

3 May 2019: For Immediate Release

LLOYDS BANKING GROUP ANNOUNCES THE CONCLUSION OF HBOS READING CUSTOMER REVIEW BY PROFESSOR GRIGGS

Sir Ross Cranston to undertake independent Assurance Review

Lloyds Banking Group continues to regret and apologise for the distress caused to those customers affected by the criminal misconduct at the HBOS Impaired Assets Office for London and the South East, based in Reading (“HBOS Reading”), and has been committed to putting things right.

Since the conclusion of the trial in early 2017, the Group has been determined to ensure that all the victims of the fraud are compensated.

The Customer Review, overseen by Professor Russel Griggs OBE, has now concluded. The assessment of compensation is now complete, with offers made to 71 business customers with more than 98% of these offers accepted.

We are grateful to Professor Griggs for the consideration given to the input and experience of victims, as well as the expertise and attention he has brought to the Review. We also greatly appreciate the engagement of customers within the voluntary Customer Review, who provided their input on how they were affected by the fraud; this played a central role in helping Professor Griggs and his team to determine compensation for them, in a way that was quicker, more generous and less expensive for customers than through a court process.

In December 2018, John Glen MP, Economic Secretary to the Treasury, announced in Parliament the Group’s intention to carry out an Assurance Review. Due to the high level of public interest in the HBOS Reading Customer Review, the Assurance Review will be led by a high profile independent party to go above and beyond a customary lessons learned exercise undertaken following the completion of a customer rectification process.

The Assurance Review will be led by Sir Ross Cranston and will provide assurance that the Customer Review, overseen by Professor Griggs, has delivered fair and reasonable outcomes for customers.

Sir Ross Cranston is a professor of law at London School of Economics and a retired High Court Judge. His appointment was approved by the Financial Conduct Authority, which has also agreed the Review's Principles. HM Treasury has also been kept informed. Sir Ross Cranston will be responsible for shaping and defining the Assurance Review and he will consult with stakeholders as part of the process.

The Review is due to begin this month and is currently anticipated to conclude in Q3. This will afford Sir Ross Cranston sufficient time to conduct a thorough and robust review, however the timeframe will be determined by Sir Ross as the review progresses. The Group will act upon any recommendations made by Sir Ross Cranston and will provide his final report to the Financial Conduct Authority and ensure its findings be made publicly available.

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Overview of the Customer Review

- Total compensation offers of more than £96m have been made to victims of the HBOS Reading fraud
- Offers range from less than £100,000 to in excess of £5m
- An additional £9m was paid in ex-gratia payments – this relates to payments covering day-to-day living expenses and for those in financial difficulty
- At the start of the process an ex gratia payment of £35,000 was paid to each director of a company in the Review – this is separate to any subsequent compensation offer
- The Group has also paid professional fees for customers totalling more than £5m to support their participation in the Review and to consider the outcome offered

Timings on the Review process

- Once final customer input has been received – the assessment process has taken on average 35 days for customers to receive an outcome offer

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