

Mrs Theresa May  
House of Commons  
London  
SW1A 0AA

25th November 2017

Dear Mrs May

## **Lloyds Banking Group & The Reading Fraud**

Affinity is the largest independent trade union representing staff working in the Lloyds Banking Group, with over 35,000 members.

It is one of the biggest fraud scandals in corporate history. Between 2003 and 2010 HBOS bankers based at a branch in Reading undertook a series of fraudulent trading, corruption and money laundering activities which will have cost Lloyds Banking Group, which took over HBOS in 2008, up to £1bn, and much of that money will have been paid by taxpayers. Six individuals were sentenced to a total of 47 years for a scam the Judge at the trial said had “ripped apart” small businesses “without a thought for the lives and livelihoods of those affected”. In a withering editorial the Financial Times, which has done much of the investigative reporting on this scandal, said:

“The Reading fraud is one of the clearest illustrations of the human cost of bankers’ delinquent behaviour in the run-up to the crisis. If even now those running the biggest institutions are unwilling to take responsibility for the damage done in those years, and if the authorities fail to hold them to account, it should be no surprise that people feel the system is stacked against them and see talk from the sector of learning “lessons” as hot air. This was a life-destroying scam. Although Antonio Horta-Osorio did not preside over it, he was Lloyds chief executive when the bank responded with indifference. Credibility cannot be restored by slamming shareholders with fines. Management is responsible for this kind of malfeasance; it must bear the consequences of its failures”

Lloyds Banking Group has maintained that it did everything to help the police with its enquiries. In 2012, the Bank’s Chief Risk Officer, Juan Colombas, a close associate of Antonio Horta-Osorio said Lloyds was “fully supportive of the attempts to identify any criminal activity”. However, Anthony Stansfield, the Police Commissioner for Thames Valley maintains that Lloyds and HBOS were involved in a cover-up according to a report in the Financial Times. Mr. Stansfield said: “If it hadn’t been for the unearthing of evidence by victims and whistle-blowers within the banks, much would not have come to light”.

In response to the conviction, Lloyds Banking Group agreed to set up an “independent” review to compensate customers who lost out as a result of the Reading fraud. The Bank also appointed a former Judge, Dame Linda Dobbs, to review claims of an alleged “cover-up”. Unfortunately, the results of that review, set up by Antonio Horta-Osorio, will only be seen by the Bank’s Board and a

copy will be sent to the Financial Conduct Authority (FCA). We feel that is completely unacceptable.

The need for transparency dictates that a copy of the report should be sent to members of the Treasury Select Committee and made available to all members of the House of Commons so that MPs can discuss and debate what went on in the lead up to the fraud, the actions of key players and the conclusion drawn by Dame Linda Dobbs. The FCA and Lloyds Banking Group must not be allowed to sweep this scandal under the carpet. Many of your constituents are Lloyds Banking Group shareholders or account holders and they have a right to know what happened in Reading.

I would be grateful if you could write to Mr. Horta-Osorio, Chief Executive Officer of Lloyds Banking Group, asking him to ensure that copy of the Reading report is made available to Parliament.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Mark V Brown', with a long horizontal flourish extending to the right.

Mark V Brown  
General Secretary