

Project Amethyst: The inside truth behind RBS cover-up

Who we are

We are a group of whistle-blowers who have worked for RBS on project Amethyst (Project Suitable as it was colloquially known) for a sustained period. Our group acted upon realising the extent to which the project was covering up wrongdoing, avoiding remediating the customer correctly and how a culture of bullying and harassment was endemic within the project. This culture became more evident once our concerns were identified to the upper echelons of RBS. This is our report setting out a basic outline of events that have taken place over the last few years.

It should be noted that this is not an exhaustive list, but just the tip of the iceberg. We have found both the RBS management and the FCA to be incompetent when dealing with whistle-blowers. Our intelligence has been disrespected with inadequate responses, and cover up tactics.

It should also be noted, that we offered RBS the opportunity for us to write an independent and comprehensive report, similar to this one. This was a tactic used previously by a Lloyds whistleblower. We felt that we were trying to achieve the right outcomes for RBS customers and that this would be a helpful tool for RBS within their investigation. This was declined on several occasions by both RBS and the FCA.

The background to the project

Project Amethyst had its roots in a review by the Financial Conduct Authority of the retail financial advice provided to customers by large banking organisations in the United Kingdom. The project began in earnest in late 2014. A pilot review had previously been carried out over the previous 12 months. The initial review focused on the financial advice given by the bank sales staff over a two year period spanning 2011 and 2012. The review covered three separate sales channels, namely Independent Financial Services (IFS), the bank's independent arm, Private Banking (PB), the tied sales channel for wealthy customers and Financial Planning (FP), the standard tied sales channel. Some IFS cases from 2010 were also within scope of the review.

Over the previous 5 years, several similar projects had been undertaken by the other major UK banks including HSBC, Lloyds TSB, Santander and Barclays. RBS was the last of the major banking institutions to be asked to carry out a review. Many of these institutions had been ordered to carry out the work under a section 166 skilled person's report. This is where a professional firm independent of the organisation itself oversees an impartial review.

The result was that some of the organisations had been required to review their advice back as far as 2005 and beyond and remediate where miss-selling had taken place. RBS, by contrast, was permitted to undertake the review internally. This meant that the eventual senior management consisted mainly of the same people who had been senior managers in the sales operation. This, as shall be seen, was a serious mistake. It represented a clear and obvious conflict of interests. The result was that the reviews being carried out were subject to improper influence.

The early days

In the early days, the project was being run by David McWhir, an external consultant of some repute. The initial intake consisted of about 30 reviewers, with several further intakes of about a dozen apiece in early 2015. The work of the reviewers was subject to a 10% 'quality checking' process by a quality control team, whose work was then subject to a 10% sample by a quality assurance team.

It is common on such large scale projects to have a quality checking process in place. The purpose of this is to ensure that the work of reviewers is free from mistakes and that internal processes have been followed correctly. What happens in a correctly functioning project is that policies and processes are set at the outset, determining what is considered right and wrong. This determines how certain recurring issues will be treated. The role of the quality checking function is then to ensure that reviews are carried out in line with pre-agreed policy and that processes have been followed. Those policies are documented in writing, remain consistent throughout the life of the project and are not changed midway through because they are producing 'too many' unclear or unsuitable cases, as was the case with project Amethyst.

It has to be recognised that financial planning is not an exact science. Each case presents its own unique set of facts and it is not possible to reduce the project to a 'flow chart' approach. The role requires a distinct element of professional judgement, which is why it sought reviewers who were qualified to give financial advice. This meant a minimum of a level 4 diploma qualification, with a small number of exceptions who were qualified to level 3 but had substantial practical experience in the field.

It is also perfectly possible for two individuals of an equal level of qualification to take a different view of the same facts. This does not make one party 'right' and the other 'wrong'. The role of a quality checking function, as outlined above, is to check that pre-agreed standards have been followed. It is NOT about one person reviewing another's work and deciding retrospectively 'I would have done this differently, therefore, I am right, you are wrong and your case is a red' (explained further below).

RBS utilises a red/amber/green quality checking system. The intention of this is that a case is graded green where it has been correctly worked in line with process and is free of mistakes. A case is graded amber where it contains minor errors, omissions or inaccuracies of no material consequence. A case is graded red where it contains serious errors, which put the company or the customer at risk.

Red grades are a relatively serious matter and multiple red grades (over 10%) can result in a reviewer being placed on increased monitoring and ultimately even being sacked. The entire project had a very threatening culture from the outset and case handlers were constantly being threatened with consequences if their work was seen as 'not up to scratch'. One particular intake were told on their first week: 'the management are not happy with the QC results, they want heads to roll'.

This really sums up the mentality of the entire project, which was needlessly hostile, aggressive and threatening from the outset. People were routinely threatened, bullied, harassed, scapegoated and subjected to insinuations that they were not capable of doing their jobs properly. This was particularly the case when corrupt management required convenient scapegoats so that they could disguise a cynical cover-up by dressing it up as legitimate performance management, more of which later.

In the early stages, the bank appointed a quality assurance team manager for the project who had significant experience in similar roles. This person resigned from the project in a matter of weeks due to the fact that it was an absolute shambles. The role was therefore given to someone who had never run a quality checking department before and had only ever worked as a reviewer. This therefore resulted in that person being a lot more subject to improper influence than a more experienced quality manager would have been.

In the early days, the operations management were people who had previously worked for RBS on other projects. They were from a remediation background and understood the culture and the mentality. The purpose of remediation is that you review your past conduct and that you put right your mistakes of the past. The work is done honestly and impartially and is not influenced by cost or timing. The 'honestly and impartially' bit is generally very difficult where the review is carried out internally. This is particularly the case where the review is managed by people who were involved in running the advice operation. This is why many reviews of this nature are outsourced.

As noted above, other banks were forced to appoint an independent skilled person to carry out the work in order to ensure that this was done fairly. RBS, by contrast, was left to its own devices and therefore this allowed cost and timing to become the factors driving the review.

Unfortunately, as shall be outlined later, the original management left the project within the first year or so. They were replaced by people whose background was as senior managers in the sales operation. This proved to be a serious error as it created a clear and obvious conflict of interests. The mentality of these people was not one of remediation. Rather, it was one of 'we have never done anything wrong, we can't have done because I was in charge'. The review descended into a tick-box inconvenience, to be over and done with as soon as possible and as cheaply as possible.

The reality of the situation was that this was a case of 'jobs for the boys'. RBS had, by and large, taken its advisory salesforce off the road at the end of 2012 when the Retail Distribution Review came into effect. It had no real advisory operation left, other than to service a very small number of very high net worth clients. Some of the management had worked for the bank for decades and were on very high salaries. Therefore, the consensus was that their appointment represented an attempt to find a use for them, so that the bank did not have to make them redundant.

There was no evident consideration given to the appropriateness of their being permitted such a degree of influence in a review focused on advice given by teams they had headed. Notably, the positions given to John Claxton as head of policy and Dominic Kinsella as head of operations represented clear and obvious cause for concerns, which would later prove to be well founded.

At this stage, RBS had appointed a head of remediation named Ian Carter. This appointment proved to be a serious error of judgement. As outlined above, the purpose of a remediation function is to ensure that past wrongdoings are put right. It is a people function, about doing the right thing by your customer and demands that workers are treated with respect and their concerns listened to.

Ian Carter, unfortunately, believes in none of that. He is an old school corporate bully boy type, who makes the people reporting to him thoroughly uncomfortable. He is all about doing everything yesterday at the lowest possible cost and lining his own pockets. It is not for nothing that he became disparagingly known as 'Cover-up Carter'. The customer figures precisely nowhere in his thinking and the people working for him are seen as sub-human. His whole attitude and approach is completely incompatible with his position. He is a deeply unpleasant individual and just about the worst appointment imaginable for such a responsible role. Unfortunately, he has been allowed to thrive in a culture which rewards and promotes bullies and excuses them as being 'driven'.

The events of mid 2015

The first few months of the project, in general, were chaotic and shambolic, though at this stage it was merely incompetence as opposed to anything more sinister. In mid-2015, workers on the project were asked to take part in an exercise known as the 'engagement survey'. This is where they are asked to give their opinions on the performance and leadership provided by the senior management team. The survey is done anonymously and people are only asked to confirm whereabouts in the business they work. The idea of this is that people are protected from individual reprisals.

The results of the survey were disastrous, with the majority of the project scathing about the lack of direction and overall poor performance of the management. The survey asked for feedback as to how the operation could be improved and a number of workers provided detailed suggestions as to both what was being done wrongly with the project and how it could be improved.

Because people could not be threatened with individual reprisals, they were threatened with collective ones. The whole project was called together by their team leaders and told that the senior management were unhappy with the results of the survey because 'their bonuses were linked to the outcome'. Therefore, the whole project were ordered to do it again and this time say only good things. This meant that the concerns with how the project was being run were swept under the carpet and the thoughtful and detailed suggestions made on how to improve it were consigned to the rubbish bin. All of which meant that things continued in the same badly run vein as previously.

Workers on the project were threatened that if they did not do so then their engagements would be ended. For context, most of the workers on the project were agency, temporary or contingent workers or external consultants. Therefore, they did not have any employment rights. This meant that they could be instantly terminated without any justification and without recourse. This was something which happened on numerous occasions on the project. This was primarily either when someone told too many inconvenient truths, or otherwise when incompetent management required a convenient scapegoat.

To put it bluntly, workers were forced under threat of their jobs to falsify the outcome of the survey so that Messrs Carter & Co could be paid bonuses to which they were not rightfully entitled out of taxpayers' money. This attitude has persisted to date, each time the survey has been taken. Workers have been told 'remember, be nice', or 'you know what to do' or a number of other ways to say 'you can't tell the truth if you want to keep your jobs'. Therefore, the entire project has taken the form of one big pretence, where people are forced to keep up an act to make out that the management are competent and the project is being done properly.

The seriousness of this is impossible to overstate. In 2007, the country was brought to its knees, largely as a result of the reckless behaviour of bankers greedy for bonuses. It therefore beggars belief that almost a decade later, people working in the industry could be forced to falsify such an exercise so that bonuses could be wrongly paid to senior bankers. This was, basically, fraud. However, the attitude of the management was that it was routine and perfectly acceptable. Furthermore, there was no attempt whatsoever to couch or hide the threat. There are, by a rough estimate, 75-100 witnesses who can confirm the truth of this account.

In late 2018, an article was published in the press exposing the culture of bullying that existed within the bank. This is unsurprising when you have individuals such as Ian Carter appointed to senior roles. RBS's response was to claim that engagement scores (i.e. worker satisfaction) were 'the best on

record'. Frankly, if the above is anything to go by, this is not surprising! The likelihood is that anyone else who expressed concerns was simply bullied into silence in the same way.

As a further example of the bullying mentality which pervaded the project, the 'quality checking' pass rate was around 80% at this stage. This was predominantly because the system was inadequate. There was a lack of any kind of clear direction from above and rather than being a reflection of the quality of one's work, the whole process was one big game of Russian roulette. However, all of the team leaders were advised that they were required to give the names of some members of their teams who 'should not be on the project'.

This meant that each team leader was obliged to come up with two or three names, regardless of whether they truly believed that the people concerned were not good enough. Those people were then threatened and told that their card was marked. By and large, the people concerned were all good at their jobs, but again were being threatened and bullied as scapegoats for a completely incompetent system.

At one point, there was a visit from John Ellington, the Director of Shared Services, to the office. He had commented that the senior management rarely received feedback on how people were finding the project. One particular reviewer commented to this 'no because it is actively discouraged' (the events outlined above still fresh in everyone's mind). Mr Ellington appeared rather shocked at this. However, rather than any attempt being made to improve things, the person making the comment was called into an individual meeting by Huw Thomas and was told that they could not say things like that.

