

Regulator Andrew Bailey has been toothless over Clydesdale mis-selling claims, say MPs

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Andrew Bailey failed to ‘press the case for justice and compensation’

The boss of the City watchdog has been accused of neglecting small-business owners allegedly mis-sold loans by Clydesdale Bank.

Andrew Bailey, head of the Financial Conduct Authority (FCA), failed to “press the case for justice and compensation” for thousands of companies, many of which went bust, according to the MP in charge of the parliamentary group on fair business banking.

In a scathing attack, Kevin Hollinrake said the watchdog’s inaction had meant it was left to victims’ groups to “actively highlight wrongdoing and malpractice, and press the case for justice in this and other matters, rather than the FCA”.

The complaint relates to allegations that Clydesdale mis-sold loans containing complex interest-rate swaps to small-business customers between 2001 and 2012. It is estimated that several thousand businesses took out the loans, which became vastly more expensive when interest rates fell after 2008.

At the time, Clydesdale was owned by National Australia Bank, but it has since been floated on the stock market. It is alleged that the use of “tailored” business loans, as the products

were known, devastated the lives of small-company owners unable to keep up with repayments.

Scott Simpson took out three of the loans, all on fixed rates, between 2005 and 2007 for his Manchester business, Property for Sale or Let. It fell into administration in 2016 after years of battling with debt collectors.

“Without Clydesdale, my business would still be running today,” said Simpson, who campaigns for other alleged victims.

The FCA has so far refused to launch an investigation into the allegations of mis-selling at Clydesdale. The watchdog was heavily criticised for its handling of Royal Bank of Scotland’s controversial Global Restructuring Group, which was found to have “systematically” mistreated nearly 6,000 businesses.

The FCA said it had received Hollinrake’s letter and would respond directly.

Clydesdale said: “We are confident that our review of historic business lending products has been conducted in a fair and rigorous manner. We have settled the vast majority of complaints made by customers.”