

The Right Hon Boris Johnson MP  
Prime Minister  
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Dear Prime Minister

**RE: NORTHERN ROCK – A COMPELLING CASE FOR THE NORTH**

The Northern Rock Small Shareholders Action Group, are greatly encouraged by your commitment to a visionary strategy that focuses on unlocking and maximising the potential of the UK post BREXIT with a determination to “level up” regions of the country, especially the deprived North.

I should like you to give consideration to unfairness suffered by the NE community, and the hard working staff, savers and pensioners that comprised small shareholders in the N Rock Bank who were deprived of their nest-eggs when their entire shareholdings were confiscated by the Labour Government in 2008. Hundreds of thousands of these victims were traditional Labour voters in the North who lost everything when their shares were seized. So many have since died - in the sure and certain knowledge that Government hugely profited so very unjustly and unfairly at their expense; their families & all those who still exist now look to you and your One Nation Conservative Government to yet offer them the fair treatment they have been denied for over 12 years as Government meanwhile made big profits - even as an “Unintended Consequence”.

Our committee has compiled more than ample detailed evidence to fully show all the facts of this injustice, and we would appreciate an opportunity to fully review these with you and your trusted advisers.

May I suggest that it is worthy of the fullest forensic scrutiny that pensioners & small savers in the North just should NOT have been treated like this; should Governments act in this way and gain unjust riches at the clear expense of selected voters? The evidence available here will clearly show an always profitable & solvent bank (with a temporary *Liquidity* issue) being brought to its knees, castigated as ‘bust’ and then ‘grabbed’ by Government who go on to make huge profits via the run-down of a massive £100Bn quality loan book - those profits then being kept by Government to help pay the taxpayer bills of the actual ‘bad’ banks - who were not seized!

The basic history of these events is well known, but key facts were suppressed; both the Judiciary and the public were poorly informed. BBC extreme publicity was influential but did not assist the full truth. With the total freeze in wholesale credit markets that developed rapidly in 2007 Northern Rock had a *Liquidity* problem (confirmed by the Bank of England Minutes). The Bank of England eventually rightly acted as Lender of Last Resort (LOLR) to this highly profitable enterprise, with a substantial surplus of Net Assets over Net Liabilities; NR fully met the commercial criteria for LOLR, and subsequently state aid in fact.

The Annual Accounts of Northern Rock substantiate that the bank was a highly profitable going concern, and in the summer 2015 Chancellor Osborne, supported by Treasury forecasts, estimated that there would be c.£9 Billion SURPLUS after all loans and penal interest repayments and fees were settled. HM Treasury has therefore beyond any doubt accrued huge **“unjust enrichment.”**

The 2009 Banking Act clearly states that the Authorities do ‘not intend to profit from the resolution of failing firms’; had that Act been available a year earlier this injustice would not have been perpetuated.

Equally, the 2008 Nationalisation Act has also contravened the fundamental axiom of **“Unintended Consequences”**. Parliament’s intent was to secure financial stability, sustain market confidence in the UK banking system: not to gain substantial “unjust enrichment” at the expense of shareholders, savers, pensioners, and severely damage Northern communities as it has done.

Had N Rock been allowed to continue as a going concern (with the support then being made available to all banks) the enterprise value would be in the region of £15 Billion or more. A Northern UK bank - with *the least proportion* of toxic loans - was confiscated, zero compensation paid, and hundreds of thousands of stakeholders deprived of their savings and assets. The largest shareholder (15%) was the NRock Foundation ; this major charitable trust funded so many caring and worthwhile projects in the North that were directed at helping the less-well-off, as well as fostering local amenities; it is now defunct having lost its annual contribution from the Rock! What a blow to the community!

From original outright denial the Treasury position given to us changed to all surpluses from NRock would help to reduce expected losses on the Government’s RBS stake! Actually any compensation could come from UK Asset Resolution Limited (UKAR), not the Treasury.

May I urge you to ‘do the right thing’ and consider arranging a **full & independent public inquiry** into this matter & compensation for the NRock shareholders finally, after 12 years! We estimate that some 150k shareholders are still alive.

Your special focus on the North and on ‘Levelling Up’ make this injustice of great significance - and an inquiry offers a very practical means of strategy execution.

This submission is not part of any ‘blame game’, it is a request for events to be fully reviewed and understood, and lessons to be learned, by a fair and caring government. I and my colleagues fully commend it to you.

Thank you,

Yours faithfully,

Dennis Grainger

Chairman, Northern Rock Small Shareholders Action Group.

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Encl: copy of letter to The Right Hon Rishi Sunak MP, Chancellor of The Exchequer