

## LLOYDS UPDATE ON HBO'S READING – UTTERLY DISGRACEFUL

Forming part of the material issued in relation to its recent AGM, Lloyds' revised version of its *"Update on historic failures at HBO's Reading"* is a truly shocking document. Once a major UK financial institution starts to lie about a certain event, it seemingly must continue to do so, piling layer upon layer of deceit. Rather than being headed "Information for shareholders", it ought to be entitled "Disinformation". In deceiving its shareholders and mistreating victims of the fraud, Lloyds Banking Group has received comprehensive support from the now discredited regulator, the Financial Conduct Authority (FCA). The new Lloyds Chairman is an acknowledged expert in corporate governance<sup>1</sup>. However, the bank's defence of its conduct in relation to HBO's Reading is not remotely compatible with any concept of good corporate governance.

We quote extracts from the Update in italics and add our comments below. These are only selective because the wrongdoing has been so widespread and long-standing:

***GRIGGS***<sup>2</sup> *"Following the outcome of the trial and after extensive consultation with the FCA, the Group announced a number of steps designed to address customer and public concerns and to restore confidence"*.

A month after the HBO's Reading trial ended in February 2017 and significantly, following consultation with the FCA, Lloyds appointed Professor Russel Griggs as the independent reviewer of customers' cases. However, Griggs was widely perceived as not having ultimate control over Lloyds' decisions and not to be independent. His customer review was regarded as procedurally flawed and lacking in transparency. In December 2018, Rt. Hon Kevin Hollinrake MP commented that Lloyds had used the customer review "which is supposedly there to compensate the victims, to minimise payments and perpetuate the cover up".

***CRANSTON***<sup>3</sup> *"In May 2019, the Group announced that an independent quality assurance review, led by Sir Ross Cranston would be undertaken to provide assurance that the Customer Review delivered fair and reasonable outcomes for customers"*.

Such was the universal condemnation of the Griggs review that the bank was compelled to order a further enquiry. Undertaken by Sir Ross Cranston, this declined to recognise that the Griggs review methodology was corrupt from inception by design and therefore could never deliver fair and reasonable outcomes. He prioritised speed of resolution, whereas none of the victims wanted indecent haste at the expense of fairness and justice. The real reason for haste was to get victims signed up to full and final settlements before yet another review, by Dame Linda Dobbs, was published, which is likely to increase the bank's liability to compensation many times. Cranston failed to question the smaller distress and inconvenience (D&I) payments, the almost total absence of larger payments for consequential loss (D&C) and how making the customer review fraudster-centric was a deliberate device to limit the bank's liabilities. The Cranston review was another fraud but this time, a carefully considered one.

---

<sup>1</sup> <https://www.thecrownestate.co.uk/en-gb/about-us/our-people/the-board/robin-budenberg/>

<sup>2</sup> See "HBO's Reading – three wholly unnecessary reviews", section 12 of the Lloyds Omnibus of press releases, December 2020 on [www.lloydsbankassetfrauds.com](http://www.lloydsbankassetfrauds.com).

<sup>3</sup> See "How the Cranston review was corrupted", section 13, Lloyds Omnibus of press releases.

**DOBBS** <sup>4</sup> *“While the criminal activity at HBoS Reading preceded the Lloyds Banking Group acquisition, the Group’s Board has recognised legitimate questions over whether the issues relating to HBoS Reading were properly investigated and appropriately reported to the authorities following the acquisition”.*

In April 2017, Dame Linda Dobbs was appointed by Lloyds to investigate this straight-forward question and she should have had the matter wrapped up fairly swiftly. Instead, she and her team of around fifty legal professionals have been inundated with accounts of Lloyds’ wrongdoing and criminality and her report is expected to be produced later this year. It should have been a simple matter to investigate because Lloyds’ former chairman, Sir Victor Blank received a written account of the HBoS Reading fraud in October 2008 prior to Lloyds’ takeover of HBoS. However, Lloyds has consistently lied, including in this *Update*, about when it first knew about the Reading fraud in order to limit its liabilities to compensation.

