

REGULATORY INTELLIGENCE

Outgoing FCA chief advocates for bank victims inclusion in new resolution scheme

Published 24-Jan-2020 by

Lindsey Rogerson, Regulatory Intelligence

Andrew Bailey, Bank of England Governor-designate, has repeatedly pushed for the cases of several former business owners, who believe their businesses were damaged as a result of misconduct by their lenders, to be included in a landmark resolution scheme. Among the [cases](#) raised by the outgoing chief executive of the Financial Conduct Authority with Lewis Shand-Smith, chairman of the steering group charged with establishing the Business Banking Resolution Scheme (BBRS), is that of John Guidi, a property developer from Glasgow.

"I can assure you that I did get in touch with Lewis [Shand-Smith] some time ago saying that yours was the sort of case that should be taken within BBRS," Bailey told John Guidi in an email dated December 24.

Bailey had already publicly [expressed his view](#) that Guidi's case should be considered by the BBRS at the FCA's annual public meeting in July (pages 19-20).

"That is the best place. [In] my view, I have said it before, but I am happy to say it again, yours is a case that should go there," Bailey said.

Despite Bailey's intercessions, Guidi told TRRI he has not been accepted onto the pilot of for the BBRS, set to get underway shortly.

"The live pilot is expected to begin later this month, at which point we will select a small number of cases to test the processes, policies and methodology of the BBRS ahead of launch," Samantha Barrass, chief executive of the BBRS in an emailed statement.

Guidi's case is complicated in that it involves insolvency and, also his loan was sold on by his lender Clydesdale Yorkshire Bank (CYBG) to vulture fund Cerberus.

However, as a large proportion of business owners seeking to bring cases to the BBRS are insolvent, it will be necessary for the BBRS to test its systems/process for insolvent businesses.

Cerberus is not a member of the BBRS – the founding members being Barclays, CYBG, Danske, HSBC, Lloyds, RBS and Santander – which means that the scheme could not order redress to be paid to Guidi, if it found in his favour.

Guidi believes the merits of his case should be considered distinct from the question of whether redress could be paid.

Glen asked to intervene

Other business owners still [struggling](#) to be allowed to register for the BBRS are customers of Dunbar Bank, a former subsidiary of insurance giant Zurich.

Like Cerberus, Zurich is not a member of the BBRS. Dean D'Eye, spokesman for the Dunbar Action Group, has written to Shand-Smith and John Glen, Economic Secretary to the Treasury, asking them to intervene to ensure Dunbar cases can be heard by the BBRS.

Sajid Javid, UK Chancellor of the Exchequer, said last autumn he agreed with the view expressed by his predecessor, Philip Hammond in a [letter](#) in January 2019, that the scheme needed to be open to as many businesses as possible.

BBRS declined to say how many businesses had being able to register an interest in the scheme. A spokesman for BBRS said it was "happy with the number of registrations" to date and that it was possible more lenders could join the scheme in future.

"We will respond to the letter in due course," said a spokesman for HM Treasury.

[Complaints Procedure](#)

Produced by Thomson Reuters Accelus Regulatory Intelligence

24-Jan-2020



THOMSON REUTERS™

© 2020 Thomson Reuters. All rights reserved.