

News story: Loans sale to return £4.9 billion to UK taxpayers

A £4.9 billion sale of loans acquired by the taxpayer during the financial crisis has been announced by the Chancellor today (Tuesday 2 April).

The sale of NRAM (formerly part of Northern Rock) mortgages and unsecured loans was approved following a highly competitive auction.

Two portfolios of mortgages will be sold to Citi, an investment bank, and the majority of financing is being provided by PIMCO, a bond manager.

The sale marks a major milestone in the plan to recover taxpayers' money and pay off the country's debt, while also protecting the rights of customers with these mortgages.

The Chancellor of the Exchequer Philip Hammond said:

Through our careful oversight of the country's finances we are continuing to recover significant amounts of money that were loaned during the financial crash.

Today's sale enables us to recover the full amount taxpayers loaned to Northern Rock and Bradford & Bingley, helping us pay down our debts and strengthen our finances for the future.

A key element in selecting the successful bidder was the treatment of customers. All bidders were required to agree to a non-negotiable package of customer protections before their bid was considered.

Customers will therefore see no changes to the terms and conditions of their mortgages, with the same protections they currently receive under UKAR's ownership today. Borrowers will be contacted in due course to explain the change in ownership.

The proceeds from this sale will be used to fully repay the loans provided by the Treasury to NRAM and Bradford & Bingley plc (B&B) during the financial crisis and reduce public debt.

This sale simplifies the book of assets held by UK Asset Resolution (UKAR), the holding company for NRAM and B&B, bringing the government closer to the final disposal of NRAM and B&B, as announced at Autumn Budget 2018.

B&B's and NRAM's closed loan books are managed by UKAR on behalf of the taxpayer. Following this transaction, UKAR now owns c. £8 billion worth of assets, down from c. £14 billion in September 2018 and from £116 billion in 2010.