as a viable business when it had a far stronger balance sheet than HBOS, RBOS and Northern Rock? The nationalisation of B&B was deeply flawed and made in haste for political reasons. The then Prime Minister was well aware that the Conservative Party Conference was being held in the week after the nationalisation and of the political disadvantages for him of the media displaying queues of B&B clients waiting to withdraw their savings interposed with the clean cut features of David Cameron at the conference rostrum.

The main contributory factors in the banking crisis were the failure of the tripartite regulatory system and the adoption of flawed accounting standards by the European Union which enabled UK and Irish banks to indulge in false accounting. BBAG urges the Coalition to establish a full independent inquiry into the banking crisis. The truth is long overdue.

For more information:

Please refer to our web site at www.bbactiongroup.org for more background information or call David Blundell on 0113-281-3941 or Roger Lawson on 020-8467-2686 if you have some questions.

More background information is given below.

Bradford & Bingley Plc was nationalised on the 29th September 2008 and the retail branch network and associated depositors' accounts were then immediately sold off to Santander. All ordinary shares held by the general public, which we believe includes more than 1 million individuals, were confiscated by the nationalisation and the company is now owned by the Government. The terms of reference for the valuation of the ordinary shares was set in a "Compensation Order" which effectively rigged the result to be zero because the Government knew (but did not disclose) that the company had received funds under the Special Liquidity Scheme (SLS).

The subordinated bonds are still outstanding and still being traded (they are therefore not part of the Compensation Scheme established by the Government even though the nationalisation has severely prejudiced the interests of the bondholders). The interest payments due on the bonds have been suspended, and because these subordinated bonds are perpetual with no fixed repayment date, it is uncertain when or if they will be redeemed. Any redemption depends also on the assets of the business exceeding the liabilities of the company after the company has been wound up (including repayment of Government debt), which is far from certain.