

The Bank of England is sending out the warning signals ...

Published: January 15, 2026, 11:17 am

The FT has just reported:

The Bank of England has put lenders on notice that they will have to build a special buffer worth £11.4bn over the next 18 months as it tries to make them more resilient to risks such as a burgeoning consumer-credit sector.

The BoE told lenders that it would raise banks' so-called counter-cyclical capital buffer from zero to 0.5 per cent of UK risk-weighted assets immediately. It also forecast a further 0.5 percentage point rise to 1 per cent by the end of the year as the central bank said the general outlook for the UK's financial stability is moving to a more normal outlook.

Of course the stated concerns may be the reason for this increased caoutal requirement. We know there is real risk in the UK economy.

But I also think that this is about contagion risk arising from EU bank failure. I think there is too much coincidence for that not to be the case.