

Ms Emma Dent-Coad MP  
House of Commons  
London  
SW1A 0AA

[emma.dentcoad.mp@parliament.uk](mailto:emma.dentcoad.mp@parliament.uk)

Our ref: SPM/115008.00003

20 June 2019

Dear Ms Dent-Coad

**8 Addison Crescent, London, W14 8JP (the Property)**

We write in response to the letter you have received from your constituent, Ms Nicola Johnson, concerning the Property. We would like to thank you and Ms Johnson for your understanding and patience while we have looked into this matter.

Ms Johnson's principal concern relates to the first legal charge over the Property, registered in favour of Barclays (**the Charge**). We will therefore focus on this principal concern.

We think it would assist to provide you with the relevant background and history to this matter in order to aid your understanding of our position and why we do not agree with the allegations made by Ms Johnson. Prior to providing you with this background, we consider it important to note that we are not a party to the legal proceedings in France and it would not be appropriate for us to comment on them. For the reasons we set out in this letter, while we reject and deny the allegations Ms Johnson makes against us, the issues concerning the proceedings in France do not affect our rights in relation to the Property or the Charge or Ms Johnson's right to seek a sale of the Property. We therefore consider it important not to conflate two separate issues.

**1 Background**

- 1.1 The Charge arose as a result of a request to refinance an existing loan (and related charge) then secured against the Property. The transaction was not an "*equity release*" as Ms Johnson contends.
- 1.2 At all relevant times, the Property was and still is owned by Warwick Estates Limited (**the Company**), a British Virgin Island company, which in turn was owned by two Panamanian companies. Mr Takieddine, the former husband of Ms Johnson, was not a director or shareholder of the Company. He was its ultimate beneficial owner.
- 1.3 On 2 February 2009, we agreed to advance to the Company the sum of £6 million to redeem an existing loan and charge against the Property in favour of Standard Bank (Jersey) Limited (**Standard Bank**). This was subject to the first legal charge in favour of Standard Bank being replaced by a (first legal) Charge in our favour. We advanced funds to the Company and the loan in favour of Standard Bank (Jersey) Limited was repaid. Cobbetts Solicitors acted for Barclays in the transaction.



- 1.4 The loan agreement and the Charge were executed by the Company.
- 1.5 The amount required to redeem the Company's indebtedness to Standard Bank was greater than the sum advanced by us. The transaction was a simple refinance and not an "equity release" Therefore, there were no surplus funds following redemption.
- 1.6 Further, it is our understanding that at all material times, Ms. Johnson was aware of the application of the Charge in respect of the Property.
- 1.7 Prior to completion of the refinance, on 21 December 2007, Ms Johnson had registered a notice at HM Land Registry (**HMLR**) purporting to protect her matrimonial rights in respect of the Property. In order to allow the refinance and register the related Charge, Ms Johnson vacated that notice following receipt of independent legal advice. We note that the notice was subsequently restored against the Property and registered with HMLR after the refinancing transaction was complete and the Charge was appropriately registered.
- 1.8 Ms Johnson and Mr Takieddine are divorced. We understand that the position in relation to the Property and the Charge was considered as part of their divorce proceedings and the Property itself was also the subject to an Order dated 16 September 2016 (the **Order**) issued by the judge presiding over these proceedings.
- 1.9 In relation to the Property, the Order awards Ms Johnson and Mr Takieddine each a notional half share in the equity of the Property. We were not a party to the proceedings. However, we understand that while the validity of the Charge was not in issue, Ms Johnson argued that the amount due under the Charge should "*be deducted only from his [Mr Takieddine's] half share*". The Court disagreed with her and declined to make that order. While we have not seen the evidence in the matrimonial proceedings, Ms Johnson's claim that the amount under the Charge should only be deducted from Mr Takieddine's share expressly, if not impliedly, acknowledged the validity of the Charge.
- 1.10 To put the matter beyond doubt, the Court ordered that the Property be placed on the market within 3 weeks and that the proceeds of sale be applied in priority, first, "*to discharge any sums payable under the mortgage [the Charge] in favour of Barclays.*"
- 1.11 The corollary is that the Charge was and remains valid security for the advance of £6 million (plus interest and costs) made to the Company. The sum due to us in respect of the loan secured by the Charge should first be deducted from the sale proceeds and then the balance of the proceeds of sale applied and divided in accordance with the Order.
- 1.12 In addition to the above, we would also note that the Court judgement relating to the divorce proceedings between Ms Johnson and Mr Takieddine indicates that Ms Johnson was not residing in the Property when the refinance took place in February 2009. At that time, Ms Johnson had no obvious legal or beneficial interest in the Property, was not in actual occupation and, following receipt of independent legal advice, had withdrawn her matrimonial notice at HMLR to enable the Charge to complete.
- 1.13 It will be evident from what we have said that the refinance in February 2009 was a bona fide arms length transaction under which we advanced our own funds to enable the Company to repay an existing debt to Standard Bank. All parties had separate legal representation.





