



**10 DECEMBER 2019: For Immediate Release**

## **LLOYDS BANKING GROUP RESPONDS TO THE OUTCOME OF ASSURANCE REVIEW BY SIR ROSS CRANSTON**

*Group commits to recommendation for customers to be able to opt in to a re-review following conclusion of Quality Assurance review*

Sir Ross Cranston has today published his independent report to assess the Customer Review, overseen by Professor Russel Griggs OBE, which the Group had set up to compensate victims of the HBOS Reading fraud. The Group accepts his main finding that “*the methodology and process of the Customer Review did not achieve the purpose of delivering fair and reasonable offers of compensation*”.

The Group has apologised to those customers affected by the crimes at HBOS Reading and deeply regrets that customer concerns have not been adequately addressed by the operation of the Customer Review. The Group is committed to implementing Sir Ross’s recommendations in full in order to put this right for customers.

The Customer Review, overseen by Professor Griggs, an independent SME advocate, concluded in May 2019. An independent quality assurance review, led by Sir Ross Cranston, was then commissioned by the Group to assess whether the methodology applied by the Customer Review delivered fair and reasonable compensation to customers.

The Group’s intention throughout was to provide victims of the HBOS Reading fraud with fair and reasonable compensation, in a manner that was both quicker and more generous than a court process. However, Sir Ross Cranston’s review has concluded that while distress and inconvenience compensation was “*generous, and beyond what a customer could hope to have been awarded under that head of loss by a court*”, the review did not achieve its objective of giving all customers the confidence that they had received fair and reasonable outcomes in respect of the assessment of direct and consequential losses.

The Group fully supports his recommendation to offer all customers the option of an independent re-review of their cases, looking again at the assessment of any direct and consequential losses that flowed from the fraud.

Furthermore, the Group accepts Sir Ross’s additional recommendations that it:

- reconsiders all cases where an individual sought inclusion in the Customer Review on the basis that they acted as a de facto director
- reconsiders eligibility for debt relief payments
- provides the Treasury Committee with copies of all iterations of the Settlement Agreements that evolved from the initial version provided by Professor Griggs

The Group will be guided by the victims, the APPG on Fair Business Banking, the SME Alliance and other stakeholders on how best to implement Sir Ross's recommendation for a re-review, including how it is undertaken and which independent expert (or experts) should be appointed to lead that review. We will provide our full support to ensure Sir Ross's recommendations are delivered in full and transparently so that customers can have confidence that fair outcomes have been achieved.

**Lloyds Banking Group Chief Executive António Horta-Osório said:** "Our intention when we set up the Griggs Review was to deliver fair and reasonable outcomes for customers in a swift way that would be more generous than through the courts. Sir Ross has concluded that customers may not have received fair outcomes due to flaws in the review process. I am very sorry that this has happened. The Group is committed to act on the recommendations made by Sir Ross, and will fully support giving customers the option of a voluntary re-review of direct and consequential losses. We will be guided by the victims, the APPG, the SME Alliance, Sir Ross and our regulators on the best way to achieve that. I want to emphasise my personal commitment to ensuring that those customers affected by the actions of individuals who have since been jailed for their crimes will get their claims properly addressed in an open and transparent manner."

**ENDS**

#### Notes to editors

- The Group has written to the clerk of the Treasury Committee to provide all iterations of the Settlement Agreement and apologised for this inadvertent omission. A copy of that letter can be found here: <https://www.lloydsbankinggroup.com/media/press-releases/2019-press-releases/lloyds-banking-group/lloyds-banking-group-responds-to-the-outcome-of-assurance-review>
- Six people, two of them former employees of HBOS, were convicted and sentenced to up to 12 years in prison for criminal misconduct between 2003 and 2007 at HBOS Reading.
- The convictions in January 2017 followed a police inquiry that began in mid-2010.
- In February 2017, the Group committed to reviewing the cases of all customers who might have been affected by criminal activities linked to HBOS Reading and to provide them swift and fair compensation.
- The Group has paid more than £102 million to victims of HBOS Reading, with a further £6 million paid for the reimbursements of legal fees. There was a total of 71 business customers and 191 directors in the review.

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