

Lloyds Banking Group

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Lloyds' confidential report into fraud at HBOS Reading unit leaked

A confidential report by a former Lloyds Banking Group PLC (LON:LLOY) manager into a fraud at the bank's now infamous HBOS unit in Reading has been leaked online.

Neil Mitchell, a Scottish businessman and frequent critic of the big banks, said the leaked Lord Turnbull report was his "gift to all victims of bank crimes and their families".

READ: FCA to take no action against Lloyds Banking Group's Scottish Widows unit after long-running probe
The report was written back in 2014 and had been circulated privately among regulators and law enforcement officials but has not been made available to the public.

Last week, a group of MPs said they would publish the report themselves if Lloyds didn't.

The report alleges "unfair and non-compliant treatment of customers", adding that regulators were "knowingly and recklessly misled".

It also claims that the "strategy since July 2007, and possibly from 2005, has been to conceal the Reading Incident", while Lloyds had evidence of the fraud in October 2008. Lloyds completed the acquisition of struggling HBOS back in January 2009.

What was the HBOS Reading scandal?

It dates back to 2003, when Lynden Scourfield was head of a division at HBOS that dealt with small companies in financial difficulty.

It was alleged in a court case last year that in return for various kickbacks, he referred a number of his business clients to David Mills' Quayside Corporate Services.

Prosecutors claimed Mills and his associates would then charge those clients huge, in some cases unmanageable, fees forcing them further into the red.

The corruption forced HBOS to write off around £250m in loans that were not repaid.

Last year, Scourfield, Mills and four others were jailed for a total of 47-and-a-half years for their roles in the fraud.

Lloyds responds

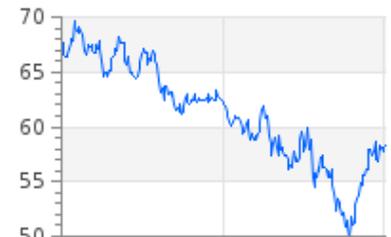
"This report was provided to the FCA and the police at the time, in 2014," said a Lloyds Banking Group spokesperson.

"The work was initiated by our employee at the time on her own initiative. As soon as it came to Lloyds' knowledge, the then Head of Group Audit asked the employee to set out what she had found. It was then provided to the FCA and the

Price: 57.2p

Market Cap: £410.81M

1 Year Share Price Graph



February 2018 August 2018 February 2019

Share Information

Code: LLOY

Listing: LSE

52 week	High	Low
	70.39p	49.52p

Sector: Banks

Website: www.lloydsbankinggroup.com

Company Synopsis:

Lloyds Banking Group has many household names like Lloyds Bank, Halifax, Bank of Scotland and Scottish Widows. Lloyds Banking Group is a leading UK based financial services group providing a wide range of banking and financial services, focused on personal and commercial customers.

Author:

Proactive Investors Ltd

+44 (0)207 989 0813

action@proactiveinvestors.com

police.

"The FCA is currently investigating the extent and nature of the knowledge of the discovery of misconduct within HBOS Impaired Assets office in Reading and HBOS' communications with the regulator after the initial discovery of the misconduct.

"We have also provided this report to Dame Linda Dobbs, whose separate and independent review will consider whether the issues relating to HBOS Impaired Assets office in Reading were investigated and appropriately reported to the authorities at the time by Lloyds Banking Group, following its acquisition of HBOS in 2009."

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Contact us +44 (0)207 989 0813 action@proactiveinvestors.com

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