

Richard Davies
Commercial Banking
Director



TSB Bank plc
20 Gresham Street
London
EC2V 7JE

Kevin Hollinrake MP
Chair of the All-Party Parliamentary Group on Fair Business Banking
House of Commons
London
SW1A 0AA

25th January 2019

Dear Kevin,

I wanted to thank you and the APPG for your advice and support in the development of our new Lending Pledge for businesses in financial distress.

At TSB, we recognise that there are insufficient protections for small businesses that borrow and this is often felt keenly by businesses who enter into financial distress. We believe that banks need to put greater focus on providing assurance that they will treat borrowers that get into difficulty fairly and reasonably.

Over the last year upwards of 450,000 UK businesses are thought to have entered into financial difficulty. We believe that banks have a role in helping these customers, wherever possible, return to financial health.

That is why I am delighted to announce that we have now published our new set of commitments to business customers in the event of financial distress, which we have developed in consultation with the APPG, the SME Alliance and the Federation of Small Businesses.

Our new Lending Pledge, which will apply to all TSB customers, picks up on some of the key issues that have impacted customer trust in the past decade, and commits that:

- We will be fair and transparent in everything we do, keeping the customer informed as to the course of action we are taking and why.
- We will give customers reasonable time to return their business to health.
- We will not raise loan margins on existing facilities if a business enters into financial difficulty.
- We will not default a business if it is up-to-date on its loan payments, but a valuation change impacts a covenant.


- We will not demand full repayment or remove an overdraft unless a business has breached our terms of lending.
- We will not run our business support unit as a profit centre, and we will not incentivise our staff for additional income earned on accounts in business support

In setting out these commitments it is our intention to give small businesses the assurances on lending they want and need.

On the back of launching the Lending Pledge we intend to actively campaign for the need for greater protection to be put in place for business borrowers across the industry. We will be incorporating the commitments into our lending product collateral, and will publish a 'Questions to Ask your Bank' leaflet to raise awareness of these issues.

Our full Lending Pledge can be found on our website at www.tsb.co.uk/business/loans-and-finance/managing-debt. Thank you again for your and the APPG's support.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Richard Davies', with a long horizontal line extending to the right.

Richard Davies
Commercial Banking Director, TSB Bank