

## Who owns a £5 note?

Published: January 12, 2026, 11:46 pm

---

Politicians love to talk about “taxpayers’ money.” But here’s the truth: every pound in circulation is created by the government or banks licensed by it. This video explains why a £5 note is really a promise from the state, not something you or I created. If we stop believing in the myth of taxpayers’ money, we can start demanding real accountability for how government spends its own money.

[https://www.youtube.com/watch?v=8CTy\\_ia4j5k&si=63r4-tgqf\\_juk0J2](https://www.youtube.com/watch?v=8CTy_ia4j5k&si=63r4-tgqf_juk0J2)

This is the audio version:

[https://www.podbean.com/player-v2/?i=k56zq-1953004-pb&from=pb6admin&share=1&download=1&rtl=0&fonts=Arial&skin=f6f6f6&font-color=auto&logo\\_link=episode\\_page&btn-skin=c73a3a](https://www.podbean.com/player-v2/?i=k56zq-1953004-pb&from=pb6admin&share=1&download=1&rtl=0&fonts=Arial&skin=f6f6f6&font-color=auto&logo_link=episode_page&btn-skin=c73a3a)

This is the transcript:

---

Who owns this £5 note? Is it mine because it's in my hand? Or could it belong to Thomas, who's behind the camera because I might just have borrowed it from him? Actually, I didn't. I borrowed it from his mother.

But alternatively, could it be stolen?

Or might it be something that I simply owe to my creditors?

The simple fact is we can't know by looking at that £5 note, and that's the whole point I'm making in this video.

The reality is that my name is not on that note. Nor is my wife's, even though it's hers at this precise moment.

There is no receipt trail for this note. She has no idea where she caught it from.

The person who gave it to her will not have a record of doing so precisely.

No one keeps a record of the serial numbers of the notes that they hold, including the bank that gives them to you out of their cash machines.

In other words, it's just about impossible to prove the individual ownership of any £5 note, £10 note, £20 note, £50 note, whatever you wish to refer to when it comes to notes, and coins are even worse.

So what is a £5 note? Well, the truth is, it is something called a bearer bond. In other words, the person who happens to have it in their hand at the moment in time when the question is asked is, for all practical legal purposes, the owner, because nobody else can actually prove it's theirs.

These things were, at one time, very common. Government bonds were issued as bearer bonds, and they worked quite well on that basis. But now anything that's called a bearer bond is ideally suited to the purposes of money laundering, and therefore, they're not too popular with government authorities. But we still have notes in circulation in our economy, because people want to use them.

So who does really own this bond? And the answer is, in fact, written on the note very clearly. The only name that is worth identifying on there is the Bank of England.

The Bank of England issued this note.

They created it.

They spent it into existence.

Their chief cashier, a woman with the name of Sarah John, if I remember rightly, signed the note to say that it's legal tender.

And that it is a promise to pay because, of course, that is what this note is. It is an IOU issued by the Bank of England. They say they promise to pay the bearer the sum of £5, and they will if you give it back to them in settlement of your tax liability owing.

More importantly though, and in practical terms, what that promise to pay, and the consequent ability to pay tax with it, creates is the fact that this note is a transferable

promise to pay.

I can, after all, issue you with an IOU, and as Hyman Minsky once said, " That's fine, except try to get someone to accept it, particularly if you don't know who they are. Nobody will."

But the Bank of England note is accepted as having value, and in fact, that's the very point of this note as a legal tender. Precisely because the government's promise to pay does have value, and because it promises to redeem that promise in exchange for tax liabilities owing, our money has value.

But there are lessons to learn from this. What it says is that only the UK state can issue currency for use in this country . Nobody else can. Everything else is unusable for normal purposes.

More than that, though, it says we don't truly own the pounds that we use. Those pounds were, in fact, created by the government or by a bank acting under license from the government, because that's the way in which bank loans are created, and that creates money as well - electronic money rather than notes - but nonetheless, real money.

Oh, and by the way, if you are in Scotland and Northern Ireland, and you say, " But hang on, my notes have a bank's name on them", that's only possible because they deposit £1 with the Bank of England for every pound note that they issue.

So the truth is that we only have government-created money. There isn't, then, anything called taxpayers' money. That claim made so often by so many politicians is just wrong. We don't create money. We use government-created money.

It's the denial of that, which does, however, mean that politicians actually feel free to abuse money.

Let's just think about it for a moment. If the government thought it was spending its own money and not taxpayers' money, would it be more or less careful with it? My suggestion is that it might actually be very much more careful with it. The fact that they think it belongs to somebody else makes them rather indifferent as to the nature of money. But the truth is, every single pound the government spends was created by it.

If we hold the government to account for what it does with its money on our behalf, but nonetheless, its money, I think we would get better policy. I think we'd get better fiscal responsibility. I think we'd have a more responsible Bank of England. I think we would actually have politicians who understood what they were doing better, and who would understand that they can use money that they create for social purposes, which would benefit us in a way that the idea of taxpayers' money can't.

It's time we understood that the £5 note in our hand is the government's property and that we use it with their consent, and how they use it is a matter of the greatest priority to us because that's the thing for which we are holding them to account.

So, what do you think? Do you think the government creates your money, or do you think that there is such a thing as taxpayers' money, which you actually made? But if so, how do you think that could work?

There's a poll below. We're going to ask you some questions. Let us know the answers. They influence the way in which we make future videos. So it really does help to know your opinion.

---

## **Poll**

[poll id="197"]

---

## **Taking further action**

If you want to write a letter to your MP on the issues raised in this blog post, there is a ChatGPT prompt to assist you in doing so, with full instructions, [\*\*here\*\*](#).

**One word of warning, though: please ensure you have the correct MP. ChatGPT can get it wrong.**

---

## **Comments**

When commenting, please take note of this blog's comment policy, [\*\*which is available here\*\*](#). Contravening this policy will result in comments being deleted before or after initial publication at the editor's sole discretion and without explanation being required or offered.