



The claims stem from Ulster Bank's sale of fixed-rate loans to customers on both sides of the Irish border

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## City regulator criticised over NatWest 'fraud' claim

James Hurley

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The City regulator has been criticised for its response to concerns about an alleged customer abuse scandal at Ulster Bank, the Northern Irish arm of NatWest.

Ian Tyler, former group head of capital at Royal Bank of Scotland, claimed that the Financial Conduct Authority seemed “prepared to write what at best are deliberately misleading responses to MPs” over allegations that Ulster Bank secretly lodged potentially enormous liabilities against SME customers.

that he claimed had resulted in business customers being forced into its notorious Global Restructuring Group. Tyler and others presented allegations to the FCA last year that Ulster Bank lodged huge extra liabilities against borrowers' names without their knowledge and, when it looked as though this might emerge, its parent RBS broke the contracts and moved borrowers into GRG, a restructuring arm found to have mistreated thousands of companies.

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NatWest has strenuously denied there was “criminal fraud” in relation to the issue, which stems from Ulster Bank’s sale of fixed-rate loans to customers in Northern Ireland and the Republic of Ireland.

The loans allegedly came with undisclosed financial derivatives, or swaps, and related liabilities. NatWest has indicated confusion was caused by “poorly drafted” customer documentation which referred to swaps but that in fact no swaps or related liabilities were lodged against these customers. A number of politicians in Northern Ireland have raised concerns on behalf of constituents amid concerns that livelihoods were damaged.

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In March Stephen Farry, Alliance Party MP for North Down, wrote to Nikhil Rathi, FCA chief executive, asking why Northern Irish borrowers had been “excluded” from a £2.2 billion compensation scheme for swaps mis-selling overseen by the regulator.

In June the regulator replied to Farry to say that the redress only covered the sale of regulated swap products and that the fixed-rate loans did not qualify.

Tyler said the FCA’s letter to Farry was “outrageous” and failed to address features of the loans sold by Ulster Bank, which he claimed had the “same economic impact” as swaps.

“To exclude them from the swaps review was wrong in policy terms as they are actually worse than a [simply] mis-sold swap. I find the lack of independent thinking at the FCA genuinely scary. They simply protect the wrong decisions made by their forebears.”

An FCA spokeswoman said: “We are aware of, and are considering, the concerns raised by Mr Tyler. However, there are legal restrictions which prevent us commenting on specific firms.”

on fair business banking, have called for an inquiry. Paisley Jr said Northern Irish companies had been “cut out” of compensation by a “play on words”.

Farry said: “I have significant concerns regarding what has been alleged and will continue to pursue this.”

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