FCA Redress Schemes
Dishonesty & collusion hiding in plain sight

Presented by

Paul Carlier

RBS to compensate squeezed firms

8 November 2016

GETTY IMAGES

Royal Bank of Scotland is to compensate up to 12,000 small business customers that it allegedly mistreated in the wake of the financial crisis.

The bank has announced a fund of £400m for affected firms.

Its Global Restructuring Group (GRG) had been accused of buying assets cheaply from failing firms it claimed to be helping.

However, regulators found RBS did not "artificially engineer" the transfer of customers to GRG.

Last month, RBS said it had let some small business customers down in the past but denied it had deliberately caused them to fail.

'Very sorry'

On Tuesday, RBS chief executive Ross McEwan said: "We have acknowledged for some time that ***mistakes*** were made. Some of our customers went through what was a traumatic and ***painful experience as a result of the crisis.***

"I am very sorry that we did not provide the level of service and understanding we should have done."

The bank will automatically refund ***complex fees*** paid by about 4,000 small business GRG customers between 2008 and 2013, and will set up a new complaints process.

Customers who feel they have lost out may have to fight for redress through the courts.
Mr McEwan told the BBC: "It would be fair to say that consequential loss needs to go to the court at the end of the day, because it will be up to a court process in most of these situations for them to determine whether... those businesses were going to be viable, and be a very successful business going forward."

In the case of businesses that have gone bust but are due compensation, it will be ***up to administrators*** to decide whether to reconstitute the firm….
It may be the case that only creditors of a dissolved firm will benefit from any compensation, rather than the business owner, he said.

We set out below the FCA's high level summary of the main findings and some key conclusions in the Report. Whilst some isolated examples of ***poor practice*** were identified, the Report concluded that:

- RBS did not set out to artificially engineer a position to cause or facilitate the transfer of a customer to GRG;

- SME customers transferred to GRG were exhibiting clear signs of financial difficulty;

- there was not a widespread practice of identifying customers for transfer for inappropriate reasons, such as their potential value to GRG, rather than their level of distress;

- there was not a widespread practice of requesting personal guarantees and/or cash injections when GRG had already determined that it had no intention of supporting such businesses;

- there was not a widespread practice of RBS making requests for information from customers that were unnecessarily burdensome;

- there was not a widespread practice of RBS acting as a 'Shadow Director';

- there was no evidence that an intention for West Register to purchase assets had been formed prior to the transfer of the customer to GRG; and

- there were no cases identified where the purchase of a property by West Register (as opposed to by another person) ***alone*** gave rise to a financial loss to the customer.

From: Paul Carlier <paul.carlier@live.co.uk>
Subject: **Another FCA Whitewash**
Date: 8 November 2016 at 11:45:08 GMT
To: "Treascom@parliament.uk" <Treascom@parliament.uk>, [redacted], "gareth.johnson.mp@parliament.uk" <gareth.johnson.mp@parliament.uk>
Cc: "andrew.bailey@fca.org.uk" <andrew.bailey@fca.org.uk>, "sarah.bailey@fca.org.uk" <sarah.bailey@fca.org.uk>, Whistle <Whistle@fca.org.uk>, "Press.Office@fca.org.uk" <Press.Office@fca.org.uk>, [redacted]

[redacted] & The Treasury Select Committee,
I am still awaiting your response regarding the various issues that I escalated to you earlier this year, including the FCA's treatment of me as a whistleblower and the widespread ramifications for every employee of Lloyds and other large institutions. Namely, that none have any protection by law and that these large firms have knowingly constructed whistleblower policy and training so as to ensure that employees that dare to blow the whistle have no protection whatsoever, and that the firm is guaranteed a victory in any legal proceedings brought under whistleblower law.

Not my opinion, but a fact supported by Lloyds own representations at my Employment Tribunal. You will recall from my earlier emails that Lloyds argued, and used case law precedents to support, that I had not blown the whistle in the correct way and therefore my disclosures did not qualify as protected whistleblower disclosures.

This despite me following their whistleblower policy to the letter.

I have been forced to read no end of nonsense by the FCA and Andrew Bailey in particular in the press in the past year:
- The FCA's knowingly false claims as to how they treat and value whistleblowers in October 2015.
A press release that prompted my complaint against the FCA as to their treatment of me as a whistleblower and their handling of my disclosures.
A complaint that I still do not have a response to despite the complaint being made 13 months ago, and despite being promised a response within 40 days of making said complaint!

