

British banking is failing the UK yet again, aided and ...

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The FT [noted yesterday](#) that:

Britain's chief financial regulator has said the coronavirus pandemic is posing the first serious test of business banking rules introduced after the financial crisis – but admitted that his ability to take action over lenders' behaviour remained "limited".

Chris Woolard, interim chief executive of the Financial Conduct Authority, said he was monitoring how banks were handling the rollout of the government's bailout loan scheme after companies and politicians raised concerns.

But he cautioned that almost all commercial lending was still unregulated and his powers to ensure lenders treated businesses fairly relied solely on post-2008 safeguards governing senior managers' conduct.

In other words, we learned nothing and did nothing of any consequence after 2008. And so for all the bluster there is nothing the government can do to require that banks lend to smaller businesses now. Soi they're not doing so.

This makes Sunak's claim yesterday ring very hollow. [He said:](#)

I am not persuaded that moving to a 100% guarantee is the right thing to do. Some people have made some comparisons with what is going on in other countries. I think when you look at the totality of what we are doing it is more significant in scope and scale.

This is utter nonsense. In Germany and Switzerland 100% loans have been available virtually on demand, with checking only to tax records. And the self-employed have been able to access money quickly. In the UK cash flow crises are now pulling many thousands of businesses down and banks will not take the risk in the 20% part of lending that they have to assume responsibility for, meaning the amount of funding being delivered is wholly inadequate and entirely as a result of failure in the government's design of this scheme.

From beginning to end the UK response looks like a design by a none too successful banker who has ended up as a politician and who has no idea how the real world of small business works. But that's what we have got in the treasury and the cost of that will be enormous when coupled with the failure of his predecessors to deliver real reform to banking that would have made it the servant of the UK economy once more, which it is still emphatically not.

One day, maybe, banking will be put back in its place. But that's one day, at best. And I can only live in hope.