

Booming banks

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The banks are booming. Lloyds Bank has reported better than expected profits this morning. It's not the only bank to do so of late.

The reason is simple. As [The Guardian](#) notes:

Profits were boosted by the release of £459m of provisions it had set aside for expected loan defaults during the pandemic.

That requires just a bit of explanation, because as many will know there is serious expectation that many of the loans offered by the government to business through the UK banking system in the last year are expected to fail. In other words, they will not be repaid.

But, and this is the massive but, whilst the banks might pick up some admin hassle cost whilst trying to recover those loans the real cost - which is the unpaid return of the sum advanced - will be picked up by the government. They shoulder the real risk.

The banks, of course, knew this. So what they did was to persuade their customers to not only take out new government backed loans during the last year, but they also encouraged them to switch their old loans, where the banks took the risk of loss, to the government backed scheme so that the government then picked up the tab instead.

The result has been a bonanza for banks as they boom at public expense, yet again.

The idea that we might need a new tax on banks -as was appropriate after 2009 - seems to be made by this simple fact that banks are capturing public money for private gain, yet again.

A booming bank tax, anyone?