

LLOYDS BANKING GROUP – COOKING THE BOOKS (PART TWO)

On 4th March, we wrote in our first commentary under this title: “As part of the ongoing cover up and denial of justice, Lloyds has been taking concerted action to prevent the full extent of its wrongdoing becoming recognised and has been artificially depressing its impairment charges”. In its latest first quarter figures, Lloyds Banking Group not only took no impairment charge at all for bad debts but even wrote back £323mn – *see explanation below*.

It is singularly ironic that Lloyds Bank considers it appropriate to write back allowances for bad debts, while it is simultaneously making every effort to deny justice to victims of its wrongdoing across a broad front. As a result of these adjustments, Lloyds’ first quarter underlying profits rose to £2,071mn (Q1 2020: £558mn) and statutory profits after tax increased to £1,397mn (Q1 2020: £480mn). Without them, the picture would not have looked nearly so rosy.

	£ mn	Q1	Q2	Q3	Q4	Year to Dec
Impairment charges	2017	127	141	270	257	795
	2018	258	198	86	395	937
	2019	275	304	371	341	1,291
	2020	1,430	2,388	301	128	4,247
	2021	-323				
PPI costs	2017	350	700	0	600	1,650
	2018	90	460	0	200	750
	2019	100	550	1,800	0	2,450
	2020	0	0	0	85	85
	2021	0				
Impairment & PPI	2017	477	841	270	857	2,445
	2018	348	658	86	595	1,687
	2019	375	854	2,171	341	3,741
	2020	1,430	2,388	301	213	4,332
	2021	-323				

Notes 1: Impairment charges are taken above underlying profits but PPI costs were recorded below. Both are recorded before pre-tax profits. 2: Negative figures reflect the write-back of bad loan provisions.

Source: Lloyds’ quarterly and annual reports

Lloyds’ explanation of the write-back in bad debt provisions

The bank’s Q1 statement referred to “a £459 million release of expected credit loss (ECL) due to the UK’s improved economic outlook” and continued: “Reductions in commercial banking ECL reflect improved outcomes on restructuring cases, lower flows to default and recent reductions in exposures due to asset optimisation....Observed credit performance has remained stable in the quarter, with the flow of assets into arrears, defaults and write-offs remaining at low levels.” Little wonder, however, given the comprehensive efforts being maintained to suppress all investigation into the bank’s serious misconduct and criminal fraud.

Lloyds' accountants Deloitte must be well aware of these factors, so the question arises of whether they are complicit with the bank in allowing it to misrepresent its true financial condition and are disregarding the role which they should be performing.

At least four separate instances of alleged fraud being downplayed or ignored

- **Halifax Bank of Scotland (HBoS) Reading fraud:** Four wholly unnecessary enquiries have been commissioned, paid for and controlled by Lloyds Bank. The first and most infamous of these, the Griggs review was specifically approved four years ago by the Financial Conduct Authority (FCA) under the direction of its Chief Executive and now Bank of England Governor, Andrew Bailey.

- **Signature & document forgery:** The deliberate denial of justice by the National Crime Agency (NCA) is likely to be more extensive than HBoS Reading. More than six hundred separate crime reports have been submitted to the NCA and one of the leading banks accused of major wrongdoing has been Lloyds. However, the NCA has played for time by investigating conspiracy between banks to forge signatures, when this was never the allegation. The serious charge, which was made and supported by whistleblowers whom Andrew Bailey then CEO of the FCA repeatedly refused to meet, was the forgery of signatures and invalid documentation by individual banks.

- **Police declining to investigate fraud:** The refusal of Avon & Somerset Police (A&SP) to investigate allegations of widespread fraud conducted by Lloyds Recoveries Bristol and its associated professionals has been long-standing and equally notorious. This matter was elevated to the IOPC, which passed the complaint back to A&SP. However, such issues should be considered by the Home Office, something which Priti Patel acknowledged before she became Home Secretary. Complainants are being invited to go round in circles deliberately to frustrate their serious allegations.

- **Business Banking Resolution Service (BBRS):** Reports in the Times this week suggested that over £23mn has been spent on this scheme which has yet to deliver any compensation, along with very high salaries being paid to some of its professionals. More serious still perhaps has been the recent exchange between one applicant and their case handler, who told the applicant in their words that they would have to "go back to the bank and seek their permission to include my case in the BBRS" and "the difficulty would be persuading the bank to agree to my case being included". This confirms that the banks, which are accused of serious misconduct and fraud, are being permitted to act as judge and jury over their own wrongdoing – and this is supposed to constitute a credible scheme.

UK financial regulation at an all-time low

During the period 2014-2017, investigation into serious wrongdoing at Lloyds BSU and RBS-GRG was deliberately frustrated and obstructed, while the Government simultaneously sold shares in Lloyds Bank and an initial tranche of RBS to institutional investors. To many, this looked like securities fraud. Now, Lloyds Banking Group is being permitted by its accountants and no doubt, higher authorities to misrepresent its true financial position, to the detriment of shareholders and the investing public, with such actions presumably justified as being "in the wider public interest".

We stand at an all-time low in terms of the standard of UK financial regulation. It will not be long before this severely impacts the reputation of the City of London as a global financial centre. Meanwhile, in the bonfire of due process and observance of the Rule of Law, anything goes.