



Treasury Committee

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Kevin Hollinrake MP
House of Commons
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Dear Kevin

Thank you for your letter of 18 December setting out your concerns regarding the Griggs Review and Lloyds Banking Group's treatment of Sally Masterton.

As you know, the Treasury Committee maintains a strong interest in the SME finance market, and particularly the avenues for redress available to business owners who have been mistreated by their bank. The Committee published its SME Finance report in October 2018, which clearly stated the Committee's support for the creation of a Financial Services Tribunal; a position that the Committee still holds. The report also noted reservations about the suitability and preparedness of the Financial Ombudsman Service (FOS) following the announcement that many more SMEs will be able to bring disputes from 1 April 2019. The Committee will continue to examine developments at the FOS, and will be taking oral evidence from members of its senior leadership team shortly. The Committee also intends to scrutinise the design and implementation of the voluntary ombudsman scheme that is to be introduced for larger SMEs.

More generally, the Committee is currently considering the Government's response to its SME Finance report, which will be published in due course.

With respect to Lloyds Banking Group in particular, the Committee continues to monitor the progress of both the Griggs Review and the Dame Linda Dobbs Review. You will recall that I wrote to both Professor Griggs and Dame Linda Dobbs in June 2018 to push for greater transparency. In response to that correspondence, Dame Linda Dobbs noted that her review will not conclude until the second half of 2019. It should also be noted that the FCA is in the process of investigating events at HBOS Reading.

I would therefore reiterate the point I made in my letter to you of 26 June 2018, that the Committee will continue to press for the speedy conclusion of the FCA's and Dame Linda Dobbs' work, but the point at which the Committee can engage constructively will be when either or both are completed. It is at this point that the Committee may wish to call representatives from Lloyds Banking Group to give evidence.

The Committee will also be taking evidence from the FCA this month, and will take this opportunity to press the FCA on both the status of its investigation into events at HBOS Reading and Jonathan Laidlaw QC's report on the Griggs Review. On the latter subject, I note that Lloyds Banking Group has agreed to undertake an independently led evaluation

of the Griggs Review's effectiveness once Professor Griggs' work has concluded. The Committee will of course want to consider the outcome of that work carefully.

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Rt Hon Nicky Morgan MP
Chair of the Treasury Committee