

## PRESS RELEASE

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### **B&B Action Group Questions FCA's Record Keeping Standards as Telephone Transcript Revealed**

The Bradford & Bingley Action Group ('BBAG') has welcomed the approach taken on 12 December by the Financial Conduct Authority ('FCA') in fining a former finance director of UK lender Bradford & Bingley (B&B), for failings related to the bank's 2008 rights issue, and reiterated a call for an independent inquiry into the bank's nationalisation.

While the action group endorses the view that senior managers in the banking sector should expect the UK regulator to take firm action if they "fail to show due skill, care and diligence" and generally force board members to take responsibility for their actions, it considers Mr Willford's £30,000 fine as "derisory and little more than a gentle slap on the wrist".

David Blundell, BBAG chairman, commenting said: "The group also questions why it has taken over five years to enforce this action, with many supporters believing it is no coincidence that the decision is virtually out of time for any legal action in respect of the rights issue, which was completed less than eight weeks before the nationalisation on the 29 September 2008."

The Financial Reporting Council's statement regarding bank audits on the 12 December 2013 fits the same pattern as auditors and directors benefit from regulatory delays in excess of six years, which is a gap in time that bars civil action.

Since B&B's nationalisation over five years ago the action group and its supporters have made thousands of Freedom of Information ('FOI') requests to the Cabinet Office, HM Treasury and the FCA (formerly the Financial Services Authority), only to be confronted with a level of subterfuge, incompetence and obfuscation.

Moreover BBAG believes that FCA could do well to examine its own record keeping of events in the days just prior to B&B's nationalisation. Blundell said: "Just one example emphasises this. Currently there is an appeal to the Information Commissioner's Office by BBAG in respect of the FCA's failure to provide records of telephone conversations with the public in the days prior to the nationalisation."

He added: "The regulator has denied having any such records, which BBAG knows is untrue as it has obtained a DVD recording of a telephone conversation between an FCA officer and a B&B shareholder reassuring him on the financial strength of the company - only six working days before Gordon Brown's decision to nationalise it."

That DVD was sent recorded delivery to the B&B shareholder by the FCA, who remain on record as having no knowledge of this. Philip Davies, the MP for Shipley, which includes the town of Bingley, raised this point in a B&B nationalisation debate on 26 November 2013 in Westminster Hall. During his speech he further requested an independent inquiry into the nationalisation.

"B&B shareholders, the former owners of the company, are entitled to know how and why their company was expropriated and believe the public interest is best served by establishing an independent inquiry in order to secure the truth," said Blundell.

The group maintains that the B&B nationalisation was a flawed decision made in haste for political reasons, which destroyed the company as an on-going business, and was the only bank to be treated in this way despite it having a far stronger balance sheet than Royal Bank of Scotland and Halifax Bank of Scotland.

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**NOTE TO EDITORS:**

BBAG is a company limited by guarantee and a voluntary organisation whose sole objective is to secure justice for B&B shareholders, the former owners of the company. The committee members do not draw emoluments or any form of personal expenses.