

# How much money will taxpayers lose on the bonds bought by the Bank of England?

Hidden away in the latest ONS official figures for the debt and deficit is a revealing number. The Bank of England's bond portfolio bought under its Quantitative Easing programmes cost £112bn more to buy than the bonds will repay on maturity. As most of the bonds will likely be held to maturity this will be the loss. If they are sold off earlier in the market that is also likely to be at a loss in a world of rising interest rates.

These losses are all carried by the Treasury and taxpayers. Right from the start of QE with Chancellor Darling the Bank said it needed a Treasury guarantee as it could not itself afford the potential losses on such a large portfolio. All Chancellors since have offered such a guarantee. It has been an agreed policy between the Labour government that first invented it, and the Lib/Con coalition and the subsequent Conservative governments that continued it.

I quote the official source:

ONS: "In February 2022, the [BoE announced that it will no longer be replenishing the gilt stock](#) of the APF. Following a £3.2 billion gilt redemption in July 2022, the APF's gilt holdings currently stand at £731.7 billion (at redemption value).

It is important to understand that this £731.7 billion (conventional) gilt holding is not recorded directly as a component of public sector net debt. Instead, we record the £112.1 billion difference between the £843.8 billion of reserves created to purchase gilts (at market value) and the £731.7 billion redemption value of the gilts purchased."

Quote from ONS July Public Finances