

Lewis Shand Smith
Chair, Business Banking Resolution Service

Mark Grimshaw
Chief Executive, Business Banking Resolution Service

Dear Lewis and Mark

I am writing on behalf of the SME Liaison Panel, following the publication of the PIR (Part 1).

You will be aware of the serious disquiet that members of the Panel felt about participating in Part 1 of the PIR, particularly given the fact that BBRS did not accept our suggestions to broaden the terms of reference to ensure that the range of stakeholder concerns was acknowledged. Those concerns were set out in my letter of 28th January 2022. With some misgivings, we agreed to participate, and prepared our evidence, which you have seen.

The report has confirmed our concerns. Although there are some acknowledgements of differences of views, the report sticks narrowly to the unsatisfactory terms of reference. We could argue about some of the details, but our overriding concern is that there is no adequate reflection in the review of the views which we have carefully put forward in an effort to engage constructively. Nor has our evidence been published, as we requested. Had our evidence been published with the report, it would have helped to ensure that the range of views was adequately reflected.

That is precisely why we argued for a slightly wider remit. Without an acknowledgement of that context, readers of the report may be left with the impression that there are no remaining concerns about how the Scheme came into being and is operating. That would, of course, be wrong, and members of my Panel are deeply concerned that their participation in this process may be used to give a false impression of the current situation.

This is more than a theoretical risk. The email which was sent with the report stated that the review had concluded that 'The BBRS is delivering fairly.' In fact, the Review did not reach that conclusion. The report explicitly states that it has not reviewed how the BBRS is operating (it merely recorded that it had seen no evidence of unfairness). That, of course, is a matter for Part 2 – and that is why we have been working with your team to make progress on the presentation of Scheme data so that a proper assessment can be made about how the Scheme is operating in practice – including the question of whether the early experience of the Scheme's operation suggests that there are gaps which need to be filled, or whether potential claimants have been discouraged from applying because of the way the system is currently set up.

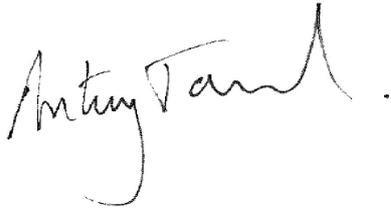
It is particularly striking that the report acknowledges that far fewer complaints have been received than had been anticipated, but there is no analysis of why that should be so. It is clearly vital that we should establish the reason for this, since that is central to determining whether or not the Scheme is meeting the needs which it was set up to address.

It is very important that Part 1 of the PIR should not be used to give the impression that the *operation* of the Scheme has been given a clean bill of health, or that the Panel's participation indicates that.

To enable us to move forward, it is essential that the Panel's views are both fully considered by BBRS, and are available to our stakeholders. We can, of course, make our views made known through the stakeholder groups represented on the Panel, but a public acknowledgement by BBRS of the Panel's views is also important as a means of building confidence.

We must avoid a repetition of this situation in Part 2 of the Review. We need early engagement to build upon the suggestions for the remit and membership of Part 2, so that we can have mutual confidence that the result will be one which can all support.

Yours

A handwritten signature in black ink, reading "Antony Townsend". The signature is written in a cursive style with a large, sweeping initial 'A' and a trailing flourish.

Antony Townsend

Chair, SME Liaison Panel