

## CONFIDENTIAL SETTLEMENT AGREEMENT

THIS AGREEMENT is made on 2017

### BETWEEN:

- (1) [for individuals, partnerships, etc.]: **[Name]** of [address] ("**Party A – insert definition**") / [for companies.]: **[Name] Limited**, a company incorporated in England & Wales (registered number [ ] and whose registered office is at [address] ("**Party A – insert definition**")); and
- (2) Lloyds Banking Group plc, HBOS plc and Bank of Scotland plc (together "the **Group**") whose registered office is the Mound, Edinburgh, EH1 1YZ;

each of whom is referred to in this Agreement as a "**Party**", or together "**the Parties**".

### BACKGROUND:

- (A) The Group has agreed to undertake a review to ascertain which customers may have been affected by criminal activities linked to the former HBOS Impaired Assets Office based in Reading (the "**Review**").
- (B) The Review outcome for **[Party A]**'s case is an offer of redress totalling £[in figures] ([in words]) (the "**Review Outcome Payment**"). The Review Outcome Payment is offered in accordance with the terms of this Agreement [and has been reduced by the amount of the Interim Payment that has already been paid to **[Party A]**].
- (C) The Review Outcome Payment is made by the Group without any admission of liability to **[Party A]** either as alleged in the Review or at all.

IT IS AGREED as follows:

### 1. PAYMENT

- 1.1 The Group will pay the Review Outcome Payment to **[Party A]** within **[X]** days of the date of this agreement by telegraphic transfer to **[its/their]** nominated account the details of which are set out below:

Bank name: **XXXX**

Account name: **XXXX**

Client Account number: **XXXX**

Sort code: **XXXX**

IBAN reference: **XXXX**

IBAN BIC reference: **XXXX**

### 2. RELEASE OF ALL CLAIMS AND COVENANT NOT TO SUE

- 2.1 **[Party A]** hereby releases and agrees that the Review Outcome Payment is in full and final settlement of any actual or potential claims or complaints (including but not limited to complaints to the Financial Ombudsman Service) of whatsoever nature (including any claims for costs or interest), whether present or future and whether known or unknown and whether arising from or affected by any change in the law or any other change of circumstance of any sort, which **[it/they]** or any of them, has or may have against the Group or its Associates, including but not limited to claims or complaints based on fraud or otherwise based on allegations of dishonesty, impropriety, conspiracy or other intentional or reckless conduct arising out of or in connection with, whether directly or indirectly, the Review or the HBOS Impaired Assets Office based in Reading (the "**Settled Claims**"). Future claims for the purposes of this agreement includes any claims **[Party A]** themselves

have or subsequently obtain, including rights obtained from third parties by any means whatever including by way of an assignment, novation or subrogation.

2.2 Without prejudice to the generality of the foregoing, [Party A] agrees not to commence or prosecute any legal proceedings against the Group or its Associates or any of them in connection with the Settled Claims, save to enforce the terms of this Agreement.

2.3 In this Agreement the term "**Associates**" shall mean associate or associated companies (as defined in sections 448 and 449 Corporation Tax Act 2010), subsidiary or parent undertakings (as defined in section 1162 of the Companies Act 2006), shareholders, directors, officers, employees (including former employees), agents or assignees.

### 3. **WARRANTIES AND INDEMNITIES**

3.1 [Party A] warrants and represents that [it/they] [have/has] not sold, transferred, assigned or otherwise disposed of [its/their] interest in the Settled Claims.

3.2 Each Party shall indemnify, and shall keep indemnified, the other Party in respect of any and all costs or liabilities (including any and all legal costs, whether or not those costs would be recoverable apart from the provisions of this clause) incurred in connection with any future actions, claims or proceedings it might bring against the other party or, in the case of the Group, its Associates in respect of any of the Settled Claims.

3.3 [Party A] warrants and represents that: he/she has not had a bankruptcy petition presented against him/her or been declared bankrupt or been served with a statutory demand; and he/she has not entered into or proposed to enter into any arrangement with or for his/her creditors (including, but not limited to, an individual voluntary arrangement), and no analogous procedure or step has been taken in any jurisdiction.

### 4. **CONFIDENTIALITY**

4.1 Each Party undertakes to the other that (unless the prior written consent of the other Party shall first have been obtained) it shall, and shall procure that its officers, employees, advisers and agents shall, keep confidential and not by failure to exercise due care or otherwise by any act or omission disclose to any person whatever the terms of this Agreement or the contents of the discussions and negotiations which have led up to this Agreement (the "**Confidential Information**").

