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Kevin Hollinrake MP
Co-Chair of the APPG on Fair Business Banking
House of Commons
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14 December 2018

Our Ref: SA181123C

Dear Kevin

RE: Dame Linda Dobbs' Review of Lloyds Banking Group's handling of events at HBOS Reading

Thank you for your letter dated 22 November and for enclosing the letter you sent to Antonio Horta-Osario.

You are correct to say that we are investigating events surrounding the discovery of misconduct within the Reading-based Impaired Assets team of Halifax Bank of Scotland (HBOS Reading). The fact of Dame Linda Dobbs carrying out an assessment of whether the issues relating to HBOS Reading were investigated and appropriately reported to authorities at the time by Lloyds, following its acquisition of HBOS, does not in any way preclude us from carrying out our own investigation.

Furthermore, such an investigation would not need to wait for Dame Dobbs to complete her review. Decisions on whether we investigate are made on the information available at that time and the extent to which it indicates serious misconduct. New information may of course result in a different decision being taken.

As a general principle, we do not disclose our internal decision making on whether or not to investigate, but what I am able to say is that any decision on whether to investigate Mr Horta-Osario and/or Lloyds would have regard to the work of Dame Dobbs and our investigation into HBOS. I would also add that, as a matter of supervisory practice, we continuously assess how Senior Managers discharge their functions.

Yours Sincerely

Andrew Bailey
Chief Executive