

No one is talking about the Awful April cost of excessi...

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There was a lot of coverage yesterday about the 'Awful April' about above-inflation bill rises that people are now facing on things such as:

- * Energy prices
- * Mobile phone charges
- * Road tax
- * Council tax
- * Water charges
- * Stamp prices (although how many people buy stamps now?)
- * TV licence fees

And , more remotely:

- * Stamp duty

There are, of course, compensations:

- * Pension increases
- * Benefit increases
- * Minimum wage increases

But, the reality is many people are facing significant cost increases, without necessarily having increased means to make payment.

I have a lot of points to make.

First, the legally permitted increase in charges for phones now make no sense. The

right to increase prices in this way should be removed. If the companies cannot make money on the resulting prices, they can hand back their licences.

Second, energy price increases that simply increase energy company profits make no sense. People in the UK are being ripped off, and pricing should change.

Third, water needs to be nationalised. There is no point debating this any more. This industry is bankrupt in its current form.

Fourth, road tax need not have risen.

Fifth, most council tax increases are the result of the government refusing to accept a national duty to equitably fund additional demand on council services.

The other charges are not material to most people.

But, all this being said, it remains the case that there are much bigger problems that should attract attention.

Fourteen per cent of UK GDP is represented by rents. Ten per cent is, admittedly the deemed value of rents paid by owner occupiers to live in their own properties, and just four per cent is actual rents. However, even the notional costs proxy actual costs. No one is pointing out this massive expense is being inflated by interest rates that are too high, which directly inflate rent and deemed rental costs.

And talking of interest, [UK banks are believed](#) to have had total interest income of around £200 billion in 2024. This is around 7 per cent of UK GDP.

The percentage figures I note may not be completely additive for all sorts of reasons - not least because GDP itself is a dubious number - but they imply that more than twenty per cent of UK GDP is represented by rents extracted in the form of interest and rents, both of which are heavily overstated as a result of the excessive rates set by the Bank of England.

People might be angry about Awful April price increases, but they are insignificant compared to the massive upward redistribution of wealth that these unnecessary excess interest charges represent.

The obvious point is, if the Bank of England is worried about inflation it can, in real terms, solve that problem by cutting interest rates.

I think we can be quite sure it will not do that.