- Andrew Bailey's article in the Guardian whereby he claims that the FCA must be held accountable and take responsibility for its actions in the same way that the firms it regulates must be. GARBAGE. Ironically, I contacted the FCA press team to challenge this story and the response from this organisation in respect to this story that says they must be held accountable and must take responsibility, and byh an organisation bound by its own principles to be transparent and disclose information?..... 'No comment.' Touche.

I now read the following article this morning:
http://www.bbc.co.uk/news/business-37903541

The FCA found there was no wrongdoing or that RBS transferred customers to GRG for their value, or requesting cash injections when the bank had no intention of supporting the business..... Seriously?

The entire City knows what was going on at RBS in that department, apart from it seems the regulator. The email in that article circulated following the Southern region Managers meeting demonstrates that the FCA's conclusion is nothing but another whitewash, presumably made in collusion with the bank so as to protect the bank. I am guessing that the £400mio fund is part of the deal struck between RBS and the FCA in return for the favourable whitewash.

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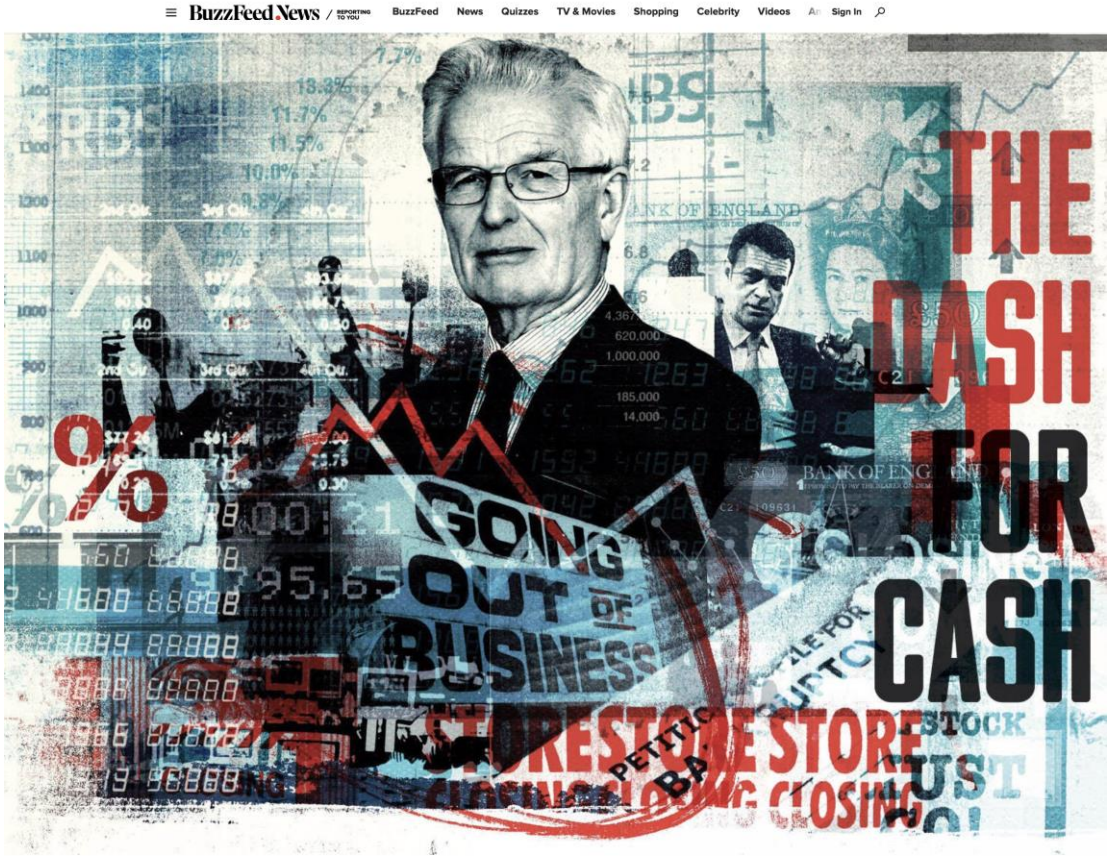