Effectively, the message was 'not only can you not express any concerns about the project whatsoever and you have to say everything is fine, but you also have to pretend that feedback is welcome and the only reason you don't give any is because the project is perfect'. It starts to become clear at this stage that the entire project was one huge sham.

The political background to the cover-up

In late 2013, when the review was first commissioned, the Financial Conduct Authority was headed by Martin Wheatley. Mr Wheatley was known to be a hardline figure, who would call the major banks to account for their conduct. In May 2015, the coalition government was replaced by an outright Conservative majority. In July 2015, Mr Wheatley was forced out following a vote of no confidence by the then Chancellor George Osborne. The consensus in the industry was that this was following pressure from a number of large banks and insurers acting in a self-serving manner. Essentially, they did not like the fact that he was so tough on them and would call them to account for their conduct. The government had therefore caved in to them.

In his place was appointed Andrew Bailey. Mr Bailey is considered by those in the know to be excessively cosy with the banking industry. Concerns were raised by many about his appointment and concerns have also been raised during his tenure. The concerns were that the FCA under Bailey has become a toothless regulator, which would allow the large banks to do as they pleased. There were widespread concerns in the industry at outset that this was exactly the point. Osborne, as a major capitalist, was happy to allow the banks to run the country. Moreover, his government had expressed a desire to sell RBS back into private ownership, a process which began just a month after Mr Wheatley's ousting, in August 2015.

It would be a while before the impact of this was felt on Project Amethyst. However, it was clear that the government on the whole had no appetite for further skeletons to be dragged out of the RBS

closet. Put simply, if the government was to ever be able to sell the bank's shares and to get any decent price for them, the bank needed to appear clean as a whistle to the outside world. This is a key point which served to facilitate the cover-up.

One further example of Mr Bailey's work can be seen in the deadline on PPI complaints imposed by the FCA in March 2017. The regulator under Mr Wheatley had been resisting calls from the banks to do this for years as it was not considered to be in the public interest. However, just eight months into Mr Bailey's tenure, the banks got their way.

The events of early 2016

During the mid-late part of 2015, workers on the project by and large had been engaged in what was known as 'indexing'. This was a specialised admin task aimed at ensuring the cases were ready to be reviewed. During the early part of 2016, a decision was taken to commence review of the cases. Put simply, the advice given by the bank's sales staff in 2011 and 2012 was reviewed by the members of the project. The reviewers were by and large independent and not connected to the original sales of the products. The reviewer needed to assess the file and to decide whether the advice given to the client to purchase the product was suitable or unsuitable, or whether it was unclear from the file. In the event of an unsuitable decision, appropriate compensation would be calculated and paid to the client. In the event of an unclear outcome, customer contact would be undertaken in order to arrive at a suitable or unsuitable conclusion.

As mentioned previously, the reviews being carried out were subject to a quality checking process. Training was provided on the review process to all of those who would be reviewing the cases and quality checking them. The quality checking process at the time was being run by a Samik Budhdeo, an experienced quality manager who understood how to run a quality checking process.

It was stated categorically at this point that the quality checking process did NOT involve questioning the conclusion reached by the reviewer, other than where it was factually incorrect or inconsistent with agreed policy. The decision as to whether to rate a case suitable, unsuitable or unclear was entirely that of the reviewer. The quality check would cover adherence to pre-agreed process and policy, factual and technical accuracy and seek to confirm that the work was free of mistakes. This is how any standard quality checking process is run.

The reviewers were told that they should give the benefit of the doubt to the customer and where the sale was questionable should feel free to judge it unsuitable. The reviewers were assured categorically that they would not be victimised for doing so. Originally, the review consisted mainly of FP cases, with a number of PB ones for good measure and the process worked well.

Approximately three months later, a strange thing started to happen. Reviewers started to receive PB cases which had been classed as unsuitable back from quality checking graded red. The quality checking comments stated that the reason for the grade was that the case had been classed as unsuitable, however, 'the correct outcome should be suitable' (or occasionally unclear).

This was something which the trainer, a certain Huw Thomas, had absolutely guaranteed every reviewer would not happen. The reviewers were absolutely and categorically assured that the decision as to the outcome of the case was theirs and theirs alone. This assurance, however, was not being kept. What was more, when a challenge to the decision was made, reviewers were told that they were not allowed to mention the fact that the assurance had been given.

Several reviewers were told that the cases had been looked at by policy, who did not agree with the decision. 'Policy' was, in reality, one man, the aforementioned John Claxton, whose role on the project was that of Head of Policy. John Claxton was a senior sales manager at area/regional Director level in the Private Banking sales operation. He had also been in agreement at outset that the decision as to the suitability of the advice was that of the reviewer alone and yet appeared now to be seeking to renege on that assurance.

In a properly functioning project environment, the role of a policy function is to review challenging issues and dilemmas referred to it by the operation. These can be general issues impacting a number of cases, or very unusual circumstances impacting a single case. The policy function is intended, to come up with an appropriate and fair way for the issues to be treated going forward. The key term here is 'going forward'. It is not the role of a policy function to take all of the historic cases which fit into a certain category (i.e. PB unsuitable cases), look at them through rose-tinted spectacles and then order people to change the outcomes. However, in this instance, 'policy' rode roughshod over this basic principle.

Unfortunately, Mr Claxton was a senior employed member of staff and the teams carrying out the review and 'quality checking' and their managers were all dispensable temporary workers. Therefore, nobody had the strength of character to stand up to him. The result was the development of a situation which was in complete breach of the FCA's principle 8 and, in particular, the FCA handbook regulation SYSC 10.1.3, which states:

*'A firm must take all appropriate steps to identify and to prevent or manage conflicts of interest between the firm, including **its managers**, employees and appointed representatives (or where applicable, tied agents), or any person directly or indirectly linked to them by control, **and a client of the firm**'.*

The conflict here is clear. The correct course of action was to serve the interests of customers who had been misadvised by ensuring they received redress. John Claxton's interest as a former PB sales manager was manipulating the figures to make it look as though all of the advice PB gave was excellent.

What had happened, in essence, was that Mr Claxton had seen the number of PB cases which were being judged unsuitable and decided that it reflected badly on him and his colleagues as the former managers of the advisory operation. He had therefore decided to take it upon himself to look at the cases and to do so with the mentality of: 'I don't want all of these cases to be unsuitable, therefore they are not unsuitable'. This was a persistent problem throughout the project with the RBS advisory staff who were taken into 'quality checking' or managerial roles, they proved incapable of shaking the mentality of 'this is how we used to do things, therefore, it must be right'. Claxton, as a senior manager in the PB advisory operation, even more so than most.

He therefore took it upon himself to order the 'quality checking' team to argue all of the cases as suitable or unclear. In essence, what Mr Claxton was saying was 'feel free to judge cases unsuitable, just don't do it to my cases'.

As was eminently predictable, he proved incapable of setting aside his pre-existing belief that everything his department ever did was fantastic. *John Claxton abused his position and abused the quality checking system in order to force people to change the outcomes of unsuitable private*

banking cases for the benefit of himself and his colleagues. As outlined above, there was a complete failure on the part of RBS to put into place appropriate systems and controls to supervise John Claxton's activities and prevent him from going rogue.

Independent and impartial reviewers unconnected to the original advice were being forced to change their conclusions in order to fit what a senior manager with a clear conflict of interests wished to see. This was to become a recurring theme of what would become known as 'project suitable', or occasionally 'project cover-up'.

By this time, staffing changes were starting to take place within the project. David McWhir had been removed from it. The reasons for this were not made clear, however, given what was to transpire later, the consensus was that this was because he wanted to do the project 'properly'. Luke Johnston, the senior operations manager, who had a background in remediation and understood the word, had left. In his place was appointed another former senior Private Banking sales manager, Dominic Kinsella. Later, a former FP sales manager, Neil Othen, was appointed to an operations manager role. Samik Budhdeo, the experienced quality assurance manager, who understood how to run such an operation, had also moved on.

By this time, therefore, the project was starting to be taken over by former sales management. The conflict of interests was clear, many of them were being allowed to head the review into advice given by teams they had headed in the first place. The project as a whole began to have no appetite whatsoever for doing things properly. The situation was not helped by the fact that the project was being overseen by Ian Carter, the head of remediation who did not believe in remediation.

At this point, the relatively newly appointed Dominic Kinsella held a 'listening event'. This was where a number of workers on the project were invited to a meeting to discuss the project, how it was progressing and any concerns they may have. Unsurprisingly, the events described above figured heavily in the discussion. In the aftermath, a follow-up email was sent to Mr Kinsella outlining the events and the frustrations of the reviewers.

Whilst he did not have any immediate answers, Mr Kinsella appeared to take the concerns seriously. However, a second listening event scheduled for two weeks later with a different set of workers was mysteriously cancelled at short notice and never rescheduled. There was no explanation provided for this, however, the consensus was that he did not wish to be on the end of further ire from another group of disgruntled reviewers. The significance of this will become clear later.

At this point, there was a management conference call where the possible future size and scope of the project was discussed based on the figures. This meant basically, the number of suitable, unsuitable and unclear cases for each sales channel. As standard on such projects, the higher the number of unsuitable cases, the more wide-scope and further back the regulator is likely to require the review to be. RBS, however, once again appeared to be being treated differently in that it was being invited to submit its own proposals in this respect to the regulator, rather than being instructed.

On this call, a comment was made by Ian Carter to the effect that he did not want to go back further than 2008 with the review as this would entail 'paying out a fortune in redress'. The reason being that those who took out unsuitable investment products in 2011 and 2012 had, by and large, not lost out as the markets were up since that point. Those who invested in 2007 and earlier, however, would have been likely to have lost significant amounts of money. This is because many of them would have sold their investments when the stock market crashed.

The correct thing to do from a remediation perspective would have been to prioritise compensating these people appropriately. However, the 'head of remediation' did not want to compensate them because it would cost too much. As head of remediation, it was precisely his job to ensure that appropriate compensation was paid to those who had been disadvantaged by the bank's actions. To disregard and attempt to sweep the matter under the carpet in such a blasé manner represented a gross dereliction of duty from somebody who was never close to the right person for his job.

This meant that the sales from 2011 and 2012 had to appear largely 'kosher'. Had RBS reported a high rate of unsuitable cases, the regulator would have been forced to require a more wide-scale (for which read 'time consuming and expensive') investigation, going back further in line with other banks. By contrast, the consensus was that if RBS reported negligible unsuitable rates, the regulator would accept this unquestioningly. As a result, the policies and the operation of the project was dictated by the desired outcome, a phenomenon known as 'confirmation bias'.

Ian Carter has been given deadlines to have the project completed and it is widely believed on the project that he has been offered financial incentives to do so. RBS wishes to have the project '95% materially complete' by the end of the third quarter of 2019. As we have seen already with the events of mid-2015, there are few depths of morality that the senior management at RBS will not stoop to when it comes to the opportunity to line their own pockets.

Frankly, the approach taken has been one of 'we can't do the project properly in that time, therefore, we are simply going to sweep it all under the carpet'. Offering a financial incentive to the head of remediation to prioritise his own interests above the fair compensation of customers is completely inappropriate and goes some way to explain what has happened since. Ian Carter is not a man who needs any incentive in any event. Indeed, simply placing a deadline would be equally inappropriate. The review should have taken as long as it took to ensure that all of those who had been disadvantaged by RBS's conduct were appropriately compensated.

The proof of this can be found in RBS's own proposal to the FCA for what phase 2 of the project should look like. RBS submitted four proposals for the regulator to consider. The 'worst case scenario' proposal saw sales being reviewed back as far as 2008. None of the proposals would even countenance a review further back than that date, despite the fact that other banks had gone back several years further than this. The reason for this was simple. It was not to do with doing the right thing. It was to do with cost and timing. As will become clear shortly once RBS saw the number of unsuitable cases which it had on its hands, the bank (and Messrs Carter and Claxton in particular) launched a desperate attempt to push the genie back into the bottle.