4.2 The consent referred to in clause 4.1 shall not be required for disclosure by a Party of any Confidential Information:

4.2.1 to its officers, employees, agents or insurers, in each case, as may be contemplated by this Agreement or to the extent required to enable such Party to carry out its obligations under this Agreement, who shall in each case be made aware by such Party of its obligations under this clause and shall be required by such Party to observe the same restrictions on the use of the relevant information as are contained in clause 4.1;

4.2.2 to its professional advisers (including without limitation its auditors and other accounting advisers, financial advisers and legal advisers) who are bound to such Party by a duty of confidence which applies to any information disclosed;

4.2.3 to the extent required by applicable law or by the regulations of any stock exchange or regulatory or supervisory authority to which such Party is or may become subject to or pursuant to any order of court or other competent authority or tribunal;

4.2.4 to the extent that the relevant Confidential Information is in the public domain otherwise than by breach of this Agreement by such Party;

- 4.2.5 which is disclosed to such Party by a third party who is not in breach of any undertaking or duty as to confidentiality whether express or implied.
- 4.3 If a Party intends, in circumstances contemplated by clause 4.2.3 or 4.2.4, to disclose any Confidential Information such Party shall give to the other Party such notice as is practical in the circumstances of such disclosure and shall co-operate with the other Party, having due regard to the other Party's views, and take such steps as the other Party may reasonably require in order to enable it to mitigate the effects of, or avoid the requirements for, any such disclosure.
- 4.4 For the avoidance of doubt, the fact that a settlement has been reached on confidential terms does not itself fall within the definition of Confidential Information.
- 4.5 Nothing in this clause 4 prevents either Party from notifying the Financial Conduct Authority, the Prudential Regulation Authority, Her Majesty's Revenue and Customs or the Financial Ombudsman Service of the existence or terms of this Agreement.
5. **CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**
- 5.1 With the exception of the right of the Group's Associates to enforce clause 2 of this Agreement, no term of this Agreement is enforceable under the Contracts (Rights of Third Parties) Act 1999 by a person who is not a party to this Agreement.
- 5.2 The Parties to this Agreement may by agreement rescind or vary any term of this Agreement without the consent of any of the Group's Associates.
6. **MISCELLANEOUS**
- 6.1 This Agreement and any dispute or claim arising out of or in connection with it or its subject matter, existence, negotiation, validity, termination or enforceability (including non-contractual disputes or claims) shall be governed by and construed in accordance with English law.
- 6.2 This Agreement represents the entire understanding and constitutes the whole agreement in relation to its subject matter and supersedes any previous agreement between the Parties with respect thereto save for the Interim Payment Agreement and, without prejudice to the generality of the foregoing, excludes any warranty, condition or other undertaking implied at law or by custom, usage or course of dealing.
- 6.3 Each party confirms that:
- 6.3.1 in entering into this Agreement it has not relied on any representation, warranty, assurance, covenant, indemnity, undertaking or commitment which is not expressly set out in this Agreement; and
- 6.3.2 in any event, without prejudice to any liability for fraudulent misrepresentation or fraudulent misstatement, the only rights or remedies in relation to any representation, warranty, assurance, covenant, indemnity, undertaking or commitment given or action taken in connection with this Agreement are pursuant to this Agreement, and for the avoidance of doubt and without limitation, neither party has any other right or remedy (whether by way of a claim for contribution or otherwise) in tort (including negligence) or for misrepresentation (whether negligent or otherwise, and whether made prior to, or in, this Agreement).
- 6.4 If any provision or part of this Agreement is found to be void or unenforceable, it shall be deemed to be deleted and the remaining provisions of this Agreement shall continue in full force and effect.
- 6.5 This Agreement may be executed in any number of counterparts and by the parties to it on separate counterparts, each of which when so executed and delivered shall be an original,

but all the counterparts shall together constitute one and the same instrument.

- 6.6 No variation of this Agreement shall be effective unless it is in writing (which for this purpose does not include email) signed by or on behalf of each of the Parties.
- 6.7 Any payment made by the Group pursuant to the terms of this Agreement shall be paid without set-off and free and clear of all tax save only for any deductions or withholdings required by law.
- 6.8 [Party A] confirms and warrants that the Group has not provided any advice or made any representation to [Party A] in respect of the tax treatment of any payment received by it under this Agreement, and acknowledges that the Group bears no responsibility for any tax filings required to be made by [Party A] in respect of any such payment. [Party A] acknowledges that the Group shall not be required to make any further or additional payment to [Party A] in the event that a payment under this Agreement is withheld or deducted for or on account of tax, in the event that any payment made under this Agreement is charged to tax or liable to tax (whether in the hands of [Party A] or otherwise), or in the event that any such payment would have been so charged to tax or liable to tax but for the utilisation by any person of a relief, loss, allowance, exemption, set-off credit in respect of any tax.
- 6.9 [[Party A] confirms and warrants that, before entering into this Agreement, [it/they] have taken independent legal advice regarding this Agreement] OR [[Party A] acknowledges that the Group has recommended that [it/they] should seek independent legal advice regarding this Agreement before entering into it and that the Group has offered to meet [its/their] reasonable costs in doing so].

This agreement has been entered into on the date stated at the beginning of it.

Executed by [Party A] .....  
[acting by **its/their** agent *[insert name of agent]*]

Executed by HBOS PLC .....  
[Acting by its agent Herbert Smith Freehills LLP]

Executed by BANK OF SCOTLAND PLC .....  
[Acting by its agent Herbert Smith Freehills LLP]

Executed by LLOYDS BANKING GROUP PLC .....  
[Acting by its agent Herbert Smith Freehills LLP]