



## **Statement from the All-Party Parliamentary Group on Fair Business Banking**

**2<sup>nd</sup> April 2019**

### **Progress on the SME Dispute Resolution Service (DRS) Implementation Steering Group and a Positive Step Forward with CYBG**

After a week of positive and productive engagement with the financial institutions and other stakeholders on the DRS Implementation Steering Group (ISG), the APPG is happy to report that our concerns are being taken seriously and are being addressed in discussions with the ISG. We are pleased to confirm that after consultation with the seven signatory banks, UK Finance have provided assurances that the industry is prepared to work with the APPG and other stakeholders to consider extending the DRS to include an 'event' dating back to January 1st 2000.

Kevin Hollinrake MP, Co-Chair of the All-Party Parliamentary Group on Fair Business Banking, said: "an agreement to work towards an extension of the DRS to include events that took place from January 1st 2000 shows a clear willingness from the banks to deal with the outstanding legacy cases and to properly compensate the victims of past misconduct by financial institutions. There is still a long way to go, but I am more confident that we can establish a scheme that provides fair redress to as many individuals as possible."

We also welcome confirmation that banks will pay any award that is recommended above the binding limit, regardless of the quantum, and that there will be a mechanism to track the paying of such awards. It is vital, however, that the ISG ensures that DRS assessors do not interpret the binding award level limit as representing a guideline award amount and that they are fully aware that they can recommend unlimited awards for both schemes. The ISG will also need to ensure that the binding award limits do not deter anyone from participating in the scheme.

The comments made by the Chancellor and the Economic Secretary to the Treasury make it clear that there must be 'discretion' within the parameters in order to provide redress for as many complainants as possible and to ensure that the scheme brings closure for a meaningful number of complaints. As such, we believe further discussions regarding the eligibility criteria of the DRS will be necessary with the other members of the ISG before the schemes achieve this key requirement and provide closure for the victims of misconduct.

It remains our firm position that it is illogical that the forward-looking scheme should have a turnover threshold of £10m, whereas the backward-looking scheme has a turnover threshold of £6.5m. Our position is that a balance sheet of £7.5m should be the financial criteria that is applied for the both schemes rather than a turnover limit. We also believe that it is vital that cases considered by any ad hoc redress scheme, such as the IRHP, Lloyds/Griggs, RBS/Blackburne, CYBG reviews and also those who have previously been assessed by the FOS

should be all be eligible as the claimant has not had access to a truly independent and fully competent redress mechanism.

We also must express our support for the proactive engagement that Clydesdale is taking with the CYBG Remediation Group. They have agreed a series of meetings with their member base, and we will be watching this closely in the coming months. We sincerely hope Clydesdale use this opportunity to demonstrate leadership in the industry and take a step toward rebuilding trust in the sector.

What is vital is that there is now a moratorium on legal action being taken against businesses, directors, and guarantors that will have the right to refer their complaints to the new DRS scheme. It would be perverse that losses and distress will be caused in the coming months whilst the scheme is being designed when the scheme may have found in favour of the relevant business. We will continue our work to bring justice, redress and to level the playing field for businesses in dispute with their bank.