

THE EARLIEST READING BANK: MARSH, DEANE & CO., 1788-1815¹

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The history of country banking in Berkshire still remains to be written, but meanwhile it seems worth recording some interesting features of its early years. In fact, the county—described well into the 1930's as one of the most 'unspoilt' in southern England²—was among the last to adopt the banking habit. Its earliest recorded bank was founded in 1777-78. By 1784 only three out of the 120 banks in England and Wales outside London were in Berkshire, and in 1796 only eight out of some 300³. How could it have managed for so long without a banking system?

Clearly the need was less great there than in areas of large-scale industry where considerable amounts of capital were required and payments for business transactions might have to be made anywhere in the country. Berkshire lived mainly by the processing of and by trade in agricultural products of one kind or another, most notably converting large quantities of barley into malt for the vast breweries of the metropolis: perhaps as much as 115,000 quarters of malt annually in the 1740's-60's, enough to make 400,000 barrels of medium-strength beer.⁴ Credit transactions were therefore relatively straightforward, being centred in London and low in risk since most of the principals were well known to one another.

The expense and inconvenience of travel over the poor roads limited heavy long-distance traffic to the inland waterways, which until the 1780's meant the river Thames. Significantly enough, it was when the canal era dawned that the first banks began to be opened in Berkshire. The earliest was one started by some prosperous maltsters at Abingdon, then in some respects the county town,⁵ to be followed in

1780 by Ramsbottom & Co., of Windsor, connected with the brewery—later Nevile Reid & Co.—which was soon to become the most considerable in the county and a large-scale exporter of beer to London. Two years later a linen draper and a timber merchant set up Vincent & Co.'s bank at Newbury, a growing centre of inland trade ever since 1735, when the river Kennet had been made navigable as far as its junction with the Thames at Reading.

Then the onset of the 'canal mania' in the late 1780's precipitated the foundation of further banks, for the former simple patterns of two-way trade would henceforth be replaced by something far more complex. In the summer of 1788 a meeting of promoters put forward proposals for joining the Kennet with the (Bristol) Avon to allow navigation through to the Severn estuary. The Kennet and Avon canal was not fully opened until 1810, but the Thames and Severn canal (via Oxford and Lechlade) was completed in 1789 and the Oxford canal, which connected Berkshire with the Midlands and the North, in 1790. The year 1788 was in fact one of recession and high interest rates, but this consideration did not deter Marsh, Deane & Co. from opening the Berkshire and Reading Bank in Friar Street, Reading on 1st September, the banking hours being 10 to 3 except for Sundays.⁶

I

The bank had three partners. Sir Charles Marsh (1735-1805) was a former army officer who had a distinguished record in India during the Seven Years War in the 84th Foot Regiment

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under Sir Eyre Coote, and had returned (in his granddaughter's words) 'with an ample fortune'. In 1786 he had been knighted for his services in raising a regiment of Volunteers in Berkshire.⁷ Henry Deane (1743-99) was the son of a partner in the Castle Brewery, then probably the largest of Reading's many breweries. After his father's death he had sold out his partnership share to a cousin, John Deane, and was now a burgess of independent means; he served three times as Mayor of Reading between 1782 and 1794. John Deane was also Receiver-General of Taxes for Berkshire. Since receivers-general often held tax proceeds for lengthy periods before remitting them to London, the bank was able to employ at profit these funds as well as the brewery's periodical surpluses of cash. The third partner was Eyre Evans Crowe (d. 1804), a 'dealer and chapman' of Sindlesham Lodge, near Reading. He also had served in the 84th, for Sir Eyre Coote was his cousin, but he was now on half pay. A dim figure, most of his interest lies in having had a number of very distinguished descendants.⁸ The partners' initial capital was probably in the region of £1,000 each.

