Silicon Valley Bank: Bank of England set to place UK arm into insolvency

The Bank of England aims to place Silicon Valley Bank UK into insolvency, hours after the bank's US arm collapsed.

The US arm of the bank collapsed on Friday, having been shut down by California regulators.

However, the bank aimed to reassure UK customers that their funds were safe, noting that Silicon Valley Bank UK was a standalone independent banking institution and that its funds were ring-fenced from the wider group's operations.

Some clients, though, remained concerned about holding their funds in Silicon Valley Bank UK, with a number of tech firms pouring cash that was once held by SVB into Revolut, Wise and other London fintechs instead.

Now, the Bank of England has announced that it has placed the UK arm of the bank into insolvency.

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“The Bank of England, absent any meaningful further information, intends to apply to the Court to place Silicon Valley Bank UK Limited into a bank insolvency procedure,” it said.

Under the insolvency procedure, depositors may be paid Financial Services Compensation Scheme up to the protected limit of £85,000, or up to £170,000 for joint accounts. Remaining assets and liabilities will be handled by liquidators.

“SVBUK has a limited presence in the UK and no critical functions supporting the financial system,” the Bank of England said. “In the interim, the firm will stop making payments or accepting deposits.”

Trading in Silicon Valley Bank shares was halted before US markets opened on Friday.