

News story: Bradford & Bingley mortgages sale to return £5.3 billion to UK taxpayers

A £5.3 billion sale of Bradford & Bingley (B&B) mortgages acquired by the taxpayer during the financial crisis has been authorised by the Chancellor, Philip Hammond. The sale will enable the full repayment of the Financial Services Compensation Scheme (FSCS) loan to B&B, marking a major milestone in the plan to recover taxpayers' money.

Following a highly competitive auction, two portfolios of mortgages will be sold to an investor group led by Barclays Bank PLC. The proceeds from this sale will be used to repay the FSCS's loan to B&B in full and in turn reduce the national debt.

There will be no changes to the terms and conditions of the mortgages sold. Borrowers do not need to take any action.

The Chancellor, Philip Hammond said:

We are determined to recover the money the taxpayer invested during the financial crisis as soon as we can. The sale of these Bradford & Bingley loans is yet another significant step in putting the crisis behind us.

The proceeds of this sale will go towards reducing our national debt and securing a brighter future for the next generation.

B&B's and NRAM Limited's (formerly part of Northern Rock) closed loan books are managed by UK Asset Resolution (UKAR) on behalf of the taxpayer. Following today's (26 April 2018) transaction, UKAR now owns c.£14 billion worth of assets, down from £21 billion in September 2017 and from £116 billion in 2010.

This sale will raise sufficient funds for B&B to repay its loan from the FSCS – made at the time of nationalisation to finance the transfer of customers' deposits to Santander UK – which will, in turn, allow the FSCS to repay its own loan from HM Treasury. Repayment of these loans will end the need for a special levy on deposit-taking banks and marks the end of a legacy of the 2008 financial crisis.