

# nab customer support group

The Financial Conduct Authority  
12 Endeavour Square  
London  
E20 1JN

18 October 2018

F.A.O. Andrew Bailey (Chief Executive)

Dear Sirs,

## **CLYDESDALE BANK TAILORED BUSINESS LOANS**

We note with great interest the publication, yesterday, of the APPG on Fair Business Banking's correspondence, to you, regarding the above subject.

Our support group represents circa 200 members, within which approximately 140 were mis-sold Tailored Business Loans. The effect on customers was devastating and remains so, to this day.

We are surprised that no-one, to date, has made this link between both sets of evidence.

This being evidence for the same report, published by the Treasury Select Committee in early 2015, following their earlier investigations in 2014.

That said, we are delighted that this public pledge, by David Thorburn and Debbie Crosbie, executives of Clydesdale Bank / Yorkshire Bank, to "co-operate" with your organisation, as they do with you "on all other matters", is now out there and open for your uptake.

Furthermore, the TSC 2015 Report stated:

*141. The Committee explored the issue of the regulatory perimeter on multiple occasions, particularly in relation to commercial loans with 'embedded' interest rate hedging products, such as Tailored Business Loans.*

*The FCA, when asked about problems illustrated by the possible mis-sale of certain TBLs by Clydesdale Bank, said:*

*"I think we are of the view that this is a product that appears to be so close to one where we have had significant regulatory questions it would be better if we had the ability to regulate it."*

It appears that, by the uncovering of this obvious connection, your wishes have been granted.

Be assured also that there are no continuity issues here as Ms. Crosbie, the Chief Operating Officer of CYBG PLC, and an Executive Director, was in the same role in 2014 when she and Mr Thorburn, the then CEO, made this joint pledge.

Ms. Crosbie held the role of acting CEO following Mr Thorburn's departure in 2015, prior to the appointment of David Duffy, the current incumbent.

As confirmed in the APPG on Fair Business Banking's letter, to you, the subject of Clydesdale Bank's conduct was raised in the Banking Fraud debate in Westminster Hall last week.

Paul Masterton MP stated:

*"In June 2014, representatives of Clydesdale bank appeared before the Treasury Committee. The bank's evidence was weak and, to be frank, misleading—apparently, with the benefit of hindsight, deliberately so."*

Mr Masterton continued, quoting the Treasury Select Committee's findings:

*"The lack of public oversight, minimal transparency and limited coverage of the scheme means that the Committee cannot be confident that Clydesdale's separate internal review will deliver outcomes equivalent to the FCA review upon which it is intended to be based."*

The report went on to state:

*"To protect themselves against the risk of providing a TBL's hedging function, banks need to hedge the risk themselves. The FCA said that 'the bank will have entered into a separate IRHP with a third party in order to manage its financial risk of entering into the loan'."*

*The Bank's CEO, Mr Thorburn, "confirmed that this was the case for Clydesdale Bank."*

*"Clydesdale bank subsequently confirmed that there was actually no third party and that, in effect, all the loans were self-funded. Despite that, and despite it charging and receiving substantial break costs from customers, it refused to address the devastation it caused to businesses and lives across Scotland. It charged for long-term interest rate hedges that, it can be proved, it and its parent company never matched."*

*There can be no doubt that these products were, at best, mis-sold and, at worst, fraudulently pitched and designed to fall outside the FCA rules. The bank and these products should be investigated by the FCA without delay. Thousands of SMEs and businesspeople across the UK took these products with no proper explanation of either the conditions or costs associated. They deserve our support, and they deserve justice."*

We agree wholeheartedly with this viewpoint and we expect you, and Clydesdale Bank, to keep to your word.

We trust that in view of this, and your publicly stated desire to investigate this product, that you will immediately take up the bank's offer, and get on with the task, in an effective way, one that mirrors your recent review of regulated products of this nature

This will give our members, and thousands of other affected victims, great comfort.

We look forward to the outcome with great interest!

Yours faithfully



.....  
Ian Lightbody – Group Parliamentary Liaison

Return Address:  
20 Polbae Crescent  
Eaglesham  
Glasgow  
G76 0LR

e. [ianlightbody@nabcustomersupportgroup.org](mailto:ianlightbody@nabcustomersupportgroup.org)

w. [www.nabcustomersupportgroup.org](http://www.nabcustomersupportgroup.org)

cc. Kevin Hollinrake MP Co-Chairman APPG on Fair Business Banking  
Nicky Morgan MP Chair Treasury Select Committee  
Paul Masterton MP