Around this time, we saw a further example of the bullying nature of Ian Carter. At one point, Mr Carter visited the project site in Manchester. He then came out of a meeting late one evening to find a client fact find which had been printed out and left on one of the printers. Now anyone who worked in that office for any period of time will attest that the printers are a very bad joke. They are constantly breaking down, failing to print things and then randomly printing them out hours later. It is not uncommon for them to print things in the middle of the night. This was what had evidently happened here.

However, the whole project were called together the next week by their team leaders, told about the incident and told that Ian Carter wanted the I.T. team to identify the person who printed it because

he was going to sack them. It is clearly not the fault of one individual that the printers do not work properly and randomly print things hours after the print button has been clicked.

The incident was unfortunate, but it was hardly disastrous, given that everyone who has access to the office has been security cleared. However, Ian Carter wanted to deprive somebody, who could have had a family to feed, of their livelihood so that he could find a scapegoat to show how tough he was. Thankfully, I.T were not able to identify the individual printer of a document. However, the whole incident does go to show what a despicable bully Ian Carter really is, and this was the culture which was created across the whole project. Junior management, who may have been decent human beings in their own right, were forced to become complicit in it, or would have their card marked and eventually be forced out.

The events of mid-late 2016

By the middle part of 2016, reviewing of the IFS cases had recommended, previously only FP and PB cases having been looked at. Strangely, the IFS cases appeared to be being looked at 'properly', with the result that c 30% of the recommendations were being judged unsuitable. The other cases being reviewed at the time were largely FP ones. It was never clear why the IFS cases were being reviewed properly. This was possibly because it was by far the smallest of the sales channels and there were no former IFS staff in senior management positions on the review.

In July 2016, Mr Bailey, the man considered by many to be a bank stooge, took over his position at the helm of the financial regulator.

The 'quality checking' process described above was generally completed in a timely manner. A case worked one week would be selected for quality checking, if indeed it was going to be selected, the next week. The results would generally be fed back within another week.

Later that month, the reviewers who had been looking at the FP cases were informed that a batch of unsuitable cases which they had worked in the early part of that year were going to be 'quality checked'. These cases dated as far back as February. This was absolutely not part of established process. It is worth reiterating at that this point that at the time of working the cases, the reviewers were asked to judge unsuitable cases as unsuitable. They were assured that they would not be victimised for doing so and guaranteed that the decision as to suitability was theirs and theirs alone. The reviewers were assured that their conclusion would not be questioned.

Fast-forward to July 2016, shortly after Mr Bailey's appointment, and those assurances were torn to shreds. Of the aforementioned sample, approximately two thirds were returned to the reviewers as 'red' gradings claiming that the case should not be unsuitable.

To reiterate, in a properly functioning quality checking system, red gradings are awarded where a mistake has been made which puts the bank or the customer at risk. In this instance, reviewers had worked perfectly good, mistake-free cases. There were no errors with the cases and nothing which was inconsistent with agreed policy. They were simply cases which the independent reviewers felt to be unsuitable and where the 'quality checker' was arguing a different outcome based on the same facts.

However, despite this fact, many reviewers were given two or three red gradings in the space of a couple of weeks. A cynic may suggest that, emboldened by the appointment of a perceived 'bank yes man' at the head of the FCA, RBS now simply felt that they could 'get away with it' in a way which

would never have been possible under Mr Wheatley. This was why they were now abusing the 'quality checking' system in order to force people to change the outcomes of historic unsuitable cases and dress it up as legitimate performance management.

It is important to understand that financial planning is not an exact science. It is perfectly possible for one specialist to argue a piece of advice suitable and another to consider it unsuitable. Neither can be factually or scientifically proven. However, there is such a thing as accepted industry best practice and such a thing as the sniff test (essentially, does it smell right, is it morally acceptable and would you be happy if this was a family member of yours). All of the cases which were judged unsuitable were judged in line with the standard above and on the assurance that the reviewers would not be victimised for doing so.

Now, six months down the line, the cases were being singled out and accepted best practice, moral and ethical standards, doing the right thing and the 'yes check' (more of which later) were being torn to shreds by the 'quality checkers'. The motto was simply 'everything is suitable unless it is utterly indefensible (and even then it is only unclear)'. Not only were reviewers being victimised for putting the customer first in spite of the earlier assurances, it was made crystal clear that the unsuitable cases were being aggressively targeted using the 'quality checking' ruse.

The people carrying out the checks were simply adopting an approach of excusing things which they knew perfectly well were not right. One of them even went so far as apologising to a reviewer and stating that he felt what they were doing was 'disgraceful' – they simply had no choice in the matter as they had been forced to do this by the senior management. It had been made perfectly clear that the project management wanted all of these cases suitable regardless of the actual facts of the matter and that they would be victimised if they did not comply.

There was actually a clause in the contracts signed by the reviewers, which stated that they would be required to take reasonable care and observe accepted industry best practice when carrying out the reviews. When people attempted to comply with that requirement, by judging unsuitable cases as unsuitable, they were forced to change the outcomes because the figures they produced were not what the management wanted. It soon became clear that the people running project Amethyst had no true regard for accepted industry best practice.

It is important to understand here that the label 'quality checking' was simply a charade. Put simply, this was a way to pretend to the outside world that what was happening was not a blatant cover-up, but was in fact normal and acceptable. To say to the outside world 'a number of cases failed quality checking and therefore amendments were required' sounds acceptable. To say 'the management didn't like the number of unsuitable cases, so they forced the reviewers under threat of their jobs to rewrite the majority and change the outcomes so that they could fiddle the figures for the regulator' a little less so! However, the latter statement is basically an accurate reflection of what went on.

To summarise, you had a government which was looking to sell RBS back to private ownership. This government had appointed a bank stooge to run the supposedly impartial 'regulator'. You had a senior management team comprised of old school bully boys who ran the initial sales operation. You had a head of remediation who does not believe in remediation at all and had been incentivised to finish the project quickly. All of which created a fertile breeding ground for a cover-up of industrial proportions.

As a result, you had the qualified and, importantly, independent reviewers who looked at the cases forced to change the outcomes of most unsuitable cases. The consensus on the project at this point was that the FCA would happily accept whatever RBS told it and would never go to the bother of

looking under the bonnet of the project. RBS, after all, was being allowed to decide the size and scope of its own review.

As mentioned previously, the culture on the project was one of bullying, threats and harassment by management. Red gradings were a particular bone of contention. People who received them were often subject to threats and scapegoating, particularly where their pass rate fell below 90% (a pass being a green or amber grade and a fail being a red grade). Reviewers who received multiple red gradings were often called to meetings where they were shouted at, told that their 'quality' was not up to scratch and threatened with all sorts if their 'quality did not improve'. In this instance, many reviewers received two, three or even four red gradings in the space of a two week period, for which they were completely blameless.

What happened next was that the reviewers were subject again to aggressive management bullying. They were asked as a collective why they had got so many cases 'wrong' (it needs to be stressed that taking a different view of the same facts to another individual does not make one 'wrong'. Particularly not where the case was worked as the reviewer had been asked by a previous, more benevolent management regime, before the goalposts were moved retrospectively. And particularly not when the unsuitable cases had been judged in line with accepted industry best practice, acceptable moral behaviour and the 'yes check', before all of these were disregarded once project suitable was in full swing).

The reviewers were then told that they were required to come up with some answers for Dominic Kinsella as to 'how they were going to ensure that this did not happen again' – the only answer to which would have been to buy a crystal ball! Here is where the significance of the events above become clear. Dominic Kinsella was fully well aware of what had happened, as he had been told at the 'listening event'. He had been informed clearly of what had started to happen and was left in no doubt that it was not the fault of the reviewers, that they had done as they had asked and been made assurances which had not been kept.

It was therefore bizarre that several months down the line, a concerted effort appeared to be being made to airbrush all of this from history. For this purpose, scapegoats were made of a significant number of reviewers who had done only as they were asked and were completely blameless in the whole affair. Put simply, they attempted to disguise what was going on by dressing it up as a performance issue as opposed to a blatant cover-up. Mr Kinsella was fully well aware of what was going on. However, it appeared to suit his purposes to simply bury his head in the sand and make scapegoats of the case reviewers who had tried to do the right thing, rather than face up to what was really happening and potentially come into conflict with Carter and Claxton.

At this point, the possibility of whistleblowing was seriously discussed by a number of impacted reviewers. However, there was one particular individual, who had worked on a number of previous similar reviews, who advised against it. This person stated that regulators could not be trusted as their actions were governed more by politics than morality. He stated that he had personally seen a situation on a previous project where two people whistleblow to the Financial Services Authority, predecessor to the FCA, regarding misconduct. These people were then identified to the wrongdoers and released from the project because the FSA was in on it. Bearing in mind the experiences of the group when it did decide to blow the whistle (albeit anonymously) 18 months later, this is starting to look like very sound advice!

One week later, by a strange 'coincidence', a document was issued to every reviewer on the project. It was titled the 'FRM minimum standards' and set out what the bank expected of reviewers and the 'consequences of non-compliance'. Like most things on the project, it was exceptionally threatening in nature. One statement made within the document was that any reviewer who received three red gradings in the space of one month may be removed from the project (basically, sacked). It is worth reiterating again that as a result of the cover-up, many had received that in one week. There was, of course, no coincidence here. In reality, this was a deliberate and clear message – 'if you continue to judge cases unsuitable, you will be out of the door'.

The document also stated that any 'remedial work' required as a result of 'quality checking' feedback was required to be completed within five working days. The term 'remedial work', again, was a complete misnomer. In a genuine 'quality checking' system, remedial work is a term used to describe the correction of errors identified with the case. In this instance, the term 'remedial work' was used to describe the rewriting of unsuitable cases as suitable (or occasionally unclear). This was aimed at keeping up the pretence for the benefit of the outside world that there was, in fact, no cover-up taking place.

There was no let up at this point either. What happened next was that a section of reviewers were forced to re-review a tranche of cases which had previously been reviewed earlier in the year. Those reviewers were told that each case they reviewed would be subject to what they called 'quality checking' and that if 95% of them were not 'correct' (i.e. suitable), they would be out of the door. What this meant in real terms was: 'if you dare judge a case unsuitable, you will be told it should be suitable, forced to rewrite it and change the outcome, threatened, bullied and if you still don't get the message, sacked'. By this stage, it had become clear that there was a deliberate, calculated and sustained campaign of intimidation in progress aimed at preventing the reviewers from judging cases as unsuitable.

This was the point when 'project suitable' really took off. From a position where it was recognised that there can be more than one possible outcome and the judgement of the reviewer was as valid as that of anyone else, it had become clear that there was only one acceptable answer – suitable in every case! What happened, inevitably, was that virtually every case was judged suitable in a complete misrepresentation of reality.

The campaign was extremely cunning in the way in which it was done. The senior management were faced with a problem in that reviewers had initially been asked to call unsuitable cases unsuitable and assured that they would not be victimised for doing so. By this time, things had changed and there was one priority and one only, to cover everything up and have the project finished as quickly and as cheaply as possible.

Nobody in the management team was prepared to explicitly state to the reviewers that things had changed, that everything needed to be made suitable and that those who did not comply would be managed out. They were certainly not prepared to say so in writing. To take either of these actions would create an audit trail. Therefore, the matter was handled as set out above, with a sustained campaign of intimidation aimed at giving the reviewers 'the message' without anyone actually needing to say it explicitly. This left the management able to plausibly deny that a cover-up was taking place.

By this stage, despite the above and the assurances given earlier in the year, it was clear that the senior management wanted a 'quality checking' system which allowed case outcomes to be changed. The reason for this was that this system was open to abuse in that reviewers could be intimidated away from judging cases unsuitable for fear of reprisals.

The system was supposed to entail each reviewer having 10% of their cases selected for quality checking. The selection was supposed to be done at random. In reality, the process as it stood at that point was neither random, nor was it quality checking. For the next few months, any reviewer who judged a case unsuitable could be virtually certain that the case would be selected for the supposedly random 'quality check'. They could be almost as sure that it would be downgraded on the grounds that it 'should be suitable/unclear'.

To illustrate the ridiculous extent which things had reached, at this point one reviewer had a case on which an unsuitable decision was being considered, but which raised unusual issues. The reviewer's team leader discussed the matter informally with a quality checking team leader, whose off-the-record view was 'I would like to see the person who thinks this is suitable'. However, the reviewer was, still, too intimidated to judge the case unsuitable for the reasons set out above. Therefore, the case was sent to 'case clinic', which is where operations and policy management look at the issues and come up with a binding answer as to whether the issue should be considered suitable, unsuitable or unclear. What was the response from case clinic on this one? It does not take a genius!!!

Any attempt to question this led precisely nowhere and indeed there were good reviewers who were released from the project after voicing their concerns once too often. Again, these people were the subject of an orchestrated campaign to make out to the remainder of the project that their release had been due to an attitude/performance issue. In reality, they had simply given their honest views at, like many others, being made to look as though they were not doing their jobs properly due to a system which was at best incompetent and at worst outright corrupt.

There were, in summary, three phases to the cover-up.

1. The forcing of the reviewers to rewrite historic cases so that the figures could be changed for the benefit of the regulator;
2. A sustained campaign of intimidation aimed at preventing reviewers from judging future cases as unsuitable;
3. A simultaneous campaign of lies and disinformation, using the reviewers as scapegoats, aimed at disguising what was really happening and pretending to the outside world that what was happening was legitimate performance management.

By this time, the conflicts of interest explained above were seriously undermining the integrity of the whole project. One group of reviewers who were due to review a tranche of products were told at outset 'we expect all of these to be suitable' (translation: 'you WILL make all of these suitable or else...'). Another group, when trained on a new work stream, were told by the trainer 'you won't find more than 10% of these unsuitable because I designed the sales process'. These may be dismissed by the uninitiated as throwaway remarks. However, they basically summed up, in microcosm, the direction in which the whole project was heading.

A further group of reviewers were looking at a side-project named 'Indigo'. This was 'project suitable in the extreme'. The process in place for this project was that any product which the reviewer proposed to make unsuitable had to be run by the team leader. He would then take a look at the file and 'tell you why it was suitable'. This was one of numerous examples of the process being designed

to stack the deck in favour of the bank and prevent reviewers using judgement calls to make cases unsuitable.

At the same time, a series of policy changes were being implemented which were intended to restrict even further the grounds on which a case could be judged unsuitable. One classic example can be found in the handling of suspected replacement business cases. Replacement business relates to a situation where a client has been advised to encash an existing investment in order to fund a new one. This is very questionable conduct and should not be entered into unless a full comparison of costs and benefits has been entered into. This should show unequivocally that the new product represents a more appropriate investment and there is good reason for the encashment.

It was, unfortunately, commonplace in the industry for advisers to recommend replacement of existing holdings without undertaking any of the appropriate analysis. This was done in order to make a commission and/or to hit sales targets. The culture in bank advice was that sales targets needed to be hit and excuses would not be accepted. There was the same bullying mentality which pervaded project Amethyst. All of which led to a situation where it was common for advisers to recommend replacement business and doctor the documentation to make it look as though they had not.

In the case of RBS, there was a standard line in the suitability reports (a suitability report was basically, a letter sent to the customer justifying the recommendation). This stated that the customer had encashed the investments off their own back without any advice to do so. The initial policy was that this was deemed sufficient for a suitable verdict on this point, unless there was any 'contra-indicator', i.e. something else on the file which may contradict it. In which case, the outcome would be unclear. This resulted in all of the cases which were unclear going to customer contact. At this point the vast majority stated to the caller that the line in the suitability report was nonsense and the adviser had advised them to encash the product. This meant the cases being judged unsuitable and a complex remediation calculation needing to be carried out, which the bank did not have the speciality to do.

With so many customers confirming that the information in the report was inaccurate, you would think that this would have led to a decision that further investigation was needed. Basically, that all potential replacement business should lead to customer contact. Instead, unbelievably, the opposite decision was taken. A new policy was announced which stated that if the suitability report says there was no advice on encashment then this is to be taken as read and no customer contact undertaken. This, of course, meant that the customers would never get the chance to tell the reviewers that that the report had been falsified. Hence, cases which should have ended in an unsuitable outcome were being 'buried'.

This contrasts completely with similar reviews which have been carried out by other banks, whereby every customer involved was spoken to and given the opportunity to give a first-hand account of events surrounding the sale. Evidently, if the advice was suitable then this would not have presented a problem. However, RBS was desperate to avoid customer contact for two reasons, firstly the time and expense involved and secondly a fear of what may be uncovered.

Even more unbelievably, the policy change stated that the line in the report stating 'I did not advise you to encash the investment' was to be taken as read, whatever stage of the investigation process the case was at. It was later clarified that this meant that even if the customer had been contacted

and stated that the report was wrong and they were advised to encash, their testimony was to be ignored and the case to be judged suitable.

This sort of occurrence became commonplace on the project. Management information was regularly produced showing, amongst other things, what areas cases were being judged unclear or unsuitable on. Where there were a significant number of cases judged unsuitable based on a particular point, one could be certain that sometime in the next few weeks or months, there would be a new 'policy' introduced directing that the point should be considered suitable. Reviewers were then required to follow that policy, regardless of, in many cases, their personal view that it was nonsense. Otherwise, they would be given a red grade for failing to follow policy, with all that entailed.

All of the above was extremely blatant and there was no effort made to hide what was going on internally. This can only be put down to sheer arrogance, an unshakeable belief that the regulator and the government were in the pockets of the bank and that no amount of attempts to highlight misconduct would serve any purpose.

This system obviously took its toll on the mentality of the project. From looking at cases with a 'what is the right thing to do' mentality, reviewers started to look at them with a 'how can I justify/excuse this' mentality. Reviewers moving from IFS cases to PB/FP ones and judging them unsuitable were being told that they could not do so as they would be 'redded'. This mentality persisted throughout the remainder of the project. Where there was any conceivable doubt, it would be given to the bank not the customer and even where there was no real doubt, reviewers were simply expected to fudge the outcomes.

On numerous occasions, comments were made by reviewers who had worked on similar projects for other banks to the effect that 'anywhere else, this would be straight unsuitable without a doubt, but this is project suitable'. The mentality of the project was not to do the right thing, but to simply excuse things. After all, anyone who made a case unsuitable was likely to be given a red grade, threatened, harassed and scapegoated. By contrast, if you just judged it suitable, the case would almost certainly never be selected for 'quality checking' and even if it was, would invariably be agreed.

Amongst the scenarios that reviewers were expect to excuse were:

- Customers in their 90s taking out long term investment products (accepted industry best practice is that anyone over 80 is considered very questionable, over 85 is almost certainly wrong);
- Customers having 98-99% of their financial assets tied up in long term investments (accepted industry best practice is that over 80% is questionable, over 90% is almost certainly wrong);
- Clients in debt management plans who had received windfalls being advised to invest instead of repaying their debts (self-explanatory);
- Husband and wife customers who were both badly ill being advised to commit to long-term investment products (self-explanatory);
- Complex structured products being sold to inexperienced investors. RBS had a product named an Autopilot. It was a structured deposit which had an impossibly complex structure and was often sold to people who had no realistic chance of being able to understand it. The

RBS complaints department (Customer Concerns Unit) was issued guidance to say that if anyone complained about not understanding it properly, it was to be automatically upheld, the product was so bad. However, on project Amethyst, the party line was that it was simply to be excused with a standard line about how the customers understood they could lose money if it was encashed early.

The net result was that RBS, a bank with one of the worst historic reputations for miss-selling in British banking, had an overall unsuitable rate of less than 5% on non-IFS cases. Other bank reviews have turned up unsuitable rates of more like 30%. For the avoidance of doubt, before project suitable took off, the rate of cases being judged unsuitable was c 20-25%, with a significant number also being judged unclear, which meant that they too could end up unsuitable after customer contact. The figures reported by RBS are therefore a gross misrepresentation of reality.

The cost focus was also evident in the redress calculations work stream. In addition, RBS had created a new, separate team known as the 'passback team'. The purpose of this team was, ostensibly, to deal with any queries the redress calculation team may have regarding cases where it was not clear what redress strategy should be followed. In reality, the passback team simply descended into one last vehicle to change the outcomes of unsuitable cases which had got through review and 'quality checking'.

At one point, an email was sent out stating something along the lines that 'we are very keen that no cases which would not now be considered unsuitable proceed to redress. Therefore, where the redress team feels that this may be the case, we would ask that the case is passed back for the outcome to be reconsidered'.

The question has to be asked as to why someone who considered a case unsuitable would have now changed their minds about it (notwithstanding that the re-review was not conducted by the original reviewer). The answer lay in the campaign of intimidation which had taken place over recent months, aimed at instilling the 'excuse everything even if you consider it wrong' mentality into the reviewers and the new 'policy changes' aimed at reducing the scope for anyone to judge a case unsuitable.

Where a case which has been judged unsuitable has proceeded without being picked for 'quality checking' or passback and changed, appropriate redress needs to be calculated. Even here, the deck was stacked in favour of the bank. Any case where the redress was found to be over £1,000 would be passed straight to quality for a full 'quality check' of the entire case. The upshot of this was that the checker would try anything in their power to reduce or eliminate the redress, either by deciding that the case should not be unsuitable, or by deciding that a different calculation method should be used. By contrast, cases with little or no redress were filed away in history, without any further consideration. Project suitable therefore persisted right up until the last moment.

Around this time, a curious appointment was made to a team leader role, that of a certain Christopher Coupe. Mr Coupe was a risk analyst who had been working with the bank for a number of years on a different remediation project. The rate of pay on offer for this project was significantly higher than that on project Amethyst. The project had recently drawn to a close.

What happened next was that, rather than being released, as would happen to any other worker whose work had come to an end, Mr Coupe was appointed to the role of team leader on project Amethyst. The review was specialist work. In order to give retail financial advice in the U.K, a

minimum of a level 4 Diploma in Finance Advice is required. As outlined above, this was the qualification level generally required for the project, with the exceptions of a small number who were qualified to level 3, but could demonstrate substantial experience in the field.

It would follow that a team leader should be able to demonstrate a high level of both academic qualification and practical experience. Christopher Coupe had no qualifications in financial planning at all and no experience of giving or reviewing advice. He was, however, a personal friend of Ian Carter, the 'head of remediation' overseeing the project. He was therefore given a role which he was not qualified to carry out and not equipped for by way of experience. In addition, he was permitted to retain a rate of pay significantly higher than that of those who WERE qualified to do the work, a fact which he was quite open about.

Grave concerns were expressed about his appointment by the qualified team leaders. As with most ethical concerns raised about the project, these were steadily ignored. The result was that Ian Carter's personal friend was placed in a position he was woefully unequipped for in a case of blatant cronyism. This caused untold difficulties for his team, who on occasions required his team leader support in order to make decisions or challenge 'quality checking' results, however, had to seek this from somebody who had no qualifications to make judgement on such matters. Concerns were also expressed about this by whistle-blowers at a later date, however, were duly ignored.

The events of late 2017 and early 2018

At this point, the operations managers were Huw Thomas, a consultant independent from the original sales, and Neil Othen, a former FP sales manager. In late 2017, it was announced that following the successful cover-up of problems with the FP and PB sales channels, the project was to be scaled down. Therefore, 40 case reviewers would be released at the end of 2017. The selection process would be based on performance (basically, quality and productivity of work) and team manager feedback. As operations management, Huw Thomas and Neil Othen would decide who was to be let go for their respective areas.

