7 June 2006

BCCI Costs

A full and final settlement has been agreed on costs in the proceedings brought by the Liquidators of BCCI against the Bank of England. The Bank will retain £73.6 million paid to it by the Liquidators in November 2005, together with the interest on that amount which has accrued since of £1.7 million.

A Bank spokesman said: "This is an excellent result which allows us to draw a final line under the BCCI case. Without this settlement, there could have been several years of assessment hearings which would have added millions more in costs."

Note to Editors

1. The Liquidators of BCCI discontinued their case on 2 November 2005.
2. After the Bank advised the Liquidators in November 2005 that its then outstanding costs were of the order of £73.4 million plus interest estimated at £8 million, the Liquidators paid the Bank £73.6 million, subject to repayment of any part of that amount which exceeded the amount established by assessment or agreement. At 31 March this year, the Bank's outstanding costs had risen to £75.1 million as a consequence of the proceedings since November. Separately, the estimate of the interest has been revised to £8.9 million.
3. Earlier this year, the Bank was awarded the outstanding costs of the action on the higher indemnity basis and interest on such costs.
4. The Bank has not identified any other cases with costs on a scale to compare with BCCI, but the Bank believes it is rare to recover such a high proportion of the costs in a very large civil case.
5. The actual amount to be paid by the Liquidators to the Bank was to be established either by agreement between the parties or by a Costs Judge, following a formal judicial assessment process which could take several years because of the unprecedented scale of the costs and complexity of the case. The result of the settlement is that the assessment process is no longer required.