

KEVIN HOLLINRAKE MP



HOUSE OF COMMONS

LONDON SW1A 0AA

Guy Parker
Chief Executive
The Advertising Standards Authority Ltd
Mid City Place, 71 High Holborn
London, WC1V 6QT

13th September 2018

Dear Mr. Parker,

In view of the current investigation by the Advertising Standards Authority into Lloyds bank, we felt it appropriate to draw your attention to some concerns that we have with regard to advertising of commercial financial services. We must make it clear that we do not have a position with regard to the current investigation, and that this letter is neither a letter of support or otherwise.

The All Party Parliamentary Group on Fair Business Banking is one of the leading cross-party groups, with members from both the House of Commons and the House of Lords, dealing with a range of problems that persist between private businesses and their financial service providers. We have seen thousands of cases of businesses mistreated by financial institutions. First and foremost, and perhaps the starting point for all of these, is that there was an assumption that businesses and their owners had more rights than actually exist. These assumptions that institutions are there to advise and support are, of course, partially a legacy from a different era, when the financial model was simpler. These are reinforced in advertising by almost all financial institutions.

However, in reality, the regulatory landscape of financial institutions is incredibly complex. In particular, commercial lending is an unregulated activity, even though it may be undertaken by regulated entities. In particular, commercial lending does not require a lender to act fairly, with duty of care or treat a customer in good faith.

We feel that any advertising for commercial or business finance should come with a 'health warning' so that the audience understands that the regular rules of conduct that one might expect in a consumer relationship absolutely do not exist in business banking. Quite the opposite, it is pure contract law, or caveat emptor.

We therefore do believe that any advertising for business or commercial finance is fundamentally misleading if it does not explicitly highlight the risks associated and, in particular, that the same standards do not apply as to consumer lending.

We would be most grateful if we could arrange a meeting to discuss the points raised in greater detail.

Kind regards,

A handwritten signature in blue ink, appearing to read 'Kee'.

Kevin Hollinrake MP