It should be said at this stage that there were very few reviewers on the project who were genuinely weak links. There were a number of people who were released at this stage who were disgruntled at the fact and who, in truth, had every right to be. Heavy reliance was being placed on the outcomes of the 'quality checking' process, which in actual fact was nothing to do with quality whatsoever, simply a game of 'Russian roulette'. A number of those released could consider themselves unfortunate.

One particular example of this was a particular lady who was the subject of unwanted harassment of an indecent nature by a male team leader. When news of this started to leak out, she was asked to send an email to operations management stating that she did not wish to pursue a complaint. This request was refused. Conveniently, this particular person, though an excellent performer, found herself as one of the 40 on the hit list.

At the end of 2017, Huw Thomas himself was informed that he was to be released and he was to be replaced by Paul Reidy. Paul Reidy was a team manager who had been acting as operations manager while Huw Thomas was absent ill for a period of time. Huw Thomas was known as somebody who would challenge conduct which he felt to be nefarious, often over the heads of his immediate

seniors. Paul Reidy, by contrast, was another former RBS adviser, one who 'knew the drill', would do as he was told without asking questions and would also impose this approach on reviewers.

At this point, a decision was also made to replace the head of quality assurance at the time, one Rick Keeble, a consultant who had significant experience in a similar role, with a staff member. On his departure, Rick Keeble sent an email to the senior management, including Mr Carter, setting out exactly where the problems lay with the project. This made crystal clear that compared to other remediation projects he had worked on, it was not being carried out properly. Unsurprisingly, his concerns fell on deaf ears.

In April 2018, a conference call was held by Dominic Kinsella and Ian Carter surrounding the future direction of the project. On this call, a comment was made that 'the results show what we knew all along really, that there was nothing much wrong with the advice we gave'.

The majority of listeners were appalled by the cheek of this comment. It summed up in a single sentence the problems with the project. The management had started off with a set outcome in mind that they wished to see (i.e. that all of their advice was fine). They had then relentlessly manipulated the reviewers using a combination of rogue policies and the 'quality checking' ruse into writing the reviews in such a way that they would get the outcome they wanted.

In reality, what the results showed was that they had spent almost two years harassing, bullying and scapegoating reviewers into changing the outcomes of unsuitable cases and ignoring accepted industry best practice and any moral standards whatsoever in order to manipulate the figures to show what they wanted.

Another comment was made at this point to the effect that the project had spent £100m on reviewing cases in order to pay out £300,000 in redress. It was commented that this was not a sustainable state of affairs and not something that the FCA would expect the bank to continue doing. This was very true. However, had the bank paid out the amount that it ought to have done, before 'project suitable' orchestrated the burial of the vast majority of redress owed, it would have been a very different story. Likewise, had the review looked at cases from 2008 and earlier, as it should have done, and looked at them fairly, as it should have done, the whistleblowers believe that the true redress due to customers could have run into hundreds of millions.

In May 2018, it was announced that there would be another cut in numbers. At this point, another 40 reviewers were called into a meeting by their team managers and advised that they were being released, with no prior warning. The decisions as to who was being released were made by Paul Reidy and Neil Othen, the former RBS sales managers turned review operations managers.

Unlike under the independent Huw Thomas, nobody was ever told why they had been selected. The process was a complete mystery, however, people were told that it 'was not performance based'. All of which begs the question of what exactly it was based on, given that logical tendency would have been to keep the people seen as best performing. Not for the first time, the question was asked: 'what have they got to hide?'

The consensus on the project was that the 'yes men' who now filled the operations manager roles were simply making their mark. This meant using the opportunity to remove anyone who had the courage to point out wrongdoing. The result was that some of those released were amongst the best performers on the project using objective measures. Meanwhile, notably lesser performers who would 'do as they were told' were retained.

Even here, there was no let-up in the management bullying. The people who were selected to be released were all told 'don't go messing about, because you'll be given one warning and you'll be out of the door'. These were people who had worked on the project for, in some cases, a number of years and in a lot of cases performed exceptionally. The decent, professional and human thing to do would have been to have shown some gratitude for their service. However, far from this, they were once again being aggressively threatened despite having done nothing wrong whatsoever. At this point, those impacted were left wondering, just what is wrong with these people?!!!

The mentality of the managers conveying these spiteful threats was 'I'm just passing on a message'. At no point did it ever appear to occur to them that the decent thing to do would be to show some guts and inform the people giving them these 'messages' that this was an inappropriate way to behave. However, this was simply part of the culture on the project, a management approach of 'I can't stand up to the bully above me, therefore, I am going to take it out on the blameless people below me'. Frankly, some elements of the management on the project were incapable of treating people with any standards of basic human decency, an approach which was being driven by the arrogant bully in charge of it.

Speaking of whom, at this point, a further email was sent to Ian Carter by an outgoing reviewer. This email, again, made clear the failings of the project and the inadequacies of some of the management. This was the second time that Ian Carter had been warned explicitly about the failings occurring under his nose on a project which was supposed to be under his stewardship. It was also the second time that he failed to take appropriate, or indeed any, action.

At this stage, two team managers were also told that they were to be released. The two in question were the longest serving team managers on the project and would logically have been the last ones to be released. However, they were opinionated and not frightened to point out wrongdoing. They had been appointed at the outset of the project, when team leaders could be appointed at the drop of a hat based on performance as a reviewer.

The remaining team leaders had all been appointed in 2016 or later, by which time there was an application/interview process. In essence, to stand a chance, it was necessary to show that one was 'establishment' and would not rock the boat. Therefore, the opportunity was taken to remove those who were capable of independent thought and were not 'establishment'. It is worth noting that one of the two was qualified to level 6, one of only a handful on the project to boast such a distinction. By contrast, Christopher Coupe, the personal friend of Ian Carter, with no qualifications or professional knowledge, but who was being paid c 50% more than the other two, was somehow retained.

A matter of weeks after those two team leaders left, it was suddenly decided that it was necessary to appoint another team leader. Rather than asking one of them to return, however, it was decided to promote a reviewer who had not previously led a team. Again, someone who could be relied upon to 'toe the line'.

The events of mid-2018 to early 2019

In mid-2018, awareness began to be raised of these events. Disclosures were made to board level management regarding the concerning practices within the project, both in terms of management bullying and 'project suitable'. An investigation was commissioned by RBS litigation into several aspects.

In its desire to reinvent itself as a bank with its customers interests at heart in the aftermath of the financial crisis, RBS invented a process called 'the yes check'. This is a set of five key principles which people working for it are expected to follow when making a decision, to determine whether it meets the required ethical standards. The criteria are as follows:

1. Does what I am doing keep our customers and the bank safe and secure?
2. Would customers and colleagues say I am acting with integrity?
3. Am I happy with how this would be perceived on the outside?
4. Is what I am doing meeting the standards of conduct required?
5. In 5 years' time would others see this as a good way to work?

This is preached seriously in the remediation business area at RBS. Indeed, management have been known to come round and 'spot check' random individuals by asking them to state the five principles of the 'yes check'.

The situation which now presented itself represented both a huge challenge and a golden opportunity for RBS. The opportunity was to show, with actions rather than words, that the top management were genuinely serious about cleaning up its sins of the past and creating a better bank, run fairly in the customers' interests. To comply with the yes check.

There were, in reality, two possible courses of action here. The first was to do the correct, albeit difficult, thing. This would have been to commission a completely independent external inquiry, where all members of the project past and present could be free to express their true views without fear of retribution. Future actions in terms of Amethyst could then be dictated by the results. The second approach was to take the easy option, complete a half-hearted investigation, with the expected results made clear at the outset and once again sweep the whole thing under the carpet. Regrettably, it was never in any serious doubt which option would prevail.

With this and the events of mid-2016, we have seen beyond any reasonable doubt what RBS really thinks of its beloved 'yes check'. RBS, at the time, was also using another slogan within its remediation business area, which was: 'reviewing the past to protect our customers' futures'. This, again, was a disgraceful exercise in hypocrisy beyond belief. The 'review' was so in name only and the only thing that it was intent on protecting was the senior management.

Initially, about 25-30 members of the project, past and present, spoke with the investigators and expressed their concerns, including the matters outlined above. There was something of a domino effect here, with the individuals who first raised the concerns putting colleagues in touch with the investigators and assuring them that they were trustworthy. Those involved were asked to keep the discussions completely confidential. Many of the people involved were those who had left the project and were therefore willing and able to speak without fear of retribution.

In addition, in late 2018, a series of newspaper articles appeared in the press containing revelations regarding some of the matters raised here. A series of management meetings took place at which the matter was discussed. Despite the fact that the whistle-blower was carrying out a valuable service to society, several management meetings were held at which (unsuccessful) attempts were made to identify the person responsible and subject them to reprisals.

Following this, the people doing the investigation visited the office. They contacted a small sample of those remaining on the project and requested interviews with them. The number of reviewers selected was c 10-15. The majority of those selected did not trust the investigators, having been approached out of the blue and having nobody to vouch for their legitimacy. Indeed some believed

that they were 'agents provocateur' acting on behalf of the project management to identify those liable to 'spill the beans'.

It needs to be remembered that all workers on the project were completely dispensable without recourse. Furthermore, that a bullying, vindictive nature prevailed amongst the project management. As a result, the majority were simply unwilling to risk being the subject of reprisals by opening up. Others were asked 'loaded questions' and words were put into their mouths by the interviewers. It was very clear that they had a desired outcome in mind and were attempting to steer the interviews in such a direction as would achieve the answer they required.

Off the back of this, the concerns of the 25-30 noted above were simply dismissed and the investigation was simply brushed under the carpet. Emails were sent out to the effect that the investigation had concluded and it had been established that there was 'no wrongdoing', despite the previous comments of one investigator that the outcome 'seemed pretty obvious' (see below).

What is clear here is that, as far as project Amethyst is concerned, the yes check is corporate lip service of the most appalling kind. Basically, it is a smooth-sounding corporate slogan, which those running the project like to trot out in public, however, have zero intention of abiding by when the spotlight is elsewhere. It is clear that the events described here are neither acting with integrity, meeting the standards of conduct required, nor likely to be seen as a good way to work in 5 years' time.

It is also clear that the management would not be happy with how they would be perceived were the matters ever to be made public. This is a matter which has already been acknowledged with the cynical attempt to dress up the events of 2016 using the 'quality checking' façade. In addition, reviewers on the project have attempted to challenge quality checking 'should be suitable' decisions quoting the yes check, only to be told 'tough luck, it's not going to change so just do it'.

What has occurred here sums up the difficulties faced by those predisposed towards doing the right thing in today's banking industry. Here, a number of individuals were prepared to stick their necks out by making disclosures relating to misconduct in a toxic, hostile environment. By way of gratitude, the senior management, rather than taking the matter seriously, has chosen instead to bury its head in the sand and brush the matter under the carpet.

RBS has indicated a pipe dream of becoming 'number one for customer service, trust and advocacy' by 2019. However, recent league tables have shown that it comes bottom of the list where UK banks are concerned when it comes to customer ratings. Strangely, this was one study which was carried out completely independently by an organisation with no conflicts of interest and which could not be bullied into changing its findings. Had RBS carried out this survey internally then no doubt it would suddenly have found itself top of the tables!

The conclusion has to be that the bank is the architect of its own downfall in this regard. Here, the senior management have been presented with a golden opportunity to show that they are serious about putting right the wrongdoings of the past and doing the right thing. What has been shown is that all the talk about doing the right thing, the yes check and treating customers fairly is pure lip service. The organisation, convinced that it is backed by the government and the regulator, has shown nothing but pure contempt for its customers and the whole concept of remediation.

