

Church welcomes loan mis-selling apology from chief executive

Scandal: Admission to Treasury Select Committee 'changes everything' says founder

BY ERIKKA ASKELAND

A church that has faced more than £400,000 in costs after it claims it was mis-sold a loan by Clydesdale Bank has said "everything has changed" after the bank's chief executive apologised in front of MPs.

David Thorburn admitted to the Treasury Select Committee (TSC) last week that "something did go wrong" when it sold so-called tailored business loans (TBLs) to small firms.

Destiny Church, which runs food banks and support programmes for the homeless, took out a £750,000 loan with the Clydesdale five years ago but faced having to pay a £175,000 break fee due to a "hidden swap" part of the



Destiny Church pastor Andrew Owen, far right

loan which it claims it did not know about.

The sale of the loans, which have so far evaded regulatory scrutiny due to a loophole, have been dubbed a "major case of mis-selling" by Caithness, Sutherland and Easter Ross MP John Thurso, who is also a member of the group of MPs conducting

an investigation into small business lending.

Andrew Owen, founder of the church which has congregations in Peterhead, Huntly and Aberdeen, said meetings with the bank over the last five years have so far proved fruitless but it now hopes to be repaid for its losses.

Mr Owen said: "At the last meeting their new offer put us in a worse place than we are now - but everything will have changed this week. So we hope they will settle and compensate."

A spokesman for the bank said: "Following our request, representatives from the church have agreed to meet us and we are now looking to discuss their case."

The church's hopes will also be fuelled by a case last week in which the bank, owned by National Australia Bank (NAB), was forced to pay £250,000 to a small business owner in Scotland who fell foul after the bank sold it a TBL.

The Financial Ombudsman Service (FOS) rejected the bank's claim that it had not mis-sold the un-named firm a hidden swap loan.



ADMISSION: Clydesdale Bank chief executive David Thorburn

Mr Thurso, who welcomed Mr Thorburn's testimony in front of the TSC last week, said the committee was taking further evidence from NAB in coming weeks.

The select committee is expected to draw up its report on SME finance possibly before the end of the summer.

He is also meeting the head of the main watchdog, the Financial Conduct Authority, which ministers could advise to investigate about mis-selling and conduct," said Mr Thurso.

though up until now it has said their regulation is outside its remit.

"There is an argument that it might not regulate the product but it is a conduct authority, and this is about mis-selling and conduct," said Mr Thurso.