

Tory MP calls for probe into Barclays' Telegraph Gulf funding

A backbench Conservative MP is demanding a government probe into the Barclay family's use of Middle East-based financing to regain control of The Daily Telegraph.

Sky News has learnt that Danny Kruger, the MP for Devizes, urged the culture secretary Lucy Frazer to issue a Public Interest Intervention Notice (PIIN) into the funding behind the Barclays' efforts to repay more than £1bn owed to Lloyds Banking Group.

Describing the Telegraph titles as "a treasured national asset", he warned: "If material influence over, or control of, a quality national newspaper was passed to an unknown foreign ruler at any time it would raise concerns, but at a heightened time of geopolitical turmoil I believe it is more important than ever that this deal...is given proper scrutiny."

A PIIN would trigger an inquiry by Ofcom, the media regulator, and the Competition and Markets Authority, and could undermine the Barclays' claim that their bid offers a swift resolution to the uncertainty surrounding the future of the Telegraph and Spectator.

In the letter, Mr Kruger wrote: "It has long been British Government policy that foreign investment into influential British media should be scrutinised through the use of Public Interest Intervention Notices, and I would urge you to take similar action in this case."

He cited the Barclays' decision not to disclose the identity of their backers during a court hearing in the British Virgin Islands last week as "[flying] in the face of the transparency

of ownership that is normally demanded in a democratic society with a free press”.

Sky News revealed on Friday that First Abu Dhabi Bank, the UAE’s biggest lender, had agreed to provide financing to the family, although Sheikh Mansour bin Zayed Al Nahyan – the ultimate owner of a controlling stake in Manchester City Football Club – is said to be among those in talks to commit the underlying funds.

Mr Kruger questioned why “the amount of the loan from the anonymous funder is far beyond what The Telegraph and The Spectator could commercially support”.

“This raises concerning questions as to why the anonymous funder is willing to provide the loan, given the lack of commercial rationale for it, and the terms that may have been agreed between the Barclays family and the funder.

More from Business



Struggling ASOS explores sale of Topshop brand



‘Serious failings’ in decision to close Nigel Farage account, review finds



Sam Bankman-Fried: FTX boss admits 'mistakes' but denies \$10bn theft

"The Public Interest Intervention Notice (PIIN) process is designed to allow the Government to get to the bottom of these questions."

He argued that the government had set a precedent by issuing a PIIN in relation to the acquisition of the Evening Standard and Independent titles in 2019 by "an investor with strong links to Saudi Arabia".

Advertisement

People close to the Barclays dismissed the comparison, on the basis that their financing from Abu Dhabi backers would not involve either the sale of an equity stake or hand material governance rights or influence to them.

In a statement, a spokesman for the family said: "The Barclay family's proposal to Lloyds Banking Group concerns the settlement of outstanding loans.

"There is no basis and no precedent for a PIIN being issued in relation to a debt transaction, and we are highly confident that the family's proposal would not trigger any regulatory reviews regarding the ownership of the media assets.

"We continue to believe that our proposal offers Lloyds Banking Group and its shareholders the most compelling, straightforward and speedy resolution to this situation."

Mr Kruger urged Ms Frazer to issue a PIIN "in the coming days so that His Majesty's Government can get answers as to who

exactly would take control of the Telegraph Media Group were this deal to go ahead”.

He added: “A PIIN would in no way pre-judge whether the money from an unnamed Emirati source is problematic, but would allow you to gather all the information required for you to assess the matter.

“This is critical to our democracy and ensuring a strong and free press in the UK.”

Lloyds has already kicked off an auction of the newspapers and The Spectator magazine, with Goldman Sachs retained to oversee talks with bidders.

Rival bidders for the Telegraph include the hedge fund billionaire Sir Paul Marshall, the former Daily Telegraph editor Sir William Lewis and Lord Rothermere, the Daily Mail proprietor.

Axel Springer, which publishes the German newspaper Die Welt, and London-listed media group National World have also registered their interest in the auction.

Until June, the newspapers were chaired by Aidan Barclay – the nephew of Sir Frederick Barclay, the octogenarian who along with late brother Sir David engineered the takeover of the Telegraph 19 years ago.

Lloyds had been locked in talks with the Barclays for years about refinancing loans made to them by HBOS prior to that bank’s rescue during the 2008 banking crisis.

The family’s debt to Lloyds also includes some funding tied to Very Group, the Barclay-owned online shopping business.

The Telegraph and Spectator sales are being overseen by a new crop of directors led by Mike McTighe, the boardroom veteran who chairs Openreach and IG Group, the financial trading firm.

Mr McTighe has been appointed chairman of Press Acquisitions and May Corporation, the respective parent companies of TMG and The Spectator (1828), which publish the media titles.