The actions of the regulator are no less disappointing in this respect. There have been multiple reviewers from the project who have gone to the lengths of making disclosures to the FCA regarding

some of the misconduct which has taken place. One individual from the project with contacts at the FCA has commented that it is 'fully aware that there are problems with the project'.

Unfortunately, being full aware of the cover-up and actually taking some action on it appear to be different matters entirely. As noted below, the FCA seems to be more concerned with attempting to identify anyone whistleblowing in relation to the project than actually addressing their concerns. All of which harks back to the earlier comments about the toothlessness of the regulator under Mr Bailey.

Over recent months, the second phase of the project has commenced. This, again, has been a case of RBS doing exactly what it wants to do and a lack of any oversight and instruction from the regulator. Phase 2 thus far has been a case of going through the motions. People on the project have been candidly informed that the bank intends to have it '95% materially complete' by the third quarter of 2019 and the whole project has taken on the appearance of a token gesture.

As minor illustrations of what has gone on thus far:

- Christopher Coupe, the team leader with no qualifications is involved in 'waterfall sampling' of a certain proportion of cases. This is a process which, thus far, has seen 60,000 products marked 'out of scope' (i.e. concluded as not being a concern) based on a sample of c65 which have been reviewed.
- There have been thousands of cases reviewed where collective investments have been cashed in at a loss after approximately 12 months. This is not typical investor behaviour as it is a classic indication of the 'layering' stage of money laundering. Despite concerns being raised over this, they have again been brushed aside with an attitude of 'that's not our problem, Amethyst needs to be complete'.
- Ian Carter has taken it upon himself to decide that he 'knows that there were lots of unsuitable cases before 2010 and frankly I don't care if the sale was unsuitable. They've made money'. Now as anyone who knows anything about the remediation process will confirm, the fact that an investment has made money does not mean that it cannot have been poor advice and the customer cannot be due compensation.

This would become the case if, for example, they had been advised to encash another, cheaper, investment unnecessarily, or if they had not utilised an ISA allowance and unnecessary tax had resulted. It is not clear whether Mr Carter has the requisite technical knowledge to understand these points. One thing which is clear is that the customers who have 'made money' go back only as far as 2008. Had this analysis been carried out further back as it should have been, the results would have been very different, for the reasons explained previously.

- Complex products and services such as IHT planning are being avoid/ kept out of scope of the review as the bank lacks the capacity to properly understand them.
- Bank employees are being treated differently to members of the public. Where a sale was made to a member of bank staff, they are being treated as 'potentially vulnerable' and handled under an enhanced duty of care. Conversely, clients reliant on state benefits or similar, as an example, are being afforded no such additional protection.

- Most shockingly, RBS identified a number of pension switch cases where the redress was over £100,000, one as high as £200,000. These were withheld from customers for months as they were placed on hold 'awaiting a policy decision'. What this euphemism means in practice is that the bank is trying to come up with a way either to argue the cases suitable or to significantly reduce the redress payable. The customers did not know they were owed this money and so were simply unable to contact the bank to claim it.

After several months, the instruction was given from policy to change them to suitable because 'the clients are experienced', as though this justifies blatant churning. The bank had already paid out multiple similar cases. Yet again, this is a cynical attempt to manipulate outcomes by reducing the level of redress paid. Knowledge of this is being kept confined to a very close circle as senior management are aware of how shocking it is.

In August 2019, it was announced that there was going to be another cut in numbers. 29 people were sent an email inviting them to a meeting and were told that they were going to be released from the project. Again, nobody was ever told why they had been chosen, however, it was clearly not based on performance stats or qualifications and again, some of the outstanding performers found themselves out of the door, whilst clearly lesser performers were retained. Again, the workers in question were aggressively threatened that if they don't hit their targets or if their team manager happens to have got out of bed on the wrong side that day, they will be sacked. It appeared to be completely lost on them that this was, quite simply, no way to treat people and that this type of behaviour is not considered acceptable in the 21st century.

To further highlight the double standards on the project, it was also decided at this point that the project no longer required so many team leaders. Therefore, one team leader was deemed surplus to requirements. However, rather than being released, she was offered the chance to be demoted and kept on as a reviewer, with one more reviewer being released to make way for her. Whilst this may have been fair enough in isolation, it contrasts completely with the two previous team leaders, who were simply released and were not offered the opportunity of demotion. The reason was quite simple, the two in question were vocal, would stand up for themselves and their teams and were not shy of calling out bad practice. Therefore, as described earlier, their cards were marked.

The Role of the CEO/Board

We have made numerous attempts to engage with the CEO and Board, highlighting the many issues set out in this report combined with more detailed breakdowns of the cover-up that is project suitable. We have received just one email, which was vague and generic wording, and he has on numerous occasions refused to engage with us. We have also contacted the board directly, to try and engage with them and bypass the obvious cover up by the CEO, his deputy and the internal investigators, however, this has also been ignored.

The Role of Internal Investigators

There are two major issues with the internal investigators that we the whistle-blowers encountered:

1. Incompetence and ineffectiveness

- a. It was evident from all discussions with internal investigators that in terms of investment experience and knowledge, they didn't even have the basic level that was required to

understand the nuances of an investment review. This was in keeping with the majority of RBS staff within the investment project. Simple investment terminology had to be explained and their understanding of these basic concepts was insufficient. We voiced many concerns regarding this and offered to help, but this was flatly denied.

b. *Biased and not independent*

From the start of the investigation process it became clear that this investigation was biased and not independent. Initially the internal investigators made all the right noises, asking some of the right questions and taking a keen interest. However, this did not last long. Throughout the investigation, one of the investigators had advised that the outcome 'seemed pretty obvious to him', i.e. that there were serious problems with the project which needed to be addressed urgently.

Once the report came back it was clear that instructions from upon high had altered their thinking and all issues were to be covered up. Some of the actions taken were bizarre and could only ever result in a favourable investigation for the bank. Similar to the project always favouring the bank versus the customer, it became clear that the bank would favour itself versus whistle-blower information.

When taken in conjunction with the events outlined above, it is clear that we are starting to see a pattern here:

- The management did not like the results of the engagement survey so people were forced to change them.
- The management did not like the results of the file reviews when the independent and qualified reviewers gave their honest view. So they were forced to change them using the 'quality checking' ruse.
- The investigators carrying out the internal inquiry expressed a view which the management would be unlikely to like. Suddenly, a few weeks later, they had completely changed them.

It is perfectly clear here that the senior management at RBS, be it on project Amethyst or more general, have a culture of believing what they want to believe. If the actual facts do not support the conclusion they want, then people are forced to change them so that they do.

The Role of Grant Thornton

Initially on the project and to satisfy the FCA in part, RBS employed Grant Thornton to oversee matters, and to assist in guidance. As with everything else on the project it became clear that the employment of Grant Thornton was purely lip service. At first they introduced specific criteria and guidance, but if RBS didn't like it they just railroaded them into changing policy, or would go ahead and work cases as they wanted (in favour of the bank). Grant Thornton faded into the background extremely quickly when it came to ongoing policy.

Relationship with the FCA

The FCA was informed some time ago by multiple whistle-blowers regarding the cover up within the project, the overall culture of RBS and how whistle-blowers were treated under the stewardship of Ross McEwan, his management team and the board. It took the FCA several months to even respond to the whistle-blowers, with a lame excuse of the emails going missing. It was obvious from the outset that whistle-blowers were an inconvenience, a distraction. It felt like we were the ones being accused, the ones covering up.

At no point have the FCA been proactive with the whistle-blowers. The reports of RBS internal bullying were dismissed as not their problem, though it clearly should be when workers are being bullied into being complicit in unfair customer outcomes. Facts have been presented to them, and these have been responded to with a poor attitude, and incompetent mindset. The FCA have illustrated themselves to be completely in the banks court, unwilling to help and have effectively made the role of a whistle-blower redundant.

One of the most concerning elements of the relationship with the FCA, was how it felt they were always trying to make your identity known, they didn't like you being anonymous. Given historic cases with the FCA this was the last thing anybody wanted, but they kept pressing as though it was a necessity, and this was both uncomfortable and aggressive.

The first whistleblowing disclosures were made by members of the group over 18 months ago and several more have been made since then. The FCA has not kept in contact with members of the group, other than to send a standard form asking for a small amount of further information (including our demographic details and how long we worked there as above). For the avoidance of doubt, the FCA was also provided with an earlier version of this report. The only response any whistleblower has had is to state that the disclosure has been 'passed to our supervisory team for their consideration' (and, it appears, subsequent disregard).

The whistleblowers have chased up the FCA and asked for information and feedback. All any whistleblowers have been told is that the information is with the supervisory team and they cannot tell us any more. Members of the group have been in direct and personal contact with Andrew Bailey, its chief executive, who has responded to say that he is 'happy to engage on the substance of the matter'. However, when asked questions regarding the substance of the matter, he has simply ignored whistleblowers and failed to respond despite several chasers. Frankly, as outlined above, the group believe that he and his organisation are in on this and have been encouraged to ignore it.

In response to the whistleblowing disclosures, RBS has stated that it has informed the FCA that 'we consider these allegations baseless and found no evidence to support them'. This was despite the actual investigators being told exactly where to find the evidence and commenting that the outcome seemed obvious.

This is, once again, in complete breach of the FCA's principles for business, namely principle 11, which requires the firm to deal openly and honestly with the regulator. Staggeringly, the FCA simply appears to be accepting the word of the accused that none of the above ever happened and that 25-30 eyewitnesses are all simply making it up.

This begs the very obvious question of what, precisely, anyone would have to gain from doing so. It needs to be stressed that none of the group have anything personal to gain from this. In fact, quite the contrary, bearing in mind the attitude towards whistleblowers that exists in UK financial services,

the group is risking a lot in order to attempt to expose this scandal. By contrast, it is very obvious what RBS has to gain by lying about it, namely, it gets to keep hundreds of millions of pounds worth of ill-gotten gains. This makes the contemptuous attitude shown towards members of the group by our lame duck regulator all the more unacceptable.

When Alison Rose took over as CEO, the group attempted to make contact with her to ascertain whether she would show the integrity sorely lacking in her predecessors and actually take the matter seriously. Despite all her public lip service about creating a better bank working in the interests of the customers, Rose could not even be bothered to respond, rather a standard response was received from someone named Peter Melling claiming 'we have investigated your concerns about this program and discussed our findings with the FCA'.

When challenged as to whether they would be happy to agree to our proposal for an independent enquiry into the project run by an external third party in order to end the dispute, Melling went strangely quiet. It is very obvious that both he and Rose are hoping and expecting that the FCA will accept their cynical cover-up without actually bothering to investigate what is going on properly. So far, unfortunately, this approach has worked, since the FCA has made no attempt at a serious investigation into matters.

In no other walk of life would a party accused of serious misconduct be permitted to act as judge and jury in determining their own guilt. This harks back to the point made earlier, the belief that the FCA has simply been encouraged to turn a blind eye to what is a politically motivated cover-up.

The FCA has stated in response that it is continuing to 'work with the firm to ensure good progress in assessing compensation due to customers who were badly advised'. A more appropriate phrase would be 'conspiring with the firm to ensure that compensation due to customers is withheld and swept under the carpet'. Throughout this matter, the FCA has taken the appearance of a bodyguard to the firm it is supposed to be regulating. It has shown an absolute determination that come what may, this matter is going to be covered up.

The whistleblowers for our part wish to make perfectly clear that, despite RBS' claims, everything in this report is the truth. RBS is, once again, as with the GRG scandal and any number of others over the years, attempting to sweep this under the carpet. Both the senior management at RBS and the FCA appear to be determined that they are going to ignore the disclosures and, however serious the misconduct and however many witnesses there may be, nothing is going to be done about it.

