

THE MOST SERIOUS FINANCIAL SCANDAL OF MODERN TIMES**32. BBRS – DELIBERATELY DECEITFUL, INTENTIONALLY UNJUST**

Delayed by two years, the Business Banking Resolution Service (BBRS) finally plans to open its doors on 1st December. Devised by HM Treasury in conjunction with Andrew Bailey, the former chief executive of the FCA and now Governor of the Bank of England, the BBRS is designed to eliminate the problem of historic bank victims once and for all, ahead of another round of major insolvencies next year.

It is being implemented (enforced) by the seven leading banks, which are also represented on the BBRS by their trade body, UK Finance. However, every aspect of the scheme confirms the intention of the major banks NOT to act correctly with respect to properly compensating victims of banking fraud and instead to resolve historic disputes at the lowest possible cost or by rejecting them entirely, leaving the victims of serious banking misconduct and fraud to pass their remaining days in penury.

Victims should hold out for proper compensation – *see page three* - and have nothing whatever to do with the Business Banking Resolution Service.

BBRS – deliberate deception, blatant injustice

- First proposed by the Walker review in November 2018¹, the BBRS has made virtually no progress over the last two years amid active disagreement between the banks and victims' representatives.
- The scheme's promotional literature contains a vast quantity of apparent reasonableness. It is labelled as a "service", refers to the "customer experience" and has introduced the concept of "customer champions", who have been hired recently without any apparent need for qualifications. In reality, however, this is all a deceit and the scheme is designed to be operated with an iron will by the major banks.
- Unfortunately for the BBRS, it follows in the footsteps of other highly improper compensation schemes such as those for the victims of HBoS Reading fraud. Meanwhile, Government is closing down the routes to justice via judicial tribunals and the FCA and SRA are moving quickly to restrict the compensation available to victims of their own regulatory failure.² If you combine all this with the deliberate intention of the authorities to bury the catalogue of past bank wrongdoing and fraud and the enormity of the high-level deception and cover up becomes horrifyingly clear.

¹ <https://www.ukfinance.org.uk/banking-industry-fund-new-alternative-dispute-resolution-adr-scheme-larger-smes>

² Press release 30.

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Ticks all the banks' boxes - but none of the victims'

- **Tight control over eligibility and compensation:** Such questions have long been obstructing progress but HM Treasury and the participating banks have consistently maintained a hard line. The present terms involve compensation of up to £600,000 for complaints registered with a participating bank after April 1st 2019, and up to £350,000 for those registered before that date, going back to 2002. These are demonstrably designed to restrict claims and cap potential liabilities for the banks. The overwhelming majority of complaints significantly pre-date April 2019 and the ceiling for compensation of £350,000 for those earlier cases is deliberately inadequate. Many victims' claims significantly exceed this amount.

In respect of **boundary cases**, which complainants suggest have not been dealt with correctly or have been unreasonably prejudiced by an earlier review, the banks have refused to allow the BBRS to have jurisdiction over these and are insisting on determining such cases, which are likely to be numerous. Under what circumstances should the very organisation, which is accused of serious wrongdoing and fraud, be allowed to determine such cases itself? This is a travesty of due and proper process.

- **Will disregard criminal conduct:** The BBRS will treat all cases as civil, which they are most certainly not. The banks are only afraid of criminal prosecution, so they have only agreed to the BBRS, provided it disregards all criminal conduct. Lloyds' victims are supposed to agree to this intentionally improper failing, while the National Crime Agency (NCA) has deliberately wasted fifteen months refusing to investigate Lloyds' industrial forgery of signatures, which is undeniably a criminal matter. Again, the injustice of this situation is so blatant as to be obscene.
- **With no accountability for wrongdoing:** Under the scheme, there will be no accountability for any wrongdoing and criminal fraud undertaken by banks, such as Lloyds and their professional agents, with Government, regulators and banks determined to brush everything under the carpet. In Australia, bank wrongdoing which was less serious than in the UK, was addressed by a Royal Commission, witnessed numerous high-level resignations and proper compensation was awarded to victims. In the UK, the authorities remain focussed on its comprehensive cover up.

Ongoing controversy – not cleared up

- **Lies about success of Live Pilot:** The Live Pilot element of the scheme began at the end of January and on 13th October, the BBRS referred to it as "a great success to date". This looks to have been a deliberate lie. As of 2nd September, our sources

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suggest that just one case had been settled³ and the remaining 47 had been rejected by the banks. The Live Pilot also tested distress & inconvenience (D&I) methodology, rather than consequential loss. In other words, it followed the same improper approach as Sir Ross Cranston accepted for his HBoS Reading review. Why ? Because D&I compensation is likely to be significantly smaller than consequential loss – and therefore more acceptable to the banks.

- **Questions about board members:** In advertising for staff, the BBRs states that applicants should be “clearly independent” because “former bank employees are unlikely to be acceptable to SME customers”. However, such reservations have been overlooked, when it comes to its board members. The latest addition to the board replacing Nikki Turner of the SME Alliance who has resigned, is **Stephen Pegge**⁴, the managing director of commercial finance at UK Finance and until fairly recently, Lloyds Banking Group’s external relations director (2013-2017). Pegge was selected by Lloyds to defend the policy of its Business Support Units in a BBC Panorama programme⁵ but our research has confirmed that Lloyds BSUs had been turned into profit centres some seven years earlier⁶. His very recent appointment confirms the iron will under which the BBRs is intended to operate.

We also have reservations about the Chief Executive of the BBRs, **Samantha Barrass** and the apparently strong connections, which have existed between the Gibraltar Financial Services Commission (GFSC), where she was chief executive for five years until last year and the Solicitors Regulation Authority (SRA)⁷. The latter’s refusal to investigate certain fraudulent solicitors, who act or have acted for banks, was the subject of our press release 28.

What compensation should comprise – but is never on offer

Where a case can be verified – by an expert reviewer, who has not been corrupted or influenced by Government, regulators or the banks – compensation should include consequential losses, assessed at the bank’s expense - and punitive damages. If the latter are not awarded, there is no penalty whatever for the bank having acted as it has and this would be deeply unjust. Compensation should reflect compound statutory interest, given the years which have elapsed since many of the frauds occurred, and be paid free of tax. It would especially unjust for victims to be required to repay substantial sums to HM Treasury, the very body which has orchestrated the long-standing cover up of serious banking fraud in the first place.

³ Subsequent BBRs literature refers to two cases having settled.

⁴ Appointment announced, 12th October.

⁵ “Did the bank wreck my business” BBC Panorama, Nov 2014. <https://www.youtube.com/watch?v=-9TXsnpHvYg>

⁶ See press release 12.

⁷ Details available on request.

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