

## Barclays Sells £236 Million in Thames Water Debt Amid Crisis

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— Categories: Breaking News



Barclays is reportedly selling £236 millions of inflation-linked debt tied to Thames Water through an auction that closed on Thursday, raising fresh concerns about the future of Britain's largest water supplier. The sale comes as Thames Water has drawn the remaining available amount of its first £1.5 billion debt lifeline, securing liquidity until at least mid-

December, while the government appoints FTI Consulting to prepare contingency plans should the company collapse.

Thames Water, which serves about 16 million people across London and parts of southern England, is under intense financial strain with debts estimated at around £16.8 billion. The utility posted a pre-tax loss of approximately £1.65 billion for the year ending March 2025, driven by restructuring costs, fines and provisions. High rainfall contributed to a 34.3 per cent rise in pollution incidents, compounding its regulatory challenges.

In February and March 2025, the High Court approved an emergency lifeline of up to £3 billion, with the first tranche of £1.5 billion now fully drawn. The support, provided by senior creditors, carried interest rates around 10 per cent and substantial fees. While the injection has provided short-term liquidity, concerns remain over the company's long-term viability. The government has appointed FTI Consulting to prepare contingency plans for placing the utility into special administration.

Efforts to secure a permanent rescue have faltered. A proposed £4 billion equity takeover by KKR collapsed earlier in 2025, raising the likelihood of state intervention. The collapse of that deal increased the likelihood of state intervention and placed greater pressure on the utility's creditors.

Thames Water's senior creditors, holding around £13 billion of debt, are negotiating a rescue plan that could involve up to £5 billion in new equity and debt and a write-down of existing borrowings. Their proposals reportedly seek regulatory flexibility including reduced pollution penalties, prompting debate over the implications for environmental standards.

The situation underscores broader concerns about the UK's privatized water sector. The combination of high debt, regulatory fines and infrastructure demands has strained multiple companies, and Thames Water, given its scale, is a vital test case for regulators and government.

Neither Barclays nor Thames Water have commented publicly on the debt sale, though the auction underscores growing unease among financial institutions over their exposure to the company. The government asserts contingency plans are in place to protect consumers, though it is unclear how sustainable short-term fixes will be without a long-term solution.

With winter approaching, attention is turning to whether a private-sector rescue can be secured, or whether state intervention will be necessary. For the millions of households and businesses relying on Thames Water, the stakes could not be higher as the company nears a critical crossroads.