

Direct line: 0207 066 8080
Email: foi@fca.org.uk

[via email]

27 December 2017

Our Ref: FOI5469

Dear

Freedom of Information: Right to know request

Thank you for your request for information under the Freedom of Information Act 2000 (the Act), dated 27 November 2017, concerning the consultation between the Financial Conduct Authority ('FCA') and Lloyds Banking Group plc ('LBG') in relation to the Halifax Bank of Scotland (HBOS) Reading customer case review. For reference purposes, the original text of your request is shown in Annex A below.

Your request has now been considered and our response is as follows:

- Q1:** LBG consulted the FCA on the appointment of the independent reviewer. The FCA agreed that Professor Griggs was a suitable individual to carry out this role on the basis of his skills and experience, including having acted in a similar capacity in a number of other relevant reviews.
- Q2:** Whilst, during the course of the consultation which led to the appointment of Professor Griggs and during the review implementation, we had discussions with the LBG on their approach to the review, LBG did not formally consult the FCA on the scope, methodology or terms of reference of the review. For the avoidance of doubt, the word "*them*" in the second sentence you quote from LBG's press release refers to the independent reviewer and not the FCA.
- Q3:** There were a number of exchanges between LBG and the FCA in relation to the selection of the independent reviewer. These covered the candidates' experience and expertise, previous experience of relevant reviews, past relationships with LBG and relationships with other firms. Three other candidates were considered.
- Q4:** As previously noted, we have had a number of exchanges with LBG and with Professor Griggs during the course of the review in relation to the approach to the review and its progress. However, the FCA has not specifically requested any modifications to the scope, methodology and/or terms of reference of the review.

Q5: Consistent with the point made at Q2 - that LBG did not formally consult the FCA on the scope, methodology or terms of reference of the review - the FCA committees have not formally *"considered the appropriate action to be taken by Lloyds to review customers' cases who had potentially been affected by the fraud found to have been perpetrated by persons at the HBOS Reading Impaired Assets Office"*.

Yours sincerely

Information Disclosure Team
Financial Conduct Authority

Your right to complain under the FoI Act

If you are unhappy with the decision made in relation to your request, you have the right to request an internal review. If you wish to exercise this right you should contact us within three months of the date of this response.

If you are not content with the outcome of the internal review, you also have a right of appeal to the Information Commissioner at Information Commissioner's Office, Wycliffe House, Water Lane, Wilmslow, Cheshire SK9 5AF. Telephone: 01625 545 700. Website: www.ico.org.uk

Annex A:

- "1. *Details of the consultation (if any) between the Financial Conduct Authority ("FCA") and Lloyds Banking Group plc ("Lloyds") regarding the review of customers potentially affected by the fraud found to have been perpetrated by persons at the HBOS Reading Impaired Assets Office. By way of background, Lloyds refer to said consultation with the FCA in its press release dated 20 March 2017 available here:*
<http://www.lloydsbankinggroup.com/Media/Press-Releases/press-releases-2017/lloyds-banking-group/professor-russel-griggs-appointed-independent-reviewer-of-hbos-reading-customer-cases/>
2. *Details of the scope, methodology and/or terms of reference discussed and/or agreed between the FCA and Lloyds during its consultation regarding the review of customers potentially affected by the fraud found to have been perpetrated by persons at the HBOS Reading Impaired Assets Office. By way of background, Lloyds refer to said consultation with the FCA in its press release dated 7 February 2017 as follows: "...In consultation with the Financial Conduct Authority, LBG will appoint an independent third party as part of the review. LBG will agree with them the scope, methodology and individual case outcomes of the review." The statement is available here:*
<http://www.lloydsbankinggroup.com/Media/Press-Releases/press-releases-2017/lloyds-banking-group/customer-cases-at-hbos-reading-to-be-reviewed/>
3. *Details of the FCA's involvement (if any) with the selection of Professor Griggs as the independent reviewer appointed by Lloyds to oversee the review of customers potentially affected by the fraud found to have been perpetrated by persons at the HBOS Reading Impaired Assets Office. For the avoidance of doubt, such information should include the criteria (if any) considered for the appointment of the relevant independent reviewer; whether other candidates were considered by the FCA; and, if so, the reason for approving and/or consenting to the appointment of Professor Griggs for this position.*
4. *Details of the FCA's involvement (if any) in overseeing and/or monitoring and/or receiving reports in relation to the Lloyds review of customers potentially affected by the fraud found to have been perpetrated by persons at the HBOS Reading Impaired Assets Office. For the avoidance of doubt, such information should include details of modifications (if any) that have been made at the request of the FCA to the scope, methodology and/or terms of reference the review of customers potentially affected by the fraud found to have been perpetrated at the HBOS Reading Impaired Assets Office.*
5. *The Minute/Note(s) of the relevant FCA committee(s) which considered the appropriate action to be taken by Lloyds to review customers' cases who had potentially been affected by the fraud found to have been perpetrated by persons at the HBOS Reading Impaired Assets Office.*

This request is made on 27 November 2017. The time period for compliance as specified in s.10(1) of the FOIA is no later than the twentieth working day following receipt which is the 22nd of December 2017. Should any difficulties arise with the above request or any exemption be cited in response, we would request that it be provided as soon as practicable

and no later than 22nd December 2017. In the event of receiving an unsatisfactory response to the above request, we reserve our right to refer this matter to the Information Commissioner's Office."