



Assurance Group
London Borough of Barnet,
2 Bristol Avenue, Colindale,
London NW9 4EW
31 December 2019
Our ref: 5872532

Thank you for your request received on 10 December 2019, for the following information:

Request under Freedom of Information Act 2000

We write to you pursuant to the Freedom of Information Act 2000 (FOIA) to request certain information from you in relation to any Lender Option Borrower Option loan agreements ('LOBO Loans') which Barnet may have entered into.

LOBO Loans are typically long term fixed interest rate loans, which are initially provided at favourable rates of interest to the borrower, but also contain an option for the lender to impose on future dates, a new fixed rate of interest. The borrower has the option to accept the new interest rate, or repay the entire loan, usually with early repayment penalties. Interest rates are often increased under the LOBO loans, the effect being that the interest rate is higher than the borrower could obtain with other lenders, or the PWLB, but the substantial early repayment penalties mean the borrower has no option but to continue with the loan, at the higher rate of interest, to their detriment.

We are seeking this information as we are aware that a large number of public authorities have entered into LOBO Loans, and the method in which the LOBO Loans were advanced to the borrower, may have been unlawful and therefore unenforceable.

If the London Borough has entered into a LOBO Loan, please provide the following information:

- 1. How many LOBO loans has the London Borough of Barnet entered into?**
- 2. In relation to question 1 above, in respect of each LOBO Loan:**
 - a. On what date was the loan documentation signed?**
 - b. Which financial institutions acted as the lenders?**
 - c. Did you receive any financial advice before entering into the LOBO Loan, and if so, from which organisation?**
 - d. Has the lender exercised their option under the LOBO Loan and increased the interest rate?**
- 3. If the answer to question 2(d) above is yes, did the Borough opt to continue with the LOBO loan at the increased rate of interest, or repay the loan?**
- 4. If the answer to question 3 above is that the Borough opted to repay the loan, were any early repayment penalties applied by the lender?**

We look forward to receiving a response to this FOIA within 20 working days from the date specified in this letter, and appreciate your assistance.

We have processed this request under the Freedom of Information Act 2000.

Response

The council holds the information requested and it is attached/ the answers to your questions are below

1. How many LOBO loans has the London Borough of Barnet entered into?

8

2. In relation to question 1 above, in respect of each LOBO Loan:

a. On what date was the loan documentation signed?

LOBO 1 – 1 April 2004

LOBO 2 – 24 November 2004

LOBO 3 – 24 November 2004

LOBO 4 – 23 August 2005

LOBO 5 – 19 January 2006

LOBO 6 – 12 January 2006

LOBO 7 – 25 May 2006

LOBO 8 – 24 August 2006

b. Which financial institutions acted as the lenders?

LOBO 1 – Dexia Credit Local

LOBO 2 – Depfa Bank

LOBO 3 – Depfa Bank

LOBO 4 – Commerzbank

LOBO 5 – Eurohypo Bank

LOBO 6 – Depfa Bank

LOBO 7 – Dexia Credit Local

LOBO 8 – Depfa Bank

c. Did you receive any financial advice before entering into the LOBO Loan, and if so, from which organisation?

No

d. Has the lender exercised their option under the LOBO Loan and increased the interest rate?

The lender for LOBO 5 exercised their option to increase the rate of interest.

3. If the answer to question 2(d) above is yes, did the Borough opt to continue with the LOBO loan at the increased rate of interest, or repay the loan?

The loan was repaid.

4. If the answer to question 3 above is that the Borough opted to repay the loan, were any early repayment penalties applied by the lender?

No

Further information

If you are interested in the data that the council holds you may wish to visit Open Barnet, the council's data portal. This brings together all our published datasets and other information of interest on one searchable database for anyone, anywhere to access. <http://open.barnet.gov.uk/>

Advice and Assistance : Direct Marketing

If you are a company that intends to use the names and contact details of council officers (or other officers) provided in this response for direct marketing, you need to be registered with the Information Commissioner to process personal data for this purpose. You must also check that the individual (whom you wish to contact for direct marketing purposes) is not registered with one of the Preference Services to prevent Direct Marketing. If they are you must adhere to this preference.

You must also ensure you comply with the Privacy Electronic and Communications Regulations (PECR). For more information follow this Link www.ico.org.uk

For the avoidance of doubt the provision of council (and other) officer names and contact details under FOI does not give consent to receive direct marketing via any media and expressly does not constitute a 'soft opt-in' under PECR.

Your rights

If you are unhappy with the way your request for information has been handled, you can request a review within the next 40 working days by writing to the Information Management Team at: foi@barnet.gov.uk. Or by post to Information Management Team (FOI) London Borough of Barnet, 2 Bristol Avenue, Colindale, NW9 4EW

If, having exhausted our review procedure, you remain dissatisfied with the handling of your request or complaint, you will have a right to appeal to the Information Commissioner at: The Information Commissioner's Office, Wycliffe House, Water Lane, Wilmslow, Cheshire, SK9 5AF (telephone: 0303 123 1113; website www.ico.org.uk). There is no charge for making an appeal.