

THURSDAY 11TH APRIL 2024

FOR IMMEDIATE RELEASE

## **Nationwide members demand Special General Meeting so that Virgin Money takeover cannot proceed without a vote**

**Swindon, UK** - Campaign organiser, Mikael Armstrong, has delivered a petition of almost 1,000 names to the head office of Nationwide Building Society, calling for a vote on behalf of society members on the proposed takeover of Virgin Money.

*Launching the 'Give Nationwide members a say' campaign, Mister Armstrong says he and other members have been 'gagged and ignored' by the building society despite multiple attempts for it to follow established procedure.*

Nationwide management and board have so far denied members a say on the proposed £2.9 billion takeover of Virgin Money, despite repeated calls to do so. Members are therefore now requesting a Special General Meeting under the society's own rules, to pass a binding resolution that states: **the takeover of Virgin Money must not proceed without the approval of a majority of Nationwide members.**

The society is yet to answer direct questions sent to the Society Secretary over a week ago, asking for clear answers for why a vote on the proposed acquisition has not been organised as per the law, and for the practical details of how a Special General Meeting can be organised to achieve a member vote.

Time is now running out. Under the society's rules, a Special General Meeting cannot be held for a period of 4 months starting 4th May 2024 - a lock out period which begins one month after the end of the society's financial year - with a notice period of 21 days usually required before a meeting is held.

To comply with these dates, and in the absence of any answers from the society, the campaign has been forced to proceed based on its best interpretation of the rules: **500 members of the society (who have been customers for 2 years or more) must put their request for a Special General Meeting in writing, by end of day Friday 12th April.**

Therefore Nationwide members who would like to vote on the proposed takeover of Virgin Money are **urged to email the Society Secretary by the end of today, using the template provided** by the campaign.

**Mikael Armstrong, organiser of the "Give Nationwide Members a say" campaign, commented:**

"I started the petition to give Nationwide members a say on the proposed takeover of Virgin Money. At various stages along the way, I have been gagged or ignored - just like other Nationwide members.

“My first effort to promote the petition online was taken down from a leading internet forum. The petition itself on change.org was delisted from Google search results. Now Nationwide is stalling, by so far failing to provide answers on simple procedural questions to bring about a resolution for a member vote.

“The board and management of Nationwide appears to be going to extraordinary lengths to rush through a deal to fill the pockets of Virgin Money shareholders with Nationwide members' capital, and without detailed due diligence and proper consideration at the expense of the society's members.

“Nationwide members want - and must be given - a vote on the proposed takeover of Virgin Money. Denying the society's members, its own customers and owners, a vote on the deal is now an obscene show of arrogance.

“The entire episode has become a unedifying spectacle of senior Nationwide management being completely out of touch the the views of members and, in all likelihood, many staff too.

“The board is attempting to use very large sums of money without any meaningful oversight, in the process enriching their friends and cronies with money that is not theirs to spend.

“It has not even been established that these actions by the board are even lawful.

“I ask all Nationwide members to submit their request for a Special General Meeting in support of the proposed resolution immediately using the template provided on the campaign website - <http://nationwide-virgin-money-member-vote.org.uk>

“This will allow for a better understanding of the pros and cons of the deal and, after a suitable period of scrutiny, a member vote.”

ENDS

For more information, please contact:

**For the “Give Nationwide Members a say” campaign**

Contact Mikael Armstrong  
via email at [NWVMvote@gmail.com](mailto:NWVMvote@gmail.com)  
or visit <http://nationwide-virgin-money-member-vote.org.uk> for more information.

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**NOTES TO EDITORS**

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**USEFUL LINKS**

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Change.org petition -  
<https://www.change.org/p/give-nationwide-members-a-say-on-the-purchase-of-virgin-money>

MSE forum post since taken down -

<https://forums.moneysavingexpert.com/discussion/6515150/petition-to-stop-nationwide-buying-virgin-money/>

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FAQ

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### **Q1. Hasn't the deal already been completed?**

A1. No. The deal is yet to be confirmed - requiring a vote of Virgin Money shareholders, a commercial court ruling and approval of UK regulators (Competition and Markets Authority, Financial Conduct Authority & Bank of England). While terms may have been agreed, it is not a "done deal".

### **Q2. Isn't a member vote illegal?**

A2. No. The legal advice that the Nationwide board and management are relying on (from their own advisors who are likely motivated for this deal to go through for the success fees) that a vote is not possible or permissible has not been published. As Virgin Money does not make the majority of its income from mortgages, and the consideration is greater than 15% of the size of Nationwide, it is the opinion of the campaign that a resolution passed by members appears necessary under section 92A subsections 1 to 4 of the Building Society Act. See <https://www.legislation.gov.uk/ukpga/1986/53/section/92A>

Further it is unclear whether the Takeover Panel has been consulted on the appropriateness of holding a member vote as part of the process, noting that Virgin Money shareholders are being offered a vote on the deal as part of the same timeline.