In its first few years, from 1788-89 to 1791-92, the bank seems to have made a reasonable profit. Corn prices were high and there was no direct competition owing to the absence of rival banks in the vicinity. Then in the autumn of 1791, as the British economy was pulling out of its recession, new banks were set up in Newbury, Wallingford, Andover, Henley and High Wycombe. Nearer home, a group of Reading businessmen founded Micklem, Stephens, Simonds and Harris's bank in the Market Place, with a capital of £4,000. Marsh & Deane responded to this activity by making its notes payable at a West End bank as well as at its correspondents in the City of London, and perhaps by opening at 9 instead of at 10 a.m. It also established a branch at Wallingford, to be followed by one at Henley in the early 1800's. No doubt fortunately for it, a 'Wokingham and Reading Bank', announced in June 1792 as about to open, with facilities for paying bills and notes at

Reading, Wokingham, Windsor, Basingstoke and London, never made its appearance.⁹

Marsh & Deane differed from most of its rivals in that the partners belonged to the *rentier* class instead of being active businessmen, for Crowe's activity was that of a casual and small-scale trader rather than as a merchant proper. They therefore had only limited opportunity—and no real incentive—to observe market trends, an essential part of the country banker's trade. They also seem to have paid undue attention to personal finance, a notoriously risky field. An instance from the Bankruptcy records is probably not unrepresentative. In 1790 the partners advanced to another half-pay officer, Col. Robert Wood, the sum of £3,500—partly in cash and partly in drafts on their London correspondents—against five annuities of £100 each. Two years later Wood asked them to fund the debt, and they agreed to discount at 3% a bill drawn by Wood on two Londoners and payable after three years. This bill was backed by a bond for the same amount, but when it matured the London acceptors could not pay, giving instead a further bond jointly with a third party. They managed to pay two instalments before the third party went bankrupt, and the bank was left with a bad debt which now totalled £4,730. The significance of this sorry tale is that none of the various steps had been agreed by all the partners together. When the bill and bonds were first drawn up in London, Sir Charles Marsh attended on his own, not even accompanied by his legal adviser; he mistook one of the acceptors for another man of the same name, and did not know that the Doctors Commons attorney who prepared the bond was acting regularly for the other parties.¹⁰

Then in November 1798 Eyre Evans Crowe went bankrupt. He had infringed the articles of partnership by becoming security to a private debt; when he resigned from the bank, his partners confiscated his capital to help meet the losses, in which they had unlimited liability. Just a year later Henry Deane died, his estate being valued at £10,000. John Deane had gone bankrupt—not unexpectedly, for he was an

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inveterate gambler—in 1790. His official post of Receiver-General of Taxes for Berkshire was henceforward divided between Henry's son Henry Boyle Dean for the east of the county and William Blackall Simonds, of the other bank, for West Berkshire. Henry Boyle Deane did not now become a partner, but he allowed his father's capital to remain in the bank.

Sir Charles, who clearly possessed no head for business, was thus in sole charge, and three

years later the bank's losses, which had been building up regularly ever since 1792-93, apparently began to soar. What happened is obscure, since no statement of profit and loss was drawn up between 1803 and 1805, and no debt was ever carried to the Profit and Loss Account until it was a 'dead loss'. The very large deficit may thus have arisen from the need to write off the irrecoverable debts at the end of that period. The figures are given in Table 1.

TABLE 1.

MARSH, DEANE & CO.

Losses 1788-1815 (£)

| <i>Years Aug.-Aug.</i> | <i>No. of years</i> | <i>Average annual loss (approximately)</i> | <i>Cumulative loss at end of period</i> |
|----------------------------|---------------------|--|---|
| 1788-92 | 4 | (profit) | — |
| 1792-98 | 6 | 1,200 | 7,000 |
| 1798-1803 | 5 | 1,200 | 13,000 |
| 1803-05 | 2 | 14,500 | 42,000 (a) |
| 1805-15 | 9½ | 1,650 (b) | 58,000 (c) |

Source : P.R.O. B 3/3329.

Notes :

- (a) stated as £45,900 when partnership reformed in August 1805 (see Table II).
- (b) excluding loss at Wallingford branch.
- (c) stated as £61,500 in January 1815 (see Table 2).

II

Sir Charles Marsh died suddenly in August 1805 at the age of 70. He had enjoyed a high standing in Reading's society, not only as a leading banker but also as Justice of the Peace, Commissioner of Income Tax for Wallingford and Commissioner of the Sale of Land Tax in Berkshire. He owned property in Friar Street, Reading and in Hatton Garden, London, as well as a leasehold house in Cavendish Square and money in the Funds. Having sent two of his sons as army officers to India—where instead of making their fortunes they met untimely deaths—he kept his other sons in England.

