



Martin Whitfield MP
Member of Parliament for East Lothian

Jim Robertson
Police Scotland Specialist Crime Division
5 Fettes Avenue
Edinburgh
EH4 1RB

19th September 2018

Dear Mr Robertson,

Following recent correspondence, I wish to write to you formally as Co-Chairman of the All-Party Parliamentary Group on Fair Business Banking, to outline the concerns of the Group over the conduct of senior executives at HBOS and Lloyds Banking Group in relation to the HBOS Reading Fraud.

The bank commissioned its own investigation into this matter and the findings were presented to its senior management in the Project Lord Turnbull Report. The report indicates that the board was well aware of the fraud as early as 2008, and senior managers and directors of both HBOS and Lloyds Banking Group then concealed that knowledge for some 8 years. This conduct appears to have been made worse by the report itself, having been concealed from a number of the bank's directors, including its Chairman.

The Project Lord Turnbull Report states that:

"The strategy since January 2007, and possibly from 2005, has been to conceal the Reading incident...deliberate non-disclosure of the Reading incident in the 2007 financial statements fundamentally added to the crime, and from that point on the deceit escalated as the financial crisis deepened...all those involved have condoned criminality and injustice"

The Report makes further, and substantive, allegations that Lloyds Banking Group concealed a hole in the accounts of HBOS of nearly £40bn as well as the £1bn fraud. As a consequence, the bank was able to progress with a rights issue of several billion pounds.

In addition to the analysis within the bank's own report, the APPG has received evidence and statements that specifically refer to the fact that the fraud was not only known about, but was actively concealed, and that this concealment was directed from the head office in Scotland.

Because the APPG has been provided with evidence and statements from a variety of sources indicating that the fraud in Reading was not only known about, but also concealed at board level in Scotland, and because this supports the bank's own internal investigation, the APPG would suggest that the concealment, which has added and compounded years of suffering onto hundreds of people, should be investigated forthwith by your force.

Kind Regards,

Martin Whitfield MP

Co-Chairman of the All-Party Parliamentary Group on Fair Business Banking