

Rt Hon Alistair Darling MP
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cc
Rt Hon Gordon Brown MP
Mervyn King, Bank of England
Hector Sants, Financial Services Authority

An Inquiry into the Leak of Information on Support to Northern Rock

Dear Mr Darling,

I am the Chairman of the Northern Rock Shareholders Action Group which represents the interests of many tens of thousands of small shareholders who lost their shares following the nationalisation of Northern Rock plc in February.

We have recently read about the new "Special Liquidity Scheme" announced by the Governor of the Bank of England and yourself last week. According to a press report in the Mail on Sunday on 27 April there will be 'ferocious and unprecedented secrecy' as to the identity of those banks that will have been supported by the Scheme. I absolutely agree that the Bank of England's actions as the lender of last resort is a vital but secret element of maintaining a strong and stable banking system.

The Mail's article notes that 'court action' for breach of contract will follow should any Bank employee leak the names of the institutions taking advantage of the Scheme. The article goes on to say that the 'hypersensitive official stance is thought to be a response to the events of last year when a huge stigma was attached to any lender suspected of going to the Bank for cash help.'

The most high profile 'event' of last year was the run on the deposits and then the shares of Northern Rock following a leak to the BBC on 13th September regarding the emergency support provided by the Bank of England. Since it was a leak it is fair to assume that a breach of contract took place by an employee of the Bank of England, the FSA, the Treasury or some other part of HM Government. I believe that it is highly desirable and in the public interest that the culprit is identified and in doing so a strong message will be sent out to all those involved in the new Scheme that the Government will act on its threat to take court action.

I know that you have told MPs that you saw no purpose in initiating an inquiry last September but given the terms of the Scheme I trust that you will now initiate a full, wide scale and independent inquiry into discovering who was responsible for the Northern Rock leak.

Many of our members held their Northern Rock shares for their retirement and as a nest egg for their families. As a result of the leak and the hysterical and dramatic way it was presented to the public, a run on the bank took place. This culminated in nationalisation and shareholders savings have now been taken from them. Articles in the press suggest that the shares will be valued at next to nothing by the independent valuer. We find this difficult to understand when the accounts of Northern Rock published last month show a book value of more than £1.75billion. Many thousands are now facing a miserable, poverty stricken retirement as a direct result of the actions of the Government.

In these circumstances and in order to prove that leaks by public servants are not in the best interests of the government, our country or its reputation as a financial centre the least a man of your integrity and influence can do is attempt to find the person who started the "Run on the Rock".

I look forward to your agreement to initiate such an inquiry.

Yours sincerely

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