William, the elder, served an apprenticeship in the bank but left to go to Oxford in 1797; he was later ordained and became an evangeli-

cal preacher of some renown.¹¹ Henry, the younger, married at 18 a widowed heiress; Sir Charles indulged both sons by lending his large drawing-room on one evening during the season for a fashionable dance and on the next for a Bible meeting. He left £5,000 on his death, but he was far worse off than appeared. His assets were heavily mortgaged; the bank's considerable losses were partly his liability, and he seems to have treated some of William's personal fortune—particularly the houses in Marsh Place, Reading—as his own.

Early in 1805 a prominent grocer and burgess of the town, Richard Westbrook, had asked to join the bank as a partner, but William Marsh (then conveniently curate at the local church of St. Laurence-in-Reading) had had to explain that the bank had lost so much money that only

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when certain insurance policies and reversionary securities fell due could it hope to be solvent. Even so, he added, the bank was unlikely to earn more than 8% on capital unless business improved substantially. (He was wildly optimistic: the average age of the three people, whose lives were insured, was only 52 in 1805, and therefore the policies would probably not mature for some while. Moreover, their capital value was less than £11,000 whereas the total debts exceeded £40,000). Despite this forecast, when the partnership was reformed after Sir Charles's death, Westbrook became a partner, providing £3,000 of the bank's £7,900 capital. The remainder came from Lady Marsh and Mrs Deane, the two widows; Henry Boyle Deane now entered as a full partner, but was not asked for any capital because of his managerial services and receiver-general's tax balances.

Yet the new management was unable to halt the rising tide of losses. As Table 1 shows, between 1805 and 1815 these amounted to some £16,000, leaving aside those at Wallingford, where a Mr Harris had defaulted to the tune of £12,000. Being losses on trading they did not include a deficit of £3,200 arising from the depreciation of Government stocks. The partners did not now act any more responsibly than their predecessors had. They seldom inspected the books, which were kept by the Chief Clerk, Horace Man. As to the partnership capital, whereas Westbrook steadily built his up from £3,000 to nearly £7,000, Lady Marsh over the years drew out £5,150, nearly double the original sum she had put in. Mrs Deane ran down her £1,900 capital to under £1,200. William Marsh, who had power of attorney for his mother, misguidedly transferred to her account securities worth £2,370 which Sir Charles had held in trust as executor of a wealthy friend; she drew out the proceeds and spent them on herself. The indignant beneficiaries demanded their money, and in 1811 she had to borrow an equivalent sum on mortgage.

By that year the bank's plight had become almost desperate. A firm, trading in goods,

would have gone bankrupt long before as its flow of cash dried up under the mounting deficit. A country bank could simply carry this deficit—as debts due to the firm—to the assets side of the balance sheet and increase its note issue on the liabilities side correspondingly. However, there were two dangers. The first was of a run on the bank, should depositors or holders of its notes so lose confidence as to demand cash: namely, notes issued by other banks or by the Bank of England now that gold payments had been suspended. Fears of a run when suspension took place in 1797 and again when Sir Charles Marsh died in 1805 had proved groundless.

The second, less apparent, danger arose from the need to make provision for Henry Boyle Deane's tax remittances to London, particularly at the end of each year; ever since 1810 this had been acute. To meet the 1811 tax remittances, Westbrook was forced to borrow on the bank's behalf the whole of his maiden sister's holdings in the funds, amounting to nearly £6,000; the bank provided collateral in the form of Government bonds which it was unable to sell without serious capital loss. One or two wealthy tradesmen were also in the habit of depositing spare cash over the period, to be repaid as tax proceeds began to flow in after the new year. The bank's London correspondents (Sir Charles Price, Kay, Chapman & Co.) also provided temporary accommodation by discounting bills or making advances on them.

Even so, the reckoning did not come until 1814. By then the wartime boom was subsiding with the return of peace, and Reading underwent a series of economic misfortunes. In the early spring an especially prolonged freeze had halted road and water transport between London and Reading for twelve weeks. The summer brought a disastrous corn harvest, and the autumn was so dry as to lower the levels of the rivers and canals, and boats were prevented from making the journey to and from London. Reading's trade was so depressed that creditors were forced to call in their loans, and the cumulative squeeze on credit soon

had its impact on the ultimate sources of credit: the town's banks.¹² These commercial disasters hastened, rather than caused, Marsh & Deane's downfall.

