

REGULATORY INTELLIGENCE

Eligibility for business banking redress scheme still not agreed, two months before launch

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Victims groups representing small and medium sized businesses (SMEs) are preparing to walk away from the Business Banking Redress Scheme (BBRS) because the eligibility criteria have still not been agreed, despite months of intensive discussions.

In August, Lewis Shand-Smith chair of the steering group, tasked with setting up the BBRS said the scheme was on course to start hearing cases by the end of the year.

Breakaway discussions, separate from those of the BBRS steering group, are now underway with several banks about their legacy cases with SME customers who believe they were mis-sold or mis-treated by their lenders, sources said.

The seven banks in the BBRS are Barclays, CYBG, Danske Bank, HSBC, Lloyds Banking Group, RBS, Santander.

Criteria issue

In January, Philip Hammond, then Chancellor of the Exchequer, wrote to financial services lobby group, UK Finance, ordering a rethink on the eligibility of the proposed scheme. Despite this, and the subsequent repetition of Hammond's demand by Democratic Unionist Party members of Parliament, the support of whom the UK government relies under a confidence and supply agreement, the criteria for the scheme has not been revised.

SME victims' groups discussed their options with regards to the BBRS at a meeting in London on September 17. The stumbling blocks are two-fold: First, that businesses which have already been through a prior redress scheme, but are unhappy with the outcome, can bring their case to the BBRS; and secondly, the size of businesses who can bring complaints to BBRS.

SME groups are concerned that businesses which have had their claim rejected by either the Financial Conduct Authority-led interest rate hedging products review or one of the many bank dress schemes will be excluded from the BBRS before investigations into the effectiveness of these schemes are known.

Ross Cranston's review of Lloyds Bank's scheme has yet to report, and the protocol for John Swift's independent review of the FCA's IRHP scheme were only announced in August.

Listening to SMEs

Teresa Graham, a member of the independent SME Advisory Group of UK Finance, Lucy Armstrong, of entrepreneurial advisory group The Alchemists, and George Mackintosh, of the Confederation of British Industry (CBI) SME Council, all attended the September 17 meeting in their capacity as members of the BBRS steering group.

Armstrong, who is also chair of UK Finance's professional standards board according to her LinkedIn page, told those attending that they had already had a "number of meetings" with SME businesses.

Graham declined to comment, referring inquiries to the BBRS's PR firm, Portland.

A BBRS spokesman declined to say how many meetings with SMEs Armstrong and Graham had attended to inform their position as representatives of SME voice on the BBRS steering group.

Shand-Smith said the BBRS remained on track.

"The Implementation Steering Group continues to work collaboratively with SME representatives and banks towards the development of the BBRS, which remains on track to consider cases by the end of the year. I would like to thank all those involved for their dedication and we will provide a further update on specific features of the service shortly," Shand-Smith said in an emailed statement.

Jim Shannon, DUP MP and a member of the All-Party Parliamentary Group for Fair Business Banking (APPGFBB), spoke at the meeting and said getting a satisfactory resolution for SME businesses was a priority for his party.

"It is one of our big asks of the Conservative party we have made it clear that we want to see banking reform, we want to see the victims compensated...I am hoping we can influence in a way that we can make it happen," Shannon said.

The regulatory perimeter needed to be reviewed, he said



"We haven't got [regulatory] protection for SMEs that is clear. So therefore, if we are going to improve on where we are, we do need regulation, we do need protection, we need legislation in place," Shannon said.

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