

## Just when the Isle of Man might need to borrow S&P go a...

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The [Wall Street Journal has reported](#):

*Standard & Poor's Ratings Services lowered its long-term sovereign rating on the Isle of Man from triple-A, the firm's highest rating, citing the British crown dependency's external vulnerabilities and lack of monetary flexibility as credit weaknesses.*

*S&P lowered the Isle of Man's local and foreign currency long-term sovereign ratings one notch to double-A plus, which denotes high credit quality, from triple-A, which denotes the highest credit quality. The outlook is stable.*

So just as the Isle of Man is running into real trouble with a shortage of VAT, a shortage of offshore business as recession hits the world and as demand on its public finance increases so that borrowing becomes a real prospect for the first time S&P goes and downgrades it, spoiling their perpetual argument that they can always borrow their way out of their crisis (although that would require UK consent, a change in their law and decidedly gullible lenders).

Amusingly, the WSJ adds:

*S&P noted the island's ratings could come under pressure if its offshore financial sector loses business to competitors, without offsetting economic and fiscal adjustments. Isle of Man has a high income level, strong fiscal balance sheet and political stability, but the firm noted the island's ratings are constrained by its undiversified small economy, which makes it more vulnerable to external shocks. The firm also said it expects GDP per capita growth to be lower over the next few years, in part due to lower growth in the U.K.*

Or the VAT crisis has really hit home and tax haven business has little prospect for growth. I make no apologies for either if I've had any influence at all. And in conclusion they say:

*However, the island's ability to diversify its economy further away from financial-sector-related activities could potentially trigger an upgrade, S&P said.*

[Try Plan B, I say](#). I wrote it for Jersey, but you're welcome to it. Looks like S&P are saying it's time to look at it.