III

Ironically enough, the bank's final phase began with £6,000 worth of its notes being stolen on 1st December 1814 from a coach returning from London. About £700 worth of these were exchanged before their payment could be stopped. The bank theft did not appear to harm public confidence in the bank; practically no one knew that throughout that month the principals were making frantic efforts to raise money for the end-year tax payments.

The bank then had a tax liability to the Exchequer of about £30,000; the actual proportion of this that had to be remitted at the end of the year is not known, but must have been substantial. The usual group of associates provided help: Lancelot Austwick, Westbrook's cousin, lent £6,200; Robert Lawrence, draper, £2,400; Ralph Deane, now a *rentier*, £2,000; and John Neale, maltster, £1,950. All these loans were on mortgage. But a large sum would still have to be found in London, and the Chief Clerk had to spend so much time there that he could not enter one particular transaction in the bank's books until a fortnight after it had taken place.

His and the partners' preoccupations were especially acute in the fortnight after Christmas; there was no adequate supervision in the bank itself. Richard Westbrook's son Richard was a clerk there with access to the books. Late in December he lent £1,200 in the bank's name to his cousin Lancelot Austwick junior, who was planning to go abroad on some (unnamed) speculative adventure. Young Westbrook did not mention this loan to any of the partners, and when Horace Man saw the entry in the books and severely reprimanded him for weakening the bank's liquidity at this critical time of year, Westbrook off-handedly replied that the drafts were not payable until the end of January and would therefore 'be of no con-

sequence'. Unlike Man, he seems to have had no idea that bankruptcy was imminent.

Then at 9 a.m. on 5th January, Henry Marsh, just off the London coach, informed Man that all efforts to raise the money for the Exchequer payment had failed, as the bank's correspondents refused to lend against any more bills. On Westbrook senior's orders, therefore, Man closed the bank's doors and stopped any further transactions. It is agreeable to note that the very last payment, actually made in the back parlour, occurred when the surgeon John Hooper called a little later to cash some drafts. Man refused them, but was persuaded to pay—with notes on Stephens' bank—one for £175 belonging to a widow with a large family, who would otherwise have been destitute.

To say that the people of Reading were stunned at the news is no more than the truth. In the words of a contemporary diarist, 'stagnation of business immediately ensued; in every street and at every turning each one enquiring, "is it true?"'. The diarist singled out those with most to lose: the elderly who had purchased annuities from the bank; tradesmen who had lodged their Christmas takings and were about to meet suppliers' bills; and those who had overdrafts with the bank 'and now tremble at the consequence'.¹³

The last-named had good reason to tremble, for within a few days the Commissioners of Bankruptcy arrived in the town and ordered borrowers from the bank to repay their overdrafts within twelve days; somehow or other £11,000 out of the £15,000 outstanding came in within the specified period, and others were given more time to pay. Among these were two London-born brothers, James and John Sutton, who had moved to Reading some years before, James, formerly a mealman at St. Giles's Mill and now a baker, had an overdraft of £1,450, while John Sutton was a corn merchant in King St. who owed £960; the bank wrote off a third of both debts as 'dubious'. James was ruined and died a poor man. John, who learnt almost on the same day about the failure of a London business which bought large quantities of flour from him, gave his

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newly-born son the middle name of Hope, since he looked forward to 'better times'. He at least was not to be disappointed: Martin Hope Sutton went on to create the Reading seed firm which gained both national and world-wide celebrity.¹⁴

Holders of the bank's notes, too, suffered because these were worthless as money. The commissioners arranged to reimburse without

delay all those who held less than £20 worth of them; people holding more had to present them personally in London or through an attorney for a fee of 10s. 6d. (52½p), and wait until such time as the commissioners declared a dividend. This was likely to be well below 20s. in the £, as shown by the Statement of the bank's Affairs (given in Table 2), which they drew up a few months later.