- 1.14 It is incorrect that there was any form of fraud in relation to the refinance of the Property and indeed it did not involve an "equity release" as Ms Johnson contends. For the reasons already set out in this letter, Ms Johnson's claim that *"Barclays granted the loans against our jointly-owned family homes without my knowledge or consent and in the middle of controversial divorce proceedings"* is also inaccurate.
- 1.15 We are not a party to any proceedings in France relating to Mr Takieddine and so far as we are aware, have not been named in those proceedings. At the time of the loan, it was not public knowledge that Mr Takieddine was under investigation for any criminal matters.
- 1.16 In all of these circumstances we can see no basis for Ms Johnson's contentions that the Charge was "improperly obtained" or "has no validity". To summarise the points noted above:
- (a) The transaction was a refinancing of an already existing loan with Standard Bank. It was not an equity release and the Ms Johnson's position in relation to the Property was not impacted by the loan or the Charge;
  - (b) Ms. Johnson was aware of the refinancing transaction and, along with other relevant parties, received independent legal advice in relation to it at the relevant time; and
  - (c) The Charge was considered by the Courts as part of the divorce proceedings between Ms. Johnson and Mr. Takieddine. As noted above, the Judge presiding over these proceedings ordered that the Property be sold and that the proceeds of sale be applied in priority, first, *"to discharge any sums payable under the mortgage [the Charge] in favour of Barclays."*

## **2 Sale of the Property**

- 2.1 We are not preventing the Property from being sold. We would like the property to be sold so that we may be repaid pursuant to the terms of the loan agreement and the Order. The loan has been in default for a very long time, the loan term itself expired as long ago as 31 December 2013 and there have been no repayments made pursuant to the loan since 2011. We have demanded payment and we would like to be repaid.
- 2.2 Given these background facts, we do not consider that we have acted unfairly towards Ms Johnson. In fact, far from acting unfairly, capriciously or aggressively towards her, we have waited patiently for many years for the matrimonial proceedings to be resolved while, to Barclays detriment, the debt has not been serviced but has continued to increase.
- 2.3 We will meet with Ms Johnson and her legal advisers upon presentation of an agenda for the meeting because, while reserving our rights, we would prefer to achieve a consensual solution and sale of the Property. Indeed an agreed form of disposal of the Property would appear to be in the interests of Ms Johnson. We have asked our external law firm, Dentons, to contact Ms Johnson's legal advisers to arrange a meeting.
- 2.4 As matters stand, Ms Johnson will need the co-operation of the Company or the further intervention of the Court to sell the Property because the Company remains the registered proprietor at HMLR. We may, however, be able to save Ms Johnson the time and expense of having to return to Court if she permits Barclays to sell the Property under the powers contained in the Charge, something that the Barclays would be willing to discuss with Ms Johnson at the meeting.



If you have any questions on the content of this letter, please do let me know.

Yours sincerely,

A handwritten signature in black ink, appearing to be "A. Buchanan".

Barclays Bank PLC

*Cc: Heather Buchanan, Director of Policy and Strategy, All-Party Parliamentary Group on Fair Banking, House of Commons.*