



HM TREASURY

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Information Rights Unit

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Ref: 10/191

Re: Freedom of Information Act 2000: Currency

Thank you for your enquiry dated 5 March, requesting information under the Freedom of Information Act 2000.

2. You asked –

- *are UK bank notes promissory notes?*
- *what do the 'pounds' refer to in the statement included on all UK notes i.e. 'I promise to pay the bearer ...'*
- *can I issue my own promissory notes in order to settle a debt?*
- *when did a UK government last issue it's own currency?*

3. We assume your reference to UK bank notes is a reference to banknotes issued by the Bank of England, and the following answers relate to such notes. However, you should be aware that there are seven commercial banks with the right to issue their own banknotes in Scotland and Northern Ireland. You can find more information about these banknotes on the Bank of England's website at http://www.bankofengland.co.uk/banknotes/about/scottish_northernireland.htm

4. The answer to your first question would be a matter of legal opinion, and I regret we cannot offer legal advice to members of the public.

5. Subject to that, however, it may assist you to look at section 83(1) of the Bills of Exchange Act 1882, which provides that:

"A promissory note is an unconditional promise in writing made by one person to another signed by the maker, engaging to pay, on demand or at a fixed or determinable future time, a sum certain in money, to, or to the order of, a specified person or to bearer.

6. In response to your second question, since its foundation in 1694, the Bank of England has issued notes promising to pay the bearer a sum of money. For much of its history the promise could be made good by the Bank paying out gold in exchange for its notes. The link with gold helped to maintain the value of the notes, although the link was sometimes suspended, for example in wartime. The link with gold was finally broken in 1931 and since that time there has been no other asset into which holders have the right to convert Bank of England notes. They can only be exchanged for other Bank of England notes. Nowadays public faith in the pound is maintained in a different way – through the Bank of England's operation of monetary policy, the object of which, by statute, is price stability.



7. In relation to your third point, Treasury officials cannot offer legal advice to members of the public. I think it would be a matter for agreement between you and the counterparty concerned.

8. The UK Government is ultimately responsible for the issue of pounds sterling. This takes the form of banknotes, which are issued by the Bank of England as the central bank of the UK, and coins produced by the Royal Mint. I attach a link to the Bank of England's website which I hope will provide you with further relevant information:

<http://www.bankofengland.co.uk/banknotes/about/history.htm>

9. I have tried to be helpful in answering your queries. In case it assists you, the Information Commissioner publishes guidance to help FOI requesters; I attach a copy. He recommends avoiding the use of broad questions such as yours. If you have any queries about this letter, please contact me. It will be helpful to us if you remember to quote the reference number above in any future communications.



Paul Morran
Information Rights Unit

Your right to complain under the Freedom of Information Act 2000

If you are not happy with this reply, you may request a review by writing to HM Treasury, Information Rights Unit, 2/S2, 1 Horse Guards Road, London SW1A 2HQ.

Email FOI.responses@hmtreasury.gsi.gov.uk

Any review request must be made within 2 months of the date of this letter.

It would assist our review if you set out which aspects of the reply concern you and why you are dissatisfied.

If you are not content with the outcome your complaint, you may apply directly to the Information Commissioner for a decision. Generally, the ICO cannot make a decision unless you have exhausted the complaints procedure provided by the Treasury. The Information Commissioner can be contacted at: The Information Commissioner's Office, Wycliffe House, Water Lane, Wilmslow, Cheshire SK9 5AF.

