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29 November 2013

Treatment of small and medium enterprise (SME) customers

You will have seen, and no doubt read, the reports published this week by Sir Andrew Large and separately by Dr Lawrence Tomlinson.

You are aware that commercial lending is not a regulated activity under the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001. Nevertheless, the allegations in these reports gave the FCA concerns as to whether firms are treating their customers appropriately, in particular those in financial difficulties. This may indicate wider concerns in relation to governance and culture within firms. We expect firms to act with integrity across all of their activities.

If you have not yet read the reports I would encourage you to do so, and satisfy yourself that your group does not engage in any of the poor practices alleged in the reports. I expect any poor practices identified to be addressed. We will discuss your findings with you, and the basis for them, in one of our regular meetings with you.

We will be disclosing publicly that we have asked banks to take these steps. Also, we will be sending a copy of this letter to the Department of Business, Innovation and Skills and HM Treasury for information.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Clive Adamson', is positioned below the 'Yours sincerely' text. The signature is written in a cursive style and is placed over a light blue horizontal line.