The future

It is perfectly clear here that RBS cannot be trusted to investigate its own conduct internally. The bank is steeped in a culture of refusing to accept responsibility, or that it has ever done anything wrong. This is completely the wrong approach for a remediation function and is driven by the role of Ian Carter and the number of senior management with compromised interests. This has been exacerbated by the perception that the regulator, under Bailey, is in the pockets of the major banks and the government has no appetite to highlight RBS's wrongdoing.

The view of the whistleblowers is that the entire project needs to be done again, from scratch and run by an independent external skilled person under a section 166 review. This would mean that

senior management do not have the opportunity to bully people into changing the outcomes of cases so that they can fiddle the figures and the people owed money are remediated correctly.

The whistleblowers accept that this would be a big step and that the FCA may feel reluctant to do this based on information from whistleblowers, despite the fact that there are a significant number of them. However, it is evidently completely inappropriate to simply ignore the disclosures, which have been made by the group at significant personal risk to ourselves and relate to serious, widespread and ingrained misconduct.

Therefore, the group's initial suggestion is that since the two versions of the project Amethyst story differ so greatly, an independent inquiry into the project needs to be ordered by the FCA. This should be conducted by an external law firm with a specialist financial services regulatory practice, such as Eversheds and paid for by RBS. This should be a firm which does not work for RBS and cannot be subject to improper pressure or conflicts of interest. It should also be one which, unlike the internal 'investigators' understands investments and remediation work.

This review should be one which is free from improper influence from Messrs Carter, Claxton, Kinsella, Reidy and co. Every worker who ever worked on the project should be invited to have their say in confidence and without fear of reprisals. They should be asked two specific points:

1. Do you feel the project was run fairly in the interests of customers and if not, why not?
2. Why was it known as 'project suitable'?

The next steps would be based on the outcome of the inquiry. However, if, as expected, the remainder of the project confirms the above account, a section 166 review needs to be ordered and the project done again, properly and free from conflicts of interest.

If this is done then the truth will soon become apparent. However, the group has found that the FCA is determined to ignore our very reasonable suggestion. Both they and RBS are desperate to avoid this, because if an inquiry is held, the truth will come out and the FCA will be required to do what it is supposed to do and actually take some action.

The group has also informed the regulator that it is paramount that it acts quickly and decisively to prevent any bonuses being paid to any members of RBS management as a result of the 'completion' of project Amethyst. It is our view that it would be completely inappropriate for such bonuses to be paid out of taxpayers' money whilst there are such grave concerns about the legitimacy of the project hanging over it. It is a very basic principle of treating customers fairly that people who are supposed to be running a remediation operation should not be allowed to profit personally from conduct which is unfair to the interests of customers. This, too, appears to be being simply ignored by the regulator.

The concern is that, with RBS being a 'high impact' firm and therefore relationship managed by the FCA, the relationship is far too cosy. There is simply too much inclination to swallow everything RBS says and dismiss the many valid concerns raised.

One of the FCA's statutory objectives is the protection of consumers. Instead, the FCA appears solely concerned with the protection of corrupt bankers, to possess an unshakeable determination that it will not allow this matter to be exposed, no matter what. The whistleblowers estimate that tens of thousands of people could be owed a total of hundreds of millions of pounds if this project was carried out properly. It is therefore crucial that the matter is taken seriously and investigated thoroughly, not just dismissed based on the assurances of Ian Carter and his cronies. If the FCA is

unwilling to take this step despite all of the concerns raised about this project, the conclusion would have to be that it takes its statutory objectives about as seriously as RBS does the 'yes check'!

It would also be recommended that an independent inquiry into the project's bonus structure ought to be undertaken. The bonuses which have been paid to any senior management as a result of the engagement survey or the completion of the project ought to be clawed back, given that they have been obtained fraudulently.

Postscript - March 2022:

Following several further months of apparently nothing being done, the group took the decision to get in touch with Andrew Bailey personally in order to enquire as to what the FCA was doing about this.

To give him his due, Mr Bailey took the time to respond personally to us and assure us that action was being taken. He was happy to deal with us, unlike his successor who simply palmed our enquiries off to one of his lackeys to give standard response to. In retrospect, some of the criticism of him in the original report may have been a touch harsh.

In February 2020, RBS announced the following in its annual report and accounts:

'During October 2019, the FCA notified RBS Group of its intention to appoint a Skilled Person under section 166 of the Financial Services and Markets Act 2000 to conduct a review of whether RBS Group's past business review of investment advice provided during 2010 to 2015 was subject to appropriate governance and accountability and led to appropriate customer outcomes. RBS Group is co-operating with the Skilled Person's review, which is expected to conclude during Q1 2020.'

The s166 review was led by Eversheds Konexo. To give the FCA its due, it had acted on the suggestions in our original report and ordered an independent inquiry and had even commissioned the firm we suggested to undertake this. The review actually lasted until mid-2021, a further example of RBS' hilarious capacity for underestimation of its own liabilities.

Despite several calls from our group, the FCA has never published the findings of the report. On several occasions, we have been in touch with the FCA's whistleblowing departments and have been fobbed off with vague responses about how the matter was still progressing.

The review did not do what we suggested in terms of speaking to everyone who ever worked on the project and allowing them to have their say in confidence and without fear of individual reprisals. However, it did interview a lot of people who had been in senior management positions on the project. This included the likes of Ian Carter and his henchmen, the RBS staff largely responsible for the cover-up. However, it also included some of the remediation contractors who had originally run the project before being managed out.

We are aware of what some of them told Konexo and it wasn't complimentary. By accounts given from those in the know, Eversheds were leaving 'no stone unturned', ordering copies of meeting minutes and demanding to know who was party to big decisions. If half of the things that happened on the project came to light as part of the review then we believe the report would have been scathing and the FCA given little choice but to take further action.

However, in terms of finding out what exactly that further action is, we have been completely frustrated at every turn. The whistleblowers each received an email in mid-2021 thanking us for our input and advising that the inquiry had now concluded. However, we were given no information as to what action had or would be taken and despite repeated calls to be updated, the FCA has flat out refused on every occasion. On one occasion, we emailed Nikhil Rathi directly to ask for input. Unlike Bailey, he could not even be bothered to respond personally, simply passing the matter to someone else to send a standard response.

In September Charles Randell, the Chairman of the FCA, remarked that the organisation needed to be 'more transparent' about the use it makes of whistleblower information. This prompted the group to get back in touch with the FCA's whistleblowing department asking them to explain how his comments squared with their own complete refusal to give us any information whatsoever. This did no good whatsoever and we were simply fobbed off again. The conclusion has to be that all the talk of greater transparency is, like the yes check, just pure lip service.

Is it coincidence that one month after making this remark, Randell suddenly announced he was to 'step down' from his role? Is any talk of transparency a dirty word for those ultimately pulling the strings of the FCA? Or are we just being cynical?

Whilst the 'action' the FCA is to take following the Konexo review is a closely guarded secret, there has been no punishment forthcoming of RBS or any individual concerned. Whilst other firms have been punished for the FCA for governance failings including inadequate management of conflicts of interest, there has been no penalty imposed on the bank, Ian Carter or any of the other individuals involved. Such punishment would be in the public domain since it would necessitate a regulatory notice. The group keeps a very close eye on the FCA's activities and to date there has been no such notice issued.

Ian Carter left RBS suddenly and mysteriously in late 2021. There was an internal memo circulated announcing his departure and that he would be replaced by Jez Taylor. The memo was the sort of thing you see when a football manager has been sacked from his job, waxing lyrical about how they 'thank him for his contribution and wish him well for his future endeavours'.

It was deeply ironic, because none of the reviewers who had been released from the project were thanked for their contribution and wished well for the future. They were simply spoken to like pieces of dirt and aggressively threatened. But the person largely responsible for one of the biggest farces in the history of UK banking. An individual who has consistently and cynically prioritised his own interests over the fair treatment of customers. He gets a golden handshake and a testimonial!

Whilst the exact circumstances of Carter's departure remain buried, the consensus amongst those in the know is that he has simply pushed his luck too far. That RBS has finally realised that he is not the right person for a head of remediation role, something that we had already made clear in direct email correspondence with Alison Rose.

Unfortunately, it has taken over six years to realise this, a period in which he has done untold damage to their aspiration to be number one for customer service, trust and advocacy. This aim was supposed to be achieved by 2020. We are now in 2022 and a recent IPSOS Mori customer satisfaction survey for customers of the main UK banks placed RBS second bottom (16th out of 17), ahead of only Tesco Bank. Interestingly, NatWest came tenth, still poor but not quite as disastrous.

This quite possibly explains the bank's recent move to rebrand itself overall as NatWest. Unfortunately, as the saying goes, you can put lipstick on a pig...

The group has been informed that a section 166 skilled persons review is in the process of being commenced, run independently by Deloitte. Whilst exactly what this entails is a closely guarded secret, the word on the grapevine is that it involves independent re-review work as we recommended in the original Shamethyst report. However, this is very clandestine. The FCA still flat out refuses to tell us what is happening and what we have been told is from sources close to what is going on and industry word of mouth.

We believe that the FCA would have been left with no choice but to act following the Eversheds Konexo report, which it is still resisting calls to make public or disclose the content of. However, whether it has had the guts to do the right thing and order a FULL independent re-run of the entire project, we seriously doubt. More likely, it has asked for a much smaller focused re-review of a small minority of cases where 'failings were identified'. This will allow the FCA to convince itself that it has taken action, but stop well short of what is really required to address the widespread customer detriment caused by RBS' poor sales practices.

RBS is also being allowed to keep what is going on secret. There was no explicit mention of the re-review in its annual report and accounts published in February 2022. Instead, these contained general figures for conduct review remediation costs and meaningless double talk about how liabilities are difficult to estimate and are only included when they are more likely than not to arise. We are concerned that 'NatWest' is therefore attempting to mislead investors by failing to disclose their very likely future liabilities. This is a bank, remember, which originally estimated £850 million for a PPI redress bill which now stands at over six billion.

The group believes that the regulator has entered into a tacit pact with RBS. The bank will undertake a relatively small amount of additional remediation work, well short of what is actually required. The FCA can therefore convince itself that it has taken further action and record it as such when producing their own figures. In return, the matter will not be made public and no financial penalty or other disciplinary action will be taken against the bank, Ian Carter or any of the other individuals concerned.

What will happen with this going forward we will see in due course. However, whatever the outcome, we are not hopeful that it will be handled with any form of transparency by the regulator.

Appendix 1: Andrew Bailey's emails in which he assured us firstly that action was being taken by the FCA and secondly that our report was an important factor in the FCA's decision to initiate that action.

On Mon, 9 Sep 2019 at 18:55, Andrew Bailey <Andrew.Bailey@fca.org.uk> wrote:

Thanks - I can assure you that action is being taken. I can't say with any precision when you will find out about that action because for obvious reasons your anonymity means that I don't know how you are involved - and to be clear I of course respect your anonymity.

Sent: Tuesday, January 14, 2020 at 8:34 AM

From: "Andrew Bailey" <Andrew.Bailey@fca.org.uk>

To: "rbswhistle" <rbswhistle@gmail.com>

Cc: "Concerned Insider" <concernedinsider@mail.com>, "Karen Jude" <Karen.Jude@fca.org.uk>

Subject: Re: Whistleblowing

With respect, I don't agree with this for the reason that your report was an important input to determining for my part that we should require the action of which you are now aware. Depending on where that action leads to, we may need to come back to your report.

Appendix 2: Nikhil Rathi's lackey responding to our request for an update:

Sent: Friday, February 19, 2021 at 12:01 PM
From: "Whistle" <Whistle@fca.org.uk>
To: "rbswhistle@gmail.com" <rbswhistle@gmail.com>
Cc: "Concerned Insider" <concernedinsider@mail.com>, "Mark" <info@bankconfidential.com>
Subject: Whistleblowing

Dear Sir/Madam

Thank you for your enquiry.

