

REGULATORY INTELLIGENCE

Resolution scheme changes eligibility criteria, as UK chancellor set to raise concerns with UK banking lobby

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The Business Banking Resolution Scheme, an industry led initiative to resolve disputes between small and medium-sized businesses (SMEs) and their lenders, has made a significant change to its eligibility criteria, just weeks after launch.

The change comes as Sajid Javid, UK Chancellor of the Exchequer, promised an influential group of lawmakers he would meet with the head of the UK's banking lobby to discuss serious concerns over the narrow eligibility for the scheme.

When it opened, November 1, for SMEs to register an interest in bringing a case to the BBRS. The scheme made clear that anyone who had previously been through a redress scheme offered by their bank or taken their case to the Financial Ombudsman Service would not be able to register.

Brian Little, an SME representative on the eligibility committee for the BBRS, until it was wound up in September, said he received hundreds of calls and emails from disappointed individuals after they were unable to register their interest. Little said he was surprised by the addition of the "complaints we cannot consider" section to the BBRS website.

Javid

The All Party Parliamentary Group for Fair Business Banking believes some 85 percent of small and medium sized businesses (SMEs) it was aware of would not be able to bring claims to the BBRS with the launch wording. The group's co-chair, Kevin Hollinrake (Con), raised this concern with Javid.

"The Chancellor agreed to have a conversation with UK Finance to discuss the eligibility point in greater detail. We are hopeful that they can reach an agreement on a sensible process built into the BBRS to deal with those complainants who remain concerned that they have been victim to an unresolved injustice," the APPGFBB said in an emailed statement.

UK Finance declined to say if the meeting had taken place.

"We don't comment on meetings with government and members. We are discussing the scheme with several interested parties and once the scheme is up and running we are keen to encourage wider participation," a UK Finance spokesman said.

The APPGFBB is not seeking a wholesale re-opening of cases that have already been through the courts or a past review process. It does however want the BBRS to be able to consider cases where there are questions over the robustness, fairness, or scope, of a previous review.

Excluded

Several of the bank-run redress schemes have been heavily criticised and an independent review by Ross Cranston, into the scheme overseen by Russel Griggs for Lloyds, is not set to conclude until next year. A review of the Financial Conduct Authority's interest rate hedging product scheme by John Swift was only signed off August.

Teresa Graham, a member of UK Finance's SME Advisory Group and Lucy Armstrong, chair of UK Finance's professional standards board are both independent SME representatives on the BBRS's Implementation Steering Group (ISG).

UK Finance said that the wording on the BBRS website was entirely the responsibility of the schemes' ISG, in a statement to Thomson Reuters Regulatory Intelligence, November 12.

"The website is managed by the secretariat for the BBRS with the approval of the Chair and in liaison with wider stakeholders," a UK Finance spokesman said.

The section of on the BBRS website headed "complaints we cannot consider" was removed on November 20.

New wording was added, which means that individuals who have already taken complaints to the Ombudsman, or been through a redress scheme, can register to have their case considered by the BBRS -- provided that is that their case is against one of the seven banks signed up to the scheme; Barclays, CYBG, Danske Bank, HSBC, Lloyds Banking Group, RBS and Santander.

The BBRS said all website content goes through an agreed governance process, but declined to give details or say who had signed off the original wording.



"The eligibility wording on the website has been updated in order to provide more clarity to customers. The BBRS will continue to make tweaks to the wording in line with what has been stated on the page, that the detailed criteria are still being finalised," a spokesman for the BBRS said in an email, when asked about the change, November 21.

Dunbar

One set of SMEs which have been unable to register for the scheme, even with the amended wording, are those of former Zurich Insurance subsidiary Dunbar Bank.

The 60 members of the Dunbar Action Group all had personal guarantees, they claim they were persuaded to take out on promise they would never be used, called in by the bank.

Dean D'Eye, spokesman for Dunbar Action Group, said they want Zurich to voluntarily join the BBRS.

"We want them to look at our cases with us and look that their books and records," D'Eye said.

Like many SME business owners, the Dunbar customers have had difficulty obtaining the information and records their former lender holds on them, because a data subject access request does not provide information about their businesses, only them as individuals. They believe having access to their business records would help prove their claims against the bank.

Zurich has been approached by UK Finance to join the BBRS, but has so far declined. Andrew Bailey, chief executive of the FCA, has also written to Mario Greco, chief executive of Zurich, about the insurer joining the BBRS.

Zurich did not respond to a request to comment.

Jonathan Reynolds, shadow City minister, has said Labour favours an alternative solution of a financial services tribunal but party's manifesto, published November 21, did not mention a tribunal. The UK goes to the polls in a general election on December 12.

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