TABLE 2.

| MARSH, DEANE & Co. <i>Statement of Affairs as at Jan. 1815 (£000s)</i> | | | |
|---|-------|---|-------|
| LIABILITIES | | ASSETS | |
| Partners' capital and reserves | 11.9 | Premises (at cost) | 1.9 |
| Less partners' drawings since 1805 | 6.8 | Cash and debts in hand and already received | 40.4 |
| | 5.1 | Cash, etc. receivable from: | |
| Own notes issued | 102.0 | London correspondents | |
| Less in bank | 57.3 | (Sir Chas. Price & Co.) | 13.5 |
| | 44.7 | Good debts outstanding | 24.9 |
| Customers' deposits (a) | 68.0 | Bad and doubtful debts | 6.3 |
| Tax money—due to Exchequer | 31.0 | Former partners (accumulated losses | |
| | | 1788-1805) | 45.9 |
| | | Losses 1805-15 | 15.6 |
| | | | 148.5 |
| | | Balance—excess of liabilities over assets | 0.3 |
| | 148.8 | | 148.8 |

Source : Based on P.R.O. B 3/3321.

Note : (a) of which $\frac{2}{3}$ were current accounts and $\frac{1}{3}$ deposit (or interest) accounts.

Out of liabilities totalling almost £150,000, therefore, about 45% was uncovered because the 'assets' comprised debts to the bank that were certainly or probably irrecoverable. At the same time, the partners' own assets were forfeit in order to help make up the losses. Richard Westbrook's property in High Street, Crown Street and London Street, Reading, was seized, but we do not know how much it realised. Henry Boyle Deane owed a personal debt to the Exchequer (over and above the £31,000 lodged with the bank), of £11,400, and this had to be repaid partly from his estate and partly by his sureties John Blagrove of Calcot House and a Mr St. John, presumably of London. The widows had a similar liability:

Lady Marsh's estate yielded £1,460 and that of Mrs Deane £1,890, and they were both compelled to live on small personal allowances while all their income and major expenses (including rates, taxes and repairs to property) were administered by the commissioners. Clearly the sums realisable from this quarter were modest compared with the liabilities outstanding, and the legal and other costs of the whole affair were enormous. The commissioners' solicitor alone submitted a bill of £6,700 for services during the eight years to the end of 1822, and costs continued to amount as the case dragged on.

Once the ordinary people of Reading had recovered from the first shock, they expressed

very forcefully what they felt about the bank's failure. Slogans appeared on walls, such as 'No Country Bankers need apply, having forfeited all claim to confidence'.¹⁵ As late as 1826, while Henry Marsh was speaking on behalf of the Liberal candidate, John Berkeley Monck, at the general election of that year, he was greeted with shouts of 'Old Broken Bank, who paid nothing in the pound'.¹⁶ These sentiments were understandable but only partly accurate, for in July 1816 the commissioners had declared a dividend of 3s. 4d. (16½p) in the £, and in 1818 an additional dividend of 1s. 6d. (7½p). A small committee of creditors acted as a pressure group on the commissioners, and elections to this committee often aroused much acrimony in the town. Not until June 1838 was a third and final dividend of 1s. 4d. (6½p) announced, making 6s. 2d. (31p) in the £: nearly a quarter of a century after the original failure.

IV

Two questions remain to be asked about this bank. First, how much did it contribute to the rapid development which Reading underwent in the twenty-six years of the bank's existence; and second, what factors were mainly responsible for its collapse in 1815? Neither can be answered with complete certainty, since the 37 large volumes concerning Marsh & Deane's bankruptcy are mostly taken up with routine claims, and almost all the important evidence is included in statements made under oath by the various parties, so as to clarify information in the books—which have not survived.

As to the first question, clearly the bank's ability to create credit and to settle transactions anywhere in England through its London correspondents were bound to facilitate long-distance trade and hence add to Reading's prosperity. This was at a time when the opening of the canals began to draw goods in from the industrial north and from Bristol as well as along the traditional Thames route from London. During the war from 1793 onwards, too, the town enjoyed a boom because there was a buoyant demand for agricultural

produce and because it provided other essential materials, such as sailcloth, for wartime needs.

