“What are the similarities between the FCA and the Post Office?”

Presented by

Paul Carlier

I need to make it clear that:

a) I never make an allegation or complaint unless I believe that I am right

and

b) I never make an allegation or complaint unless I believe that I have the evidence to demonstrate or prove it

That applies to this presentation.

If I am expressing an ‘opinion’ or a conclusion, then I will establish that, and the grounds and/or evidence for drawing that conclusion.

Ingredients & chronology of a 'Scandal'

1. The dishonest willful intent of some
2. The fearful silence of others
3. The failures or 'turning a blind eye' by those in the first level of the 'Hierarchy of Oversight'
4. The fearful silence of others
5. 'Cover up' & dishonesty by others within same and/or next levels of the 'Hierarchy of Oversight'
6. The fearful silence of others

7. All of which creates a dishonest 'precedent' that pre-determines future dishonest outcomes

8. All of which guarantees a future scandal. ***'Lather, Rinse, Repeat'***

Would LC&F or Blackmore Bond frauds and/or Ponzi schemes have occurred if the FCA had acted properly in respect to the Connaught scam years earlier?

All of these ingredients and more are evident in the Post Office Scandal.

All of these ingredients are evident in one FCA scandal after another.

FCA scandals some of which are in full view, others hiding in plain sight.

The commonality with what I'm about to describe is FCA 'actions' where the outcome was…..

The most favourable outcome possible for the firms, regardless of fact & evidence and regardless of consequence for victims.

The Global Financial Crisis

- FSA and global regulators ‘drop the ball’
- FSA and others aware of and/or involved in ‘LIBOR Lowballing’ in collusion with banks
- Andy Verity’s book “Rigged” has only recently exposed the full grubby story

The consequences of this were not just the perversions of justice committed against Tom Hayes, Carlo Palombo, Matt Connolly etc..

It gave the banks a ‘Get out of jail free’ card. The equivalent of the Mafia having incriminating photos that they could leverage.

And leverage it the banks have…..

FCA - “Mr RBS, we are concerned about the conduct of your GRG unit”

Mr RBS – “Oh really. Do these concerns relate in anyway to ‘Lowballing of LIBOR’?”

FCA – “Enough said. We will publish falsified findings of the 166 report”

And on 8th November 2016, the FCA did just that……

FCA Summary of findings of the 166 investigation into RBS GRG (8th Nov 2016)

Whilst some isolated examples of poor practice were identified, the Report concluded that:

- RBS did not set out to artificially engineer a position to cause or facilitate the transfer of a customer to GRG;
- SME customers transferred to GRG were exhibiting clear signs of financial difficulty;
- there was not a widespread practice of identifying customers for transfer for inappropriate reasons, such as their potential value to GRG, rather than their level of distress;
- there was not a widespread practice of requesting personal guarantees and/or cash injections when GRG had already determined that it had no intention of supporting such businesses;
- there was not a widespread practice of RBS making requests for information from customers that were unnecessarily burdensome;
- there was not a widespread practice of RBS acting as a 'Shadow Director';
- there was no evidence that an intention for West Register to purchase assets had been formed prior to the transfer of the customer to GRG; and
- there were no cases identified where the purchase of a property by West Register (as opposed to by another person) alone gave rise to a financial loss to the customer.

An FCA whistleblower leaked the actual report in 2017, proving the above was not just misleading, it was false.

FCA IRHP (Interest Rate Hedging Product) Scandal - 2012

HAUSFELD
FOR THE CHALLENGE

The IRHP redress scheme and the Swift Review

In 2013, the FCA's predecessor the Financial Services Authority (FSA) entered into agreements with nine banks, which resulted in over £2.2 billion in compensation being paid to customers who had been mis-sold IRHPs, over the period from 2001-2011 (the Scheme).

However, over 10,000 sales of IRHPs to approximately 5,000 customers were excluded from the Scheme by the FSA, on the basis of a "sophistication" test, which sought to categorise and exclude victims of IRHP mis-selling based on inflexible and arbitrary criteria. This exclusion affected around one third of the sales, and thus may have prevented customers accessing over £1 billion of compensation.

Complaints to the FCA, including by the APPG, led to the FCA commissioning John Swift QC to conduct an independent review of the Scheme. He and his team worked for over two years, at a cost in excess of £7 million. His comprehensive lessons learned review (the Review) was published on 14 December 2021.

The Review concluded - in clear and authoritative terms - that the FSA had been wrong to exclude these sales from the Scheme and had acted unlawfully in a number of respects when doing so.

The FCA dishonestly manipulated the IRHP Review in the interests of the banks, to limit the bank liabilities and deprive victims of more than £10billion in compensation

FCA – FX (Foreign Exchange) investigations 2014

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FCA fines five banks £1.1 billion for FX failings and announces industry-wide remediation programme

Press Releases | First published: 12/11/2014 | Last updated: 04/11/2019 | Print Page | Share page

The Financial Conduct Authority (FCA) has imposed fines totalling £1,114,918,000 ($1.7 billion) on five banks for failing to control business practices in their G10 spot foreign exchange (FX) trading operations: Citibank N.A. £225,575,000 ($358 million), HSBC Bank Plc £216,363,000 ($343 million), JPMorgan Chase Bank N.A. £222,166,000 ($352 million), The Royal Bank of Scotland Plc £217,000,000 ($344 million) and UBS AG £233,814,000 ($371 million) ('the Banks').

Looks impressive, right? Not so much.......

Press Release

May 20, 2015

Contact: Matt Anderson, 212-709-1691

NYDFS ANNOUNCES BARCLAYS TO PAY $2.4 BILLION, TERMINATE EMPLOYEES FOR CONSPIRING TO MANIPULATE SPOT FX TRADING MARKET

Barclays Employee: “if you aint cheