

KEVIN HOLLINRAKE MP



HOUSE OF COMMONS

LONDON SW1A 0AA

Andrew Bailey
Chief Executive
Financial Conduct Authority
12 Endeavour Square
London E20 1JN

22nd November 2018

Dear Andrew,

Please find enclosed a letter recently sent to the Chief Executive of Lloyds Banking Group, António Horta-Osório. The letter details the APPG's serious concerns about the way in which the bank treated former employee Sally Masterton and its dealings with allegations of a cover-up of fraud within Lloyds Banking Group during Mr. Horta-Osório's tenure.

I understand that you are already carry out an investigation into events surrounding the discovery of misconduct within the Reading-based Impaired Assets team of Halifax Bank of Scotland (HBOS) prior to the takeover by Lloyds but are content to allow Dame Linda Dobbs to assess whether information relating to HBOS Reading which Lloyds knew or should have known about, was properly investigated and appropriately reported to the authorities. As you know, Dame Linda Dobbs is an appointee of Lloyds Banking Group who are undertaking the review on a voluntary basis. Whilst we have no reason to doubt Dame Linda's capabilities or integrity, it seems inconceivable that the FCA would countenance an internal review of such serious allegations. The Dobbs Review does not have statutory powers and the terms of reference and findings are wholly controlled by Lloyds Banking Group. The outside world will simply not have confidence in what will be seen as an internal investigation.

We call on you to undertake a thorough, robust and transparent investigation of Mr. Horta-Osório under the Senior Managers and Certification Regime fully taking into account the evidence and answering the questions raised within our letter.

Yours sincerely,

A handwritten signature in black ink that reads "Kevin Hollinrake".

Kevin Hollinrake MP
Co-Chair of the All-Party Parliamentary Group on Fair Business Banking