The list of Marsh & Deane's overdrafts in 1815 shows that the two largest groups of borrowers were corn millers and dealers, and manufacturers of silk. (Brewers and maltsters must have been well in funds at that time of year, for their deposits with the bank totalled over £5,300). Yet there was still too large an element of personal loans; the largest single overdraft, of £3,500, was for a Lady Boynton—presumably of Great Marlow—and many others undoubtedly fell into the same category.

The second question, regarding the causes of the collapse, has been discussed in the previous section, but it needs to be stressed that country banking was not of itself unsound, despite its vulnerability not only from national economic conditions but also from purely local vicissitudes. Once a bank had fully gained the public's confidence, it could usually rely on unstinted support. In the 1797 crisis, for instance, over 150 businessmen and local magnates had publicly declared their willingness to accept Marsh & Deane's notes, and we have seen how later on a series of reputable citizens helped to tide it over its seasonal difficulties.

Nevertheless, the bank's partners did abuse the confidence of those who accepted their notes and deposited and borrowed money so trustingly. The partners' capital was small in relation to commitments, as were their private fortunes that were supposed to underpin operations in the days of unlimited liability. Except for Westbrook—who played fair by increasing his stake in the bank while a partner—none of them had outside trading interests that would have given them a share of Reading's enhanced prosperity during the Napoleonic wars.

Such grave shortcomings can be contrasted with the exemplary way in which Reading's other two county banks were managed: namely, the banks which later became Stephens, Blandy & Co. and J. & C. Simonds & Co. respectively. In the critical early days both of these had been under the direction of very wealthy brewers, but within a few decades

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passed into the hands of professional bankers who exercised great prudence and vigilance. They therefore survived and prospered until nearly a century later the one joined Lloyds Bank and the other Barclays Bank, and the respective branches continue to operate on their original sites in Reading to this day.

¹ Except where otherwise noted, this article is based on the records of the High Court of Justice in Bankruptcy, Public Record Office (PRO) B 3/3303-39.

² F. G. Brabant, *Berkshire* (The Little Guides, 4th ed., 1934) p. vi.

³ National figures from L. S. Pressnell, *Country Banking in the Industrial Revolution* (1956) p. 11.

⁴ Based on excise duty data in P. Mathias, *The Brewing Industry in England 1700-1830* (1959) p. 394.

⁵ J. Townsend, *News of a Country Town 1753-1835* (1914) p. 87.

⁶ *Reading Mercury*, 1 September, 1788.

⁷ *The Genealogist* XVII (Second series, 1901) pp. 43-9; *The Life of the Rev. William Marsh D.D., by his Daughter* (Catherine Marsh, 1878) gives some additional scraps of information.

⁸ The *Dictionary of National Biography*, notes his

grandson the historian Eyre Evans Crowe (1799-1868), the artist Eyre Crowe (1824-1910), the art historian Sir Joseph Archer Crowe (1825-96) and the eminent public servant Sir Eyre Crowe (1864-1925). I am grateful to Dr Sybil E. Crowe, of St. Hilda's College, Oxford, for assistance here.

⁹ *Reading Mercury*, 18 June, 1792.

¹⁰ P.R.O. B 1/97 fo. 287-9; 324; B 3/3183, 3185-6 re John Martindale, bankrupt, 1797-1800.

¹¹ He is also noticed in the *Dictionary of National Biography*. Because of his long connection with the bank, he was one of those interrogated under oath by the Commissioners of Bankruptcy; he skilfully trod the narrow path between the truthfulness expected from a man of his cloth and loyalty to his unbusinesslike parents.

¹² For these vicissitudes and their calamitous effect on another citizen of Reading (Joseph Huntley) see T. A. B. Corley, *Quaker Enterprise in Biscuits, Huntley & Palmers of Reading 1822-1972* (1972) p. 16.

¹³ (W. Turner), *Reading Seventy Years Ago: A Record of Events from 1813 to 1819* (1887) p. 36.

¹⁴ A. B. Cheales, *M.H.S. A Few Noteworthy Incidents Connected with the Life of Martin Hope Sutton of Reading* . . . (1898).

¹⁵ *Reading Seventy Years Ago* p. 38.

¹⁶ W. S. Darter, *Reminiscences of an Octogenarian* (1888) p. 139.