

28th January 2024

Dear City AM,

The claims made by Mark Grimshaw, CEO of the Business Banking Resolution Service (BBRS) during the Treasury Select Committee inquiry into SME finance on 23 January 2024 and in response to your article are misleading and in no way represent the positions of many of the SME representatives on the steering committee or later, the SME Liaison Panel.

During the hearing, Mr. Grimshaw implied that the SME community fully supported the scheme when it was established.

This is an inaccurate representation of the events that led up to the creation of the BBRS, and Mr. Grimshaw is well aware of the fractious (and conditional) nature of the final sign-off. Through our membership of the Steering Group, we had repeatedly indicated our significant reservations about the model and scope of eligibility which was determined by terms of reference into which the SME representatives had no say.

However, we engaged constructively and in good faith in the hope that we could improve the scheme, make it fit for purpose and, critically, provide redress and access to justice for the thousands of small businesses in the UK that found themselves locked out of redress or dispute resolution mechanisms over the last two decades.

Rather than having our full agreement of the terms of the BBRS and its eligibility, as Mr. Grimshaw has claimed, our sign-off was, as we said at the time, “conditional, as concerns remain”. Critically, our sign-off was based on the assurances that there was a concessionary case scheme that would be monitored, there would be post-implementation reviews, and that the BBRS would engage constructively to make the scheme fit for purpose if it turned out that it was not working to resolve historical complaints.

It is notable that the Post Implementation Review 2, which was a condition of sign-off of the initial scheme, recommended that the BBRS actively engage in and facilitate the eligibility review process, yet it did nothing. Other issues, such as the treatment of insolvent businesses, were identified at sign-off and again in the post-implementation review, but were ignored by the BBRS leadership. At no time did it do anything more than act as a tick box exercise.

The APPG and SME community attempted to work through the SME liaison panels that were designed to give us an ongoing say in the scheme but were met with resistance and a lack of genuine engagement from the BBRS. The SME Liaison Panel was eventually disbanded by the BBRS with no consultation, effectively locking out any further discussions with SMEs, making the BBRS’s only stakeholder involvement with the banks.

The way in which the SME Liaison Panel was unilaterally shut down by the BBRS was also mischaracterised by Mr. Grimshaw in his responses to MPs on the Committee. He claimed that the decision to close the Panel was taken by the BBRS board “essentially in conjunction with the Chair of the SME Liaison Panel.” This is not the case, and there were extensive attempts by the SME Liaison Panel to remain engaged, all of which were rebuffed or ignored by the BBRS. The closure of the Panel made it impossible for parties to continue discussions and ended any further collaboration or consultation.

We remain committed to representing and defending the interests of SMEs and will hold to account any organisation or service that falls short of these ideals.

First and foremost, given the failure of the BBRS, those who were excluded from the BBRS process must be able to finally have their cases heard and settled. This is a gross miscarriage of justice that has rumbled on far too long.

The BBRS clearly demonstrates that voluntary schemes do not work, and the APPG continues to advocate for a Financial Services Tribunal, which would be the most suitable solution for addressing the needs and concerns of SMEs in financial disputes. This has been our position since 2018 and has been supported in the past by the Treasury Committee.

Sincerely,

Heather Buchanan, *APPG on Fair Business Banking*,

Tony Baron, *Federation of Small Businesses*,

Jonathan Russell, *SME Alliance*,

Mark Bishop, *Transparency Task Force*.