

**THE MOST SERIOUS FINANCIAL SCANDAL OF MODERN TIMES****10. HBoS READING – THREE WHOLLY UNNECESSARY REVIEWS**

In February 2017, the HBoS Reading fraud which took place between 2002 and 2007 was finally successfully prosecuted and those immediately responsible were jailed for a total of 47 years. Having waiting a decade, you might have thought that victims of the fraud would be swiftly compensated but you would be entirely wrong.

Three “independent” reviews into the fraud have been authorised: Griggs, Dobbs and Cranston, each commissioned and paid for by Lloyds Bank. All three would have been entirely unnecessary, if Lloyds Bank had behaved correctly and delivered prompt and fair compensation to the victims.

Instead, guided by its lawyers, Lloyds Bank has used every legal and procedural means to limit its liabilities to compensation and been permitted to do so by the FCA and Government. The following describes just some of the devices used:

- **Griggs (Feb. 2017):** Immediately following the HBoS Reading trial and after consultation with the Financial Conduct Authority, Lloyds appointed Professor Russel Griggs as the independent reviewer of the victims’ cases “to agree the scope, methodology and individual case outcomes of the review in order to ensure fair outcomes.”<sup>1</sup>
- In practice, Prof Griggs was widely perceived not to have had ultimate control over Lloyds’ decisions or to have been independent. The customer review was seen as procedurally flawed and lacking in proper transparency. In December 2018, Kevin Hollinrake MP commented in a Westminster Hall debate <sup>2</sup> that Lloyds Bank had used the customer review “which is supposedly there to compensate the victims, to minimise payments and perpetuate the cover-up”. He added that he knew of only four out of the 76 cases, which had received payments for D&C (direct & consequential) loss, the remainder having been dealt with through considerably smaller D&I (distress and inconvenience) awards. It was assumed that “all those businesses were dud businesses. That is simply not statistically possible.” However, this tactic was designed substantially to reduce the bank’s liabilities.
- **Dobbs (Apr. 2017):** The remit of the second review <sup>3</sup> is “whether the issues relating to HBoS Reading were investigated and appropriately reported to authorities at the time by Lloyds Banking Group, following its acquisition of HBoS”. The Police & Crime Commissioner for Thames Valley, Mr Anthony Stansfeld has stated that “It must have been known quite clearly

<sup>1</sup> <http://www.appgbanking.org.uk/wp-content/uploads/2018/09/Russel-Griggs-Nicky-Morgan-hbos-reading.pdf>

<sup>2</sup> <https://hansard.parliament.uk/Commons/2018-12-18/debates/51504BA8-AAA2-4085-8A3B-E20BC57A748A/HBOSReadingIndependentReview>

<sup>3</sup> <http://www.dobbsreview.com/>

to the directors of the bank as far back as February 2008 that a massive fraud had taken place [at HBOS Reading]" and the Lloyds' Chairman, Sir Victor Blank was informed of the fraud by letter on 13<sup>th</sup> October 2008, prior to the HBoS takeover in January 2009. The date when Lloyds Bank first became aware of the Reading fraud is critical to determining the extent of victims' compensation. Hence, the bank's repeated lying to limit its liabilities. Dobbs has taken more than three years to complete her enquiry, which might appear surprising given the ostensibly simple nature of her remit. In fact, she has been deluged with evidence of Lloyds' serious wrongdoing but when her review is finally completed later this year, Lloyds Bank and the FCA are expected to keep its findings confidential.

- **Cranston (May 2019):** Such was the universal condemnation of the Griggs review that another former judge, Sir Ross Cranston had to be appointed to conduct an assurance review to "assess whether the methodology applied by the customer review was capable of delivering fair and reasonable compensation for customers". This review of a review has also been comprehensively corrupted by Lloyds Bank, the FCA and Government.
- At the outset, Sir Ross Cranston declined to recognise that the Customer Review methodology was corrupt from inception by design, and therefore could never deliver "fair and reasonable" outcomes. He prioritised speed of resolution, when in fact, no victim wanted indecent haste at the expense of fairness and justice. The real reason for speed was that Lloyds Bank, the FCA and Government have wanted to ensure victims were signed up to final settlement deals, before the Dobbs Review concludes later this year. The truth of when the bank first learned of the fraud would increase its liability to compensation many fold.
- Cranston failed to question the obvious injustice of apparently over-generous but smaller D&I payments but the almost total absence of much larger D&C compensation. He also failed to point out how making the customer review "fraudster-centric" and the amount of compensation contingent on the extent to which customers had involvement with the fraudsters was, in fact, a thoroughly corrupt device, designed in conjunction with the bank's lawyers, once again to limit the bank's liabilities.
- The Cranston Review is a fraud in itself and a carefully considered one, to which Lloyds Bank, the FCA and Government have all colluded. The reputation of a widely renowned judge and former solicitor general has been badly damaged and no-one can trust any "independent" review into banking misconduct again.
- **Foskett (Apr 2020):** Sir David Foskett was appointed to chair the independent Cranston Re-review Panel. There is seemingly no end to this corrupt process.<sup>4</sup>

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<sup>4</sup> <https://www.lloydsbankinggroup.com/Media/Press-Releases/2020-press-releases/lloyds-banking-group/sir-david-foskett-to-chair-hbos-reading-re-review-panel/>