

## CONFIDENTIAL SETTLEMENT AGREEMENT

THIS AGREEMENT is made on 2019

### BETWEEN:

- (1) **[Name]** of **[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 is undertaking a review ("the **Review**") of customers that may have been affected by criminal activities linked to the former HBOS Impaired Assets Office based in Reading ("**HBOS Reading**").
- (B) A criminal investigation into these activities and trial conducted by the Thames Valley Police and Crown Prosecution Service led to Lynden Scourfield, Mark Dobson, David Mills, Alison Mills, Michael Bancroft and John Cartwright being convicted of one or more of the following offences: fraudulent trading, conspiracy to corrupt and conspiracy to conceal criminal property ('money laundering') (known as "**Operation Hornet**").
- (C) [On **[DD Month YYYY]** the Parties entered into an Interim Payment Agreement ("the **Interim Payment Agreement**"). Under the terms of the Interim Payment Agreement the Group paid to **[Party A]** the sum of **£[in figures]** (**[in words]**) ("the **Interim Payment**") without any admission of liability and **[Party A]** agreed that the Interim Payment would be offset in full against any final redress award offered by the Review.
- (D) The outcome of the Review for **[Party A]**'s case (as set out in a letter from the Group to **[Party A]** dated **[DD Month YYYY]**) is an offer of a payment totalling **£[in figures]** (**[in words]**) ("the **Review Outcome Payment**") before the deduction of withholding tax ("the **Net Review Outcome Payment**"), broken down as follows:
  - I. **£[figures]** for distress and inconvenience arising from interactions **[Party A]** had with HBOS Reading[, which (being **£[figures]** reduced by the amount of the Interim Payment that has already been made to **[Party A]**;
  - II. **£[figures]** which is a sum equivalent to the fees charged to [X Limited [(now dissolved)]] by Quayside Corporate Service Limited ("the **QCS Fees Equivalent**");
  - III. Compensatory Interest of **£[figures]** on the QCS Fees Equivalent ("the **Compensatory Interest Sum**").
- (E) The Compensatory Interest Sum is subject to the deduction of withholding tax at a rate of 20% as set out in a letter from the Group to **[Party A]** dated **[DD Month YYYY]**. Accordingly, the net amount of the Review Outcome Payment that **[Party A]** will receive from the Group is **£[in figures]** (**[in words]**) ("the **Net Review Outcome Payment**").
- (F) The Review Outcome Payment is offered in accordance with the terms of this Agreement and 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 Net Review Outcome Payment to **[Party A]** within 14 days of the date of this Agreement by telegraphic transfer to **[his/her/]** nominated account the details of which are set out below:

Bank name: **XXXX**

Without prejudice and subject to contract

Account name: XXXX

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 [he/she] 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 X Limited (or its Associates)] or HBOS Reading or Operation Hornet ("the **Settled Claims**"). Future claims for the purposes of this Agreement includes any claims [Party A] has or subsequently obtains, 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 sue, commence, voluntarily aid in any way, prosecute or cause to be commenced or prosecuted any action, complaint, suit or other proceeding 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 [Party A] agrees not to voluntarily aid or assist the [Name of Company] (or its Associates) in any way (whether directly or indirectly) to sue, commence, prosecute or cause to be commenced or prosecuted any action, complaint, suit or other proceeding against the Group or its Associates in connection with the Settled Claims or HBOS Reading or Operation Hornet, in this jurisdiction or any other.
- 2.4 In this Agreement the term "**Associates**" shall mean associate or associated companies (as defined in section 449 Corporation Tax Act 2010), subsidiary or parent undertakings (as defined in section 1162 of the Companies Act 2006), or in respect of the Parties or any associated companies of the Parties: shareholders, directors, officers, employees (including former employees), agents or assignees.

## 3. WARRANTIES AND INDEMNITIES

- 3.1 [Party A] warrants and represents that [he/she] has not sold, transferred, assigned or otherwise disposed of [his/her] interest in the Settled Claims.
- 3.2 [Party A] shall indemnify, and shall keep indemnified, the Group (and its Associates) 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 Group (or 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, 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.
- 4.6 For the avoidance of doubt, the Parties agree that nothing in this Agreement prevents a Party from assisting or responding to:
- 4.6.1 the Dame Linda Dobbs Review;
  - 4.6.2 Members of the Parliament, an All-Party Parliamentary Group, the Treasury Select Committee or any other Parliamentary review;
  - 4.6.3 HMRC;

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4.6.4 any law enforcement agency (including but not limited to the Thames Valley Police, the National Crime Agency, the Crown Prosecution Service or the Serious Fraud Office); and

4.6.5 any regulatory agency (including but not limited to the FCA, the PRA and the Financial reporting Council).

## 5. **CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

5.1 With the exception of the right of the Group's Associates to enforce clauses 2 and 3 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 [Each Party to this Agreement agrees that it shall not take any step whatsoever to seek to restore [X Limited] (now dissolved), without the written consent of all the Parties to this Agreement.]

6.2 This Agreement shall be binding upon and shall inure to the benefit of the Parties and their permitted successors, transferors and assignees (including any successors, transferors or assignees by operation of law).

6.3 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.

6.4 The Parties agree that the Courts of England and Wales shall have exclusive jurisdiction in relation to any dispute or claim arising out of or in connection with this Agreement or its subject matter, existence, negotiation, validity, termination or enforceability (including non-contractual disputes or claims). Each Party irrevocably waives any right that it may have to object to an action being brought in those Courts, to claim that the action has been brought in an inconvenient forum, or to claim that those Courts do not have jurisdiction.

6.5 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 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.

6.6 Each Party confirms that:

6.6.1 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

6.6.2 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).

6.7 If any provision or part of this Agreement is found to be void or unenforceable, it shall be

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deemed to be deleted and the remaining provisions of this Agreement shall continue in full force and effect.

- 6.8 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.
- 6.9 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.
- 6.10 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.
- 6.11 [Party A] confirms and warrants that the Group has not provided any advice to [Party A] in respect of the tax treatment of any payment received by [him/her] under this Agreement, and acknowledges that the Group bears no responsibility for any tax notifications or filings required to be made by [Party A] (or any other person other than the Group) 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] (a) in the event that the Group makes any withholding or deduction required by law in respect of any payment under this Agreement, (b) 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 (c) 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.
- 6.12 [Party A] confirms and warrants that, before entering into this Agreement, [he/she] has taken independent legal advice regarding this Agreement.

Without prejudice and subject to contract

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

Executed by [Party A] .....

Executed by HBOS PLC .....

Executed by BANK OF SCOTLAND PLC  
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Executed by LLOYDS BANKING GROUP PLC  
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