

For immediate release

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Crisis besets banks' dispute resolution scheme

Joint statement of the Transparency Task Force, APPG for Fair Business Banking, SME Alliance and Federation of Small Businesses

The [British Banking Resolution Service](#) ('BBRS') has suffered a crisis of leadership and confidence, with the resignation of the Chair of the [SME Liaison Panel](#) established to represent the interests of small businesses who allege mistreatment by banks, followed by the allegedly *ultra vires* announcement by the BBRS that it intends to abolish the Panel he led.

Antony Townsend, who Chairs the advisory Panel, yesterday announced his intention to step down, citing the inflexibility of some members of the BBRS' leadership team to support changes to the scheme that might have allowed more SMEs to have their unresolved banking complaints reviewed. He said:

'Despite the best efforts of fellow panel members, and of some within the BBRS, it has proved very difficult to make progress. The Panel's views are most recently recorded on my [blog](#) on the BBRS website. I have been disappointed by some of the BBRS's responses to the Panel's concerns. The very low numbers of cases resolved by BBRS and the banks suggest an inflexible system, and I do not detect the necessary willingness and imagination within the existing system to resolve this. For those reasons, I think it better if the debate about how to improve matters takes place in a different forum.'

In response, the BBRS' Chair, Lewis Shand Smith, last night announced the [immediate closure](#) of the SME Liaison Panel.

However, under the BBRS' [Articles of Association](#)¹, the BBRS is required to maintain an active SME Liaison Panel unless, under its [Terms of Reference](#)² its Chair and Board agree that it should be closed. The Chair has not agreed to this step. SME stakeholders are therefore entitled to expect the vacancy to be filled at the earliest opportunity and the Panel to resume its work.

'The BBS' board has not "mutually agreed" that the Panel should close,' said one Panel member. 'Antony Townsend's resignation statement neither advocates nor endorses such a course of action. Any unilateral attempt by the board to terminate it cannot be allowed to go unchallenged,' added the Panellist. 'Victims of bank misconduct who complained in good faith to the Service did so on the basis that their interests would be safeguarded by the presence of SME stakeholders in the governance structure. They cannot be dismissed; doing so would constitute a huge breach of faith.'

Will Wragg MP, Co-Chair of the APPG on Fair Business Banking, said:

'SME representatives on the Liaison Panel engaged with the BBRS in good faith, putting forward proposals for positive change in the spirit of collaboration. That good faith has been repaid with arrogance, condescension and a shockingly cynical move on the part of the BBRS to dissolve the united voice that represents SMEs. If this is its attitude to the SME Liaison Panel, it is no surprise that

¹ Paragraph 10.2

² Paragraph 3.1(f)

the service has failed so spectacularly. The whole process has been a shocking waste of energy and resources spent building an armour-plated process which has locked out and timed out almost all credible claims from businesses. It begs the question as to whether or not it should be consigned to the bin and something fit for purpose created on a statutory footing.'

Tony Baron, BBRS SME Panel Member, and Federation of Small Businesses Finance and Tax Policy Champion said:

'The sudden disbandment of the SME Panel is a disappointment. BBRS has yet to deliver on what was promised, and this means further meaningful progress is unlikely to be made. Government and Parliament should take a view on the effectiveness and value for money of the scheme as it winds down as well as the future of those small businesses that are left still needing redress.'

Panel members are frustrated by the negative approach taken by the leadership of the BBRS which is reflective of the working relationship between the BBRS and the SME community. They are currently considering their positions.

About the BBRS

The [BBRS](#) is a voluntary dispute resolution service established and funded by seven participating banks, intended to resolve complaints submitted by small and medium-sized businesses that allege mistreatment in their banking arrangements. It was created in response to a [report](#) by Simon Walker CBE and subsequently the Chancellor's requirement [letter](#) dated 19 January 2019 following a series of allegations about historic banking wrongdoing, including the HBoS Reading fraud, RBS (now NatWest) Global Restructuring Group and misselling of Interest Rate Hedging Products.

The Service has been [criticised](#) for unduly restrictive eligibility criteria; these and other claimed shortcomings have resulted in only [21 monetary awards](#) being made in the period of almost two years between it [going live](#) on 15 February 2021 and 31 January 2023. UK Finance originally [estimated](#) that around 60,000 existing and unresolved historic complaints would be eligible for review.

The BBRS' Historical Scheme, for legacy cases, [closed](#) last month. The [Contemporary Complaints Scheme](#) is expected to continue to the end of 2023, and perhaps beyond.

The [SME Liaison Panel](#) currently comprises the following members:

Antony Townsend - Chair

Nish Kotecha - Serial entrepreneur and currently Executive Chairman and Co-founder, Finboot (Enterprise Blockchain), and Deputy Chairman, London Chamber of Commerce and Industry

Mark Bishop - campaigner for consumer/SME interests in financial services and Head of Strategy and Public Affairs, Transparency Task Force

Heather Buchanan - Director of Policy, All-Party Parliamentary Group on Fair Business Banking

Tony Baron - Economist and Chair, Economics, Taxation and Financial Affairs Committee, Federation of Small Businesses

Diana Chrouch - Director, Chrouch Consulting and Chair of National Policy for BME Business, Federation of Small Businesses

Katie Matthews - Director, The Mind Tribe UK (mental health and wellbeing training and consultancy services)

Andy Keats - Chief Executive Officer, SME Alliance (attending as alternate for Nikki Turner)

Contacts

Laurie Woodiwiss, Communications Manager, APPG on Fair Business Banking
laurie.woodiwiss@parliament.uk, +44 7540 405005

Andy Keats, Chief Executive Officer, SME Alliance
andy.k.smealliance@gmail.com, +44 7787 800436

Andy Agathangelou, Founder, Transparency Task Force
andy.agathangelou@transparencytaskforce.org, +44 7501 460308

Tony Baron, BBRS SME Panel Member, and Federation of Small Businesses Finance and Tax Policy Champion
Tony.Baron@fsb.org.uk, +44 7887 610007