### **Q3. Won't the combined group be better off / financially stronger if the deal goes ahead?**

A3. No. This argument has been put forward by the Nationwide board and management, but it has not been substantiated. It is expected the acquisition (£2.9+ billion) and integration costs (estimated £1+ billion) will be financed by the society reserves (ie. member capital). If the deal goes ahead, Nationwide, which provides 1 in 10 UK mortgages, will be significantly weaker with a lower capital ratio and a higher leverage ratio.

### **Q4. Can members vote on the deal even though Nationwide board and management have so far ruled this out?**

A4. Yes. The rules of the society stipulate that members can bring a Special General Meeting (SGM) provided enough members request this. Section 14 of the rules outlines the arrangements.

At a SGM, members can put forward a resolution to a vote of the members in attendance. The intention of the campaign is to call a SGM and pass a binding resolution at the meeting that states: “the takeover of Virgin Money must not proceed without the approval of a majority of Nationwide members.”

This would mean that if Nationwide wants to proceed with the takeover, it would need to hold a ballot of all eligible members. The deal could then only proceed if a majority of members support it.

**Q5. Who are the members of Nationwide, who is eligible to request a SGM, vote etc.?**

A5. The Nationwide rules govern the membership of the society and can be found here: [nationwide.co.uk/-/assets/nationwidecouk/documents/about/membership-matters/g10-memorandum-and-rules.pdf](http://nationwide.co.uk/-/assets/nationwidecouk/documents/about/membership-matters/g10-memorandum-and-rules.pdf)

Most customers of Nationwide are members of the society, and are therefore eligible to attend and vote at meetings, and can vote if balloted. Typically, you are a member if you either have a mortgage, current or savings account with Nationwide.

If you have funds via an eligible current or saving account, it is referred to as a “share investment” (because you are investing in the society and share in its benefits) and you are referred to as an “investing member”.

If you have a mortgage with Nationwide only, you are referred to as a “borrowing member”.

Both investing and borrowing members are eligible to attend general meetings, and vote on resolutions put to members. You do not get more votes if you have more money or more accounts - the principle is “one member, one vote”.

In order to bring about a Special General Meeting under Section 14 of the rules, 500 “two-year qualifying members” must request this in writing. Two-year qualifying members are defined as investing members who have held £100 or more on deposit, or borrowing members that have owed £100 or more on their mortgage over the last two years.

Those members requesting a SGM must also put up a refundable deposit of £50 for each member making the request. It is not yet clear how this can be done: whether one person can pay a deposit of 500 x £50 on behalf of all, or each member has to individually put up £50 (and how this should be paid) as the rules are not clear. However the campaign interprets “for each member” to mean that a subset of requesting members can pay the deposit on behalf of the group. Therefore a refundable deposit of

£25,000 - £50 for each of the first 500 requesting members - will be paid by cheque on behalf of all members to ease the burden of administration for all parties, as per the society's rules.

The deposit is non-refundable in only two circumstances, if a meeting is held and quorum (10 members in attendance) is not reached, and/or a resolution is passed by the members at the meeting that costs of the meeting should be deducted from the deposit.

**Q6. Didn't Nationwide already carry out a poll of members?**

A6. There have been references in the press to an informal poll with a small 150 person sample size carried out by Nationwide management. However management have not been transparent as to why, how or when this was conducted, nor have they published the full results.

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**EMAIL TEMPLATE**  
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The template must be edited to include just three pieces of information: the member's Nationwide account number, name and address.

TO:  
Society.Secretary@Nationwide.co.uk

SUBJECT:  
Request for a Special General Meeting to demand a member vote on the takeover of Virgin Money

MESSAGE:  
Dear Society Secretary,

Under Section 14 of the Nationwide rules, I would like to request a Special General Meeting of the Nationwide Building Society as soon as possible to pass a resolution that "the takeover of Virgin Money must not proceed without the approval of a majority of Nationwide members."

My Nationwide account number (bank account or mortgage account) is:  
<ENTER ACCOUNT NUMBER>

Signed: <ENTER NAME>  
<ENTER ADDRESS>

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**UNANSWERED QUESTIONS PUT TO THE SOCIETY ON 3 APRIL 2024**  
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1. Please could you share the legal advice the society has received as to why a vote is not required, and why the board are “comfortable” in holding such a view?
2. Does each full member have to provide a £50 deposit, or can a single individual or organising group pay £50 x the number of signatories in a lump sum?
3. How is the £50 deposit per signatory to be collected, practically-speaking? Can this be in the form of a cash, cheque, deposit in branch, transfer from a members account?
4. In terms of the information that members have to supply alongside the request for a SGM - does an account number and type/name of account suffice or does this require full details including branch, sort code etc? What provisions can be made to protect account security given the requirement these details plus full names and addresses? Would it not be better if the society provided an online form for this purpose?
5. The rules stipulate a maximum time for a meeting to be called and held. What are the minimums please?
6. The rules stipulate that the deposit(s) will be returned once a meeting is held, unless a resolution is made to make a contribution towards the cost of holding the meeting. What needs to be done to ensure the full deposit sums are returned? If that cannot be guaranteed, what are the anticipated costs for holding a SGM?
7. Can you confirm there will be no repercussions or retaliations against members for calling a SGM?