Your request for an update has been passed to the FCA Whistleblowing team.

As you will be aware we cannot be specific in regard to the activity the FCA is undertaking. All that can be said is that our enquiries are progressing and there may be further detail available at a later time.

We will update again when we are in a position to do so.

Yours sincerely

Simon

Simon Dickie
Team Leader - Whistleblowing Team
Strategy, Policy, International & Intelligence
Enforcement and Market Oversight Division
Financial Conduct Authority
12 Endeavour Square, London E20 1JN
Direct Line: +44 (0) 20 7066 9200
Email: whistle@fca.org.uk

Follow us:

Please note that telephone calls may be recorded.

This email (and any attachments) has been classified as FCA Official - Enforcement and may be subject to legal professional privilege.

From: whistle blower [<mailto:rbswhistle@gmail.com>]

Sent: 15 February 2021 08:25

To: Andrew Bailey <Andrew.Bailey@fca.org.uk>; Nikhil Rathi <Nikhil.Rathi@fca.org.uk>; Concerned Insider <concernedinsider@mail.com>; Mark <info@bankconfidential.com>

Subject: Re: Whistleblowing

****This email has come from an external source. BE CAREFUL of links and attachments and report suspicious emails****

Nikhil,

We have not had an update re RBS for some time. We were told we would be kept updated.

I understand you have taken over Andrew's responsibilities and there is a delay for you to catch up with issues, but could you provide us with an update of what actions are being taken with RBS and where we are up to?

Regards

WB's.

Appendix 3: Alison Rose's lackey doing the same

From: **Melling, Peter (Litigation & Investigations)** <peter.melling@rbs.co.uk>

Date: Mon, 7 Oct 2019 at 08:35

Subject: Amethyst

To: rbswhistle@gmail.com <rbswhistle@gmail.com>

Dear Colleague

Alison Rose has forwarded the email that you sent on 29th September to me and has asked me to respond to you.

Thank you for sending your email. The concerns you have raised regarding this Programme have previously been investigated and the result communicated to you and the FCA with whom we have discussed the matter.

We will address any further inquiries received from the FCA.

Regards,

Peter

Peter Melling

Head of Litigation & Investigations

Legal, Governance & Regulatory Affairs

RBS Group plc

1 Princes Street, London, EC2R 8BP

M: +44 7769 280040

peter.melling@rbs.co.uk

The content of this email is confidential unless stated otherwise.

From: whistle blower <rbswhistle@gmail.com>

Date: Sunday, 29 Sep 2019, 12:38

To: Rose, Alison, (Commercial & Private Banking) <alison.rose@natwest.com>

Cc: Concerned Insider <concernedinsider@mail.com>, info@bankconfidential.com
<info@bankconfidential.com>

Subject: Amythest

Alison,

So it seems you have the job of a lifetime, well one with an extreme amount of work to do to restore faith in RBS. The hidden issues in the closet are inching closer and closer to a full on crisis, of which you have ignored and been complicit in!

We have copied you in on several emails illustrating the corruption and cover up for project Amethyst. This has now been passed onto the FCA and Andrew Bailey has assured us action will be taken.

However, as the new CEO this is your opportunity to engage with us and illustrate you are willing to change the culture of the bank that your predecessor claimed to be doing but actually continued on in an abhorrent manner.

Appendix 4: Our email to Alison Rose reiterating the need to get rid of Ian Carter and replace him with someone who has customers' interests at heart (we also copied Carter himself in on it!)

Sent: Sunday, June 06, 2021 at 12:55 PM
From: "Concerned Insider" <concernedinsider@mail.com>
To: alison.rose@rbs.co.uk
Cc: ian.carter@rbs.co.uk, rbswhistle@gmail.com, raiseconcern@mail.com, "Steve Middleton" <steve@middletonfins.co.uk>, "Bank Confidential" <info@bankconfidential.com>, doingtherightthing19@hotmail.com, "Rachel Wolcott" <rachel.wolcott@thomsonreuters.com>
Subject: Project Shamethyst

Well Alison, it's not looking so clever now is it?

18 month long probe into the project finished, having to set aside nine figure sums for rework and your press office too ashamed to admit the exact figure to Rachel Wolcott of Thomson Reuters. Already, we hear rumours of your hiring consultancies which charge a fortune to try and argue you should not have to do this.

Just for once in your organisation's whole miserable existence, why don't you do the decent thing and agree to fairly compensate those you have wronged, without being forced kicking and screaming?

I suppose a culture of doing the right thing is too much to ask for with a reprehensible individual like Ian Carter as your 'Head of Remediation'. When you have a satisfaction survey that is designed to allow people to speak up in confidence about concerns they have with the project and yet the results of that survey are leaked to him and his henchmen and they are allowed to bully people into retaking it and falsifying the answers to generate themselves bonuses. Would you call that good governance?

When your so called 'head of remediation' says that he doesn't want to look at cases pre-2008 because you will owe a fortune to all the people you misadvised, then two months later people are forced to rewrite huge batches of unsuitable cases and alter their conclusions. Well, that tells its own story... There is an obvious conflict between seeking to compensate those impacted by your bad advice and seeking to limit your own redress bill. You need someone in charge who is committed to doing the right thing and not furthering their own interests at the expenses of the customers.

Let's use the yes check shall we? Is this behaving with integrity? Is it meeting the standards of conduct required? We are five years on now, does anybody see this as a good way to work? Of course, far be it from me to suggest that the yes check is pure self-serving lip service that you have no intention of adhering to once nobody is looking!

You need to cut your losses on this clown Alison. His appointment has created a toxic culture, where the interests of the customer come nowhere and covering up, screwing them over and bullying, harassing and intimidating workers into doing things they know to be wrong are rife. If you ever want to become a proper forward thinking organisation run fairly and in its customers' best interests, rather than coming out with empty pontifications about doing so, you need to face reality.

Chelsea realised that Frank Lampard as manager wasn't working and got someone in who had the right competence and the right mentality and they have just won the Champions League. The question is, Alison, do you genuinely aspire to be top of the league for customer service, trust and advocacy, like you were supposed to be by last year? Or are you happy to stay bottom of the table in every customer satisfaction survey, as you have been for five years plus?

We have told you what to do about it Alison. If you really want to be known as a fairer bank run in its customers' best interests, get rid of people like Carter and his henchmen, admit the mistake you have made with his appointment and start afresh. The choice is yours.

Much love

Cl x

Appendix 5: RBS internal memo announcing Carter's departure in mysterious circumstances (maybe she was listening after all?!)

*I wanted to share some news regarding changes to our leadership in **Customer Due Diligence and Financial Crime Technology**.*

Ian Carter will shortly be leaving the bank. Ian has led the CDD team through a period of regulatory review and strategic change. I would like to take this opportunity to thank Ian for the contribution that he has made to the bank. As well as his deliveries in CDD, Ian has led some of the largest remediation programmes for our bank. Please join me in thanking Ian and wishing him the best in his future endeavours.

With Ian's departure, I am pleased to announce that Jez Taylor will now lead the Customer Due Diligence team on a permanent basis. In his role as Head of Customer Due Diligence, Jez will also hold SRO responsibilities for Strategic-In-Life and will be responsible for delivering and driving effectiveness of CDD processes, operations, rules and technologies enterprise-wide. This change is effective immediately.

Nigel Hayward will continue to lead our Financial Crime Technology team on an interim basis. We will soon launch the process to fill this role permanently and an advert will be posted on Workday shortly.

James Holian

What Mr Holian forgot to say after 'led some of the largest remediation programmes for our bank' was 'and made an absolute steaming mess of every single one'.

Appendix 6: Complete stonewalling from the FCA when asking for feedback on the action taken as a result of our disclosures and the Eversheds review:

Sent: Monday, October 18, 2021 at 1:12 PM
From: "Whistle" <Whistle@fca.org.uk>
To: "Concerned Insider" <concernedinsider@mail.com>
Subject: RE: 3714 - RBS
Dear CI

Thank you for your email with attachment.

As the FCA Chairman has said, we are endeavouring to be more transparent with whistleblowers. However, the confidentiality obligations placed upon the FCA within our existing legal framework prevent us from sharing information with whistleblowers which is not in the public domain.

We do appreciate your courage in coming forward to raise your concerns with the FCA and in doing so the contribution you have made to our supervisory work.

Kind regards,

Rob Histon

Senior Associate / Whistleblowing Team / Intelligence Department / Enforcement & Market Oversight Division

12 Endeavour Square

London

Telephone: +44 (0)20 7066 9200

Email: whistle@fca.org.uk

Website: www.fca.org.uk

Follow us:

This email is FCA Official unless marked otherwise

From: Concerned Insider <concernedinsider@mail.com>

Sent: 16 October 2021 12:37

To: Whistle <Whistle@fca.org.uk>; rbswhistle@gmail.com <rbswhistle@gmail.com>; Rachel Wolcott <rachel.wolcott@thomsonreuters.com>; Ian Fraser <ian@ianfraser.co.uk>; Ben Chapman <ben.chapman@independent.co.uk>

Subject: RE: 3714 - RBS

****This email has come from an external source. BE CAREFUL of links and attachments and report suspicious emails****

Dear Rob/ whoever

I read an interesting article from Thomson Reuters regulatory intelligence the other day, which I have attached for reference.

Maybe you would like to explain how your refusal to provide any information regarding the 'supervisory work', you have undertaken over project Amethyst squares with your own Chairman's statement that you need to be more transparent with whistleblowers 'to give them confidence that the very considerable personal decision they've had to take to reach out to us is one that's resulting in benefit'.

Regards

CI (not C1!)

Sent: Friday, May 21, 2021 at 11:18 AM

From: "Whistle" <Whistle@fca.org.uk>

To: "Concerned Insider" <concernedinsider@mail.com>

Subject: RE: Re: RE: 3714 - RBS

Dear C1

I write further to my colleague Nazmul's email of 1 February below.

I can now advise that FCA Supervision have now concluded their review of your disclosure.

Over the past two years we have engaged with our Supervision colleagues in respect of your disclosure. I can assure you that that consideration was given to each of the points you raised.

Your disclosure has contributed to the proactive supervisory work which FCA Supervision is undertaking with the firm. I am unable to say any more about this work as it is confidential.

We will contact you in the event of public developments which flow from the FCA's use of your information, subject to the strict legal and policy constraints on information-sharing within which we must operate.

In the meanwhile we will store your information securely so we can review it in the future, should the need arise.

I would like to take this opportunity to thank you again for coming forward and raising your concerns with the FCA. I hope that you can take satisfaction from knowing that you have done the right thing.

Kind regards

Rob Histon

Senior Associate / Whistleblowing Team / Intelligence Department / Enforcement & Market Oversight Division

12 Endeavour Square

London

Telephone: +44 (0)20 7066 9200

Email: whistle@fca.org.uk

Website: www.fca.org.uk

Follow us:

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Acknowledgements:

We would like to thank the following for their interest in our work and their valuable contribution to bringing it to wider attention:

- Steve Middleton and Mark Wright of Bank Confidential
- Andy Agathangelou and Mark Bishop of Transparency Taskforce
- Rachel Wolcott of Thomson Reuters
- Georgia Edkins of the Scottish Mail on Sunday
- Ian Fraser (independent journalist and author)
- Alex Sebastian of This Is Money
- Ben Chapman of The Independent
- Robin Amos of Citywire
- James Hurley of The Times
- Andrew Bailey (former CEO of the FCA)
- All our followers on Twitter, especially the RBS hating legend that is Clive May and all of the ex-Amethyst workers who are taking great delight in our activities

And last but by no means least...

- Ian Carter (the star of the show, without whom none of this production would ever have been possible)