News • Posted on Oct 10, 2016

The Dash For Cash: Leaked Files Reveal RBS Systematically Crushed British Businesses For Profit

https://www.buzzfeed.com/heidiblake/dash-for-cash

P & L Performance

Income £000's	Y/E 2011	2012	2013	2014	2015	2016
Fees	573,833	155,932	100,017	82,058	68,505	57,434
Interest Recovered	83,077	75,786	23,193	25,805	14,785	12,485
Margin Enhancements	128,638	99,475	73,250	64,412	44,311	34,791
Other	535,728	168,219	86,469	86,339	59,195	47,099
Total Income	**1,321,288**	**499,413**	**282,929**	**258,613**	**186,797**	**151,809**
Total staff costs	102,941	140,451	134,893	118,523	104,528	94,124
Premises & Equipment	478	325	260	244	237	228
Travel & Entertaining	3,106	2,700	2,757	2,479	2,180	2,013
Legal & Professional	15,502	10,722	17,326	13,716	13,881	12,807
Training	723	595	611	541	479	451
Other	9,745	7,649	6,675	5,868	5,152	4,555
Total Other Costs	29,554	21,991	27,629	22,848	21,928	20,053
Total Expenses	**132,495**	**162,442**	**162,522**	**141,371**	**126,456**	**114,177**
Net Profit before Impairment Loss	**1,188,793**	**336,971**	**120,406**	**117,243**	**60,341**	**37,632**

However, there were other areas in which the ***inappropriate*** treatment of SME customers by RBS was identified in the Report as being widespread. These arose from:

- the failure to comply with RBS's own policy in respect of communicating with customers around transfer. The Report found that the standard of much communication was poor and in some cases misleading;

- the failure to support SME businesses in a manner consistent with good turnaround practice;

- placing an undue focus on pricing increases and debt reduction without due consideration to the longer term viability of customers;

- the failure to document or explain the rationale behind decisions relating to pricing following transfer to GRG;

- the failure to ensure that appropriate and robust valuations were made by staff, and carrying out internal valuations based upon insufficient or inadequate work – especially where significant decisions were based on such valuations;

- the failure of GRG to adopt adequate procedures concerning the relationship with customers and to ensure fair treatment of customers;

- the failure to identify customer complaints and handle those complaints fairly;

- the failure to handle the conflicts of interest inherent in the West Register model and operation; and

- the failure to exercise adequate safeguards to ensure that the terms of certain upside instruments, in particular Equity Participation Agreements, were appropriate.

Watchdog orders Royal Bank of Scotland leak inquiry

Report on lender's GRG restructuring unit was disclosed to BBC

© Reuters

Caroline Binham, Financial Regulation Correspondent SEPTEMBER 6, 2017

Royal Bank of Scotland and a consultancy examining the lender's restructuring unit have been ordered by the UK financial watchdog to launch inquiries after a confidential report was leaked.

The Financial Conduct Authority will also conduct its own leak inquiry after the BBC reported details from Promontory Financial's report on the bank's now-defunct Global Restructuring Group and how it treated troubled small businesses. GRG has been accused of mistreating 12,000 companies it was meant to help.

Promontory found 92 per cent of viable businesses put into GRG experienced "inappropriate action" such as unnecessary fees, according to the BBC. Only 10 per cent of companies emerged from GRG, it added.

FSA confirms start of full review of interest rate swap mis-selling

Press Releases | First published: 31/01/2013 | Last updated: 15/05/2013

The Financial Services Authority (FSA) has confirmed that Barclays, HSBC, Lloyds and RBS will start the full review of their sales of interest rate hedging products (IRHPs) to small businesses. In June last year, the FSA announced that it had found serious failings in the sale of IRHPs. Today's announcement means that these banks have agreed to work on reviewing individual sales and providing redress to customers based on principles outlined in today's FSA report, and overseen by independent reviewers.

Lloyds Banking Group sets up redress scheme for mortgage arrears customers

Press Releases | First published: 27/07/2017 | Last updated: 27/07/2017

Lloyds Banking Group (Lloyds) has agreed to set up a redress scheme for mortgage customers who incurred fees after they fell behind with their mortgage payments.

Following engagement with the Financial Conduct Authority (FCA), Lloyds acknowledged that when customers fell into arrears, they did not always do enough to understand customers' circumstances to be confident that their arrears payment plans were affordable and sustainable.

As a result, Lloyds has committed to refund all fees charged to customers for arrears management and broken payment arrangements from 1 January 2009 to January 2016. For those mortgage customers who entered its litigation process during this period, this will include any litigation fees that were applied unfairly.

Lloyds will also offer payments for potential distress and inconvenience, and consequential loss which customers may have experienced as a result of not being able to keep up with unsustainable repayment plans.

Lloyds estimates that approximately 590,000 customers will receive redress payments, totalling around £283 million.

Jonathan Davidson, Executive Director of Supervision- Retail and Authorisations at the FCA, said:

"Ensuring fair treatment of customers, especially those in financial difficulties or who are vulnerable, is a key priority for the FCA. We continue to engage with Lloyds as it works to improve the way it treats customers in arrears."