

10th January 2018

All Members Newsletter

# Entrapment Of LBG Staff

**Is entrapment in the workplace – which may involve inciting, inducing, inveigling or luring members of staff to commit a potentially disciplinary offence - ever justifiable? We think in the case of phishing emails it could be the thin end of a very big wedge, especially when the Bank is seeking to move from educating to punishing staff more quickly than was previously the case. If nothing else, the ethical issues surrounding entrapment are worthy of debate but it seems the two Bank approved Unions – Accord and Unite – have signed up to the new policy without saying anything about it at all. That's assuming they were made aware of the changes to the policy in the first place.**

Just before the Christmas break, the Bank issued a revised policy saying "Group Security has decided to change the process to encourage engagement at an earlier stage, colleagues must understand the real threat of cyber-attacks via phishing emails and must understand the potential consequences."

At the moment the Bank seeks to entrap staff up to 4 times a year using suspicious emails and links from unknown sources. If a member of staff opens the email or link the new process, which has two stages rather than the previous three stages, results in them being spoken to by their Line Manager. If the member of staff opens an email or link again within a two-month monitoring period, the case will be referred to Bank's Advice and Guidance Unit. The likelihood is the member of staff will then be the subject of formal disciplinary action. The new policy is effective from 2nd Janu-

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ary 2018. We have been told by members that the emails sent by the Bank are very convincing and are much better than the typical phishing spam that we all get.

In a famous prohibition entrapment case, the US Supreme Court (*Sorrells v United States*, 1932) identified the controlling question as "whether the defendant is a person otherwise innocent whom the government is seeking to punish for an alleged offence which is the product of the creative activity of its own officials". **We all understand the need for cyber-security but any policy to combat such security breaches should be based on awareness and education, and not on punishment. That is especially the case when the Bank is specifically using the creative activity of its own staff, to entrap other members of its own staff. It's worse because the better the Bank gets at creating phishing emails the more staff will be punished.** The Bank is treading a very thin line indeed. Members who have opened one of the entrapment emails should contact the Union's Bedford Office on 01234 262868 (Option 1) immediately for

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advice and guidance.

## Reading – The Cover Up?

**It's a political truism that the cover-up is always worse than the crime. In the Reading case, we don't think that's true, given the nature of the crimes, but there is a lot of speculation that HBOS/LBG Senior Management knew more about what was going on long before the police got involved.**

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 up to £1bn. Six individuals were sentenced to a total of 47 years and the Judge at the trial said they 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 Lloyd's 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".

In response to the convictions, Lloyds Banking Group agreed to set up an "independent" review to compensate customers who lost out as a result of the Reading fraud. That review is ongoing.

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The Bank also appointed a former Judge, Dame Linda Dobbs, to review claims of an alleged "cover-up". We understand that only the Bank's Board will see the Dobbs Review and a single copy will be sent to the Financial Conduct Authority (FCA). **We believe that the overriding need for transparency dictates that a copy of the Dobbs Report should be made available to members of the House of Commons so that MPs can discuss what went on in the lead up to the fraud, the actions of key players and the conclusions drawn by Dame Linda Dobbs.** It is completely unacceptable for the FCA and Lloyds Banking Group to try and sweep this scandal under the carpet. Staff, shareholders, account holders and most importantly taxpayers who bailed out Lloyds Banking Group, have a right to know what happened in Reading. The Reading scandal involved people in very senior management positions and we want to ensure that their actions are looked at properly and are not swept under the carpet. **All too often the Bank is quite willing to throw the book at junior members of staff for minor mistakes and we want to ensure that senior members of staff involved in this case are held to the same exacting standards.**

LTU has written to all MPs asking them make sure a copy of the Dobbs Report is published so that everyone can see what went on in Reading.

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## Data Security & Wealth Management

Staff in Wealth Management who perform certified roles which are regulated by SMCR and SIMR are required to undergo credit and criminal record checks. Members in other business units may have to go through the same process. The Bank has contracted Reed to carry out the vetting work. Staff are being asked to provide Reed with 2 forms of ID (one of which must be photo ID like a passport), full name history, full 5 year address history, national insurance number, date of birth and personal contact numbers including personal ones.

Whilst we understand why the checks are being carried out, many members contacting the Union have concerns about providing such sensitive personal information to a third party.

The questions which the Bank needs to answer are:

- Who in Reed will have access to the information

provided by Lloyds Banking Group staff?

- What processes do Reed have in place to ensure that the information is securely held?
- Will the information provided to Reed be accessible to onshore or offshore third parties? If yes, which organisations will have access to that information?
- Once Reed has carried out the necessary checks and the members of staff are signed off, will that information be destroyed? If no, why not?
- If the information is not destroyed, how long will it be kept by Reed?

Members with any questions on this should contact the Union's Bedford Office on 01234 262868 (choose Option 1).

**Mark V Brown**  
General Secretary

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