**FOSKETT** *“In April 2020, Sir Ross Cranston published an addendum to his report...On his recommendation...Sir David Foskett was appointed to chair the independent re-review panel.”*

The HBoS Reading fraud took place between 2003 and 2007 and yet, thirteen years after the fraud ended and three years after those immediately responsible were jailed, Lloyds appointed a fourth review - of a review of a review. Lloyds’ *Update* fails to mention that the bank appointed as the data protection officer and “supporting the panel’s engagement with stakeholders”, Project Associates Ltd., a public relations company which explains its role as “building, managing and protecting our clients’ reputations”.

**NCA** <sup>5</sup> *On 30<sup>th</sup> April 2018, the National Crime Agency (NCA) announced that it would lead a pre-investigative review of evidence related to further allegations of fraud at HBoS Reading....On 23<sup>rd</sup> March 2021, the NCA announced that it had concluded its pre-investigative review and that it had not identified any clear evidence of criminal offending.*

The evidence of criminality is overwhelming but the NCA has resolutely refused to recognise it.<sup>6</sup> A proper investigation might have revealed that the Reading fraud went far higher up within HBoS than has so far been revealed. It would also have confirmed the linkage between HBoS Reading and the much larger and more extensive Lloyds Bristol frauds, which the bank has been determined to prevent being made. Meanwhile, the UK’s leading crime fighting agency has also spent nearly two years refusing to investigate, and then deliberately wrongly investigating<sup>7</sup>, over six hundred individual crime reports which it had received, of signature and document forgery by banks, where Lloyds is one of the leading banks accused.

---

<sup>4</sup> See “Dobbs delayed – the corrupt farce over HBoS Reading marches on”, section 14 Lloyds Omnibus of press releases.

<sup>5</sup> See section 18 “Lloyds’ industrial forgery of signatures” and section 19 “Britain’s NCA – playing fast and loose with the Rule of Law”, Lloyds Omnibus of press releases.

<sup>6</sup> See “Policing, when it suits – but not when it doesn’t” under Additional Releases on our website [www.lloydsbankassetfrauds.com](http://www.lloydsbankassetfrauds.com)

<sup>7</sup> See statement by the Bank Signature Forgeries Campaign, 29<sup>th</sup> March 2021.

**THAMES VALLEY POLICE (TVP) “Supporting the Police & Regulator investigations....A team with legal support was set up in the Group to provide the information required by the police, under the governance of a senior executive committee”.**

**The Group’s interactions with TVP “sometimes led to friction...with the police expressing concerns on occasions over the Group’s co-operation. This was driven by the Group’s desire to fulfil its obligations in relation to confidential customer information and not to do anything that might prejudice the trial.”**

Thames Valley Police instead have described how Lloyds claimed legal privilege over documents, which were not entitled to be protected, supplied vast amounts of irrelevant information and briefed witnesses, prior to police interviews, on what they could say without breaching guidelines set by the bank and its lawyers. The Thames Valley Police & Crime Commissioner, Mr Anthony Stansfeld stated that Lloyds’ Chief Operating Officer, Juan Columbás and the bank’s legal counsel, Kate Cheetham lied to him eight times in a single meeting.

**FINANCIAL CONDUCT AUTHORITY (FCA) “When (the Project Lord Turnbull report was) received by the Group, it was passed through our governance arrangements to the Regulator...a joint statement with the author issued in November 2018 noted that the author acted in good faith and integrity”.**

The author of the Turnbull report, Sally Masterton was a Lloyds risk manager and whistleblower, who revealed wrongdoing and alleged criminality at HBoS and was subjected to disgraceful treatment by Lloyds. In September 2013, when she submitted her report<sup>8</sup> which described serious wrongdoing by HBoS’ management and its auditors KPMG, she was immediately put on enforced leave and a year later, she left the bank. Lloyds used all their legal powers against her, discredited and subjected her to two NDA’s. Her contact at the FCA cited s. 348 of FSMA 2000, which effectively prevented her from whistleblowing because her disclosures would not be protected. In January 2014, she asked for her report to be forwarded to Lloyds’ Chairman (Sir Win Bischoff), Chief Executive (Antonio Horta-Osorio) and Chairman-designate (Lord Blackwell). This was refused and the report confined to Andrew Whittaker, Lloyds’ legal counsel and the bank’s lawyers. Before joining Lloyds, Whittaker had been the general counsel of the Financial Services Authority (FSA) for thirteen years. When the bank’s lawyers finally sent a redacted version of the Turnbull report to the regulator, they falsely claimed to have sent the complete report and when, in July 2014, they sent another redacted version to the Crown Prosecution Service (CPS), they suggested that the report had not been commissioned by Lloyds Bank but had been written by Ms. Masterton of her own volition. This second falsehood was later corrected by the bank. The FCA has assisted the cover up by consistently refusing to investigate the serious allegations contained in the Turnbull report.

---

<sup>8</sup> <https://www.appgbanking.org.uk/wp-content/uploads/2018/06/draft-Project-Lord-Turnbull-Report-part-1.pdf>

***CHANGING ITS SPOTS ? Reflecting on its handling of HBoS Reading, the bank refers to “the need to improve the way it engages and communicates with customers in similar situations. This includes the tone and format of engagement, to ensure greater empathy is shown to customers....so that (they) feel that they have been effectively listened to by the Group...a less formal and legalistic approach might have fostered greater trust”.***

Lloyds suggests that it wishes to learn lessons from HBoS Reading. However, this is intentionally misleading because, in practice, its stance has not changed at all. If anything, it has hardened. Lloyds asks victims to supply their evidence to the bank’s heavyweight lawyers, who then take every opportunity to discredit it and deny the bank’s wrongdoing.

***BBRS <sup>9</sup> “The group committed to a range of actions to embed a more empathetic approach to dealing with concerns from small business customers. This included working with interested parties to establish the Business Banking Resolution Service (BBRS)”.***

In October 2018, UK Finance, the trade body for the banking industry suggested that SMEs could rely on banks’ voluntary compensation schemes. However, the exact opposite has proved to be the case. A month later, the BBRS was proposed and then, two years were wasted trying to resolve eligibility criteria and other matters. When the scheme was finally launched in February this year, major issues such as eligibility, cases involving criminal wrongdoing, boundary cases and compensation ceilings had still not been satisfactorily resolved. The BBRS has emphasised the need for its staff to be independent but this requirement has been waived in respect of board members. Last year, Stephen Pegge was appointed to the board. He had been the managing director of commercial finance at UK Finance and formerly, Lloyds’ external relations director, who featured in the Panorama programme (Nov. 2014) “Did the bank wreck my business?” <sup>10</sup> and defended the policy of Lloyds Business Support Unit, which from January 2007, had been turned into a profit centre. His presence on the board of a supposedly independent scheme represents an intolerable conflict of interest.

***GOOD CORPORATE GOVERNANCE “We are proud of the role we play in supporting the business community across the UK and are determined to ensure all aspects of our dealings with customers meet the high standards expected from the UK’s leading domestic bank”.***

Mr Robin Budenberg was appointed the new Chairman of Lloyds Banking Group in January and according the Crown Estates’ website, of which he is also the Chairman, he has “advised companies on strategy and governance throughout his career”. As an acknowledged expert in corporate governance, we ask Mr Budenberg to distance himself and Lloyds Banking Group from the bank’s unacceptable past record regarding HBoS Reading. It is time for Lloyds to clean up and provide proper compensation to victims of the fraud because covering up, lying and misleading shareholders, victims and the wider public is completely incompatible with good corporate governance.

---

<sup>9</sup> See “BBRS – deliberately deceitful, intentionally unjust”, section 40, Lloyds Omnibus of press releases.

<sup>10</sup> <https://www.youtube.com/watch?v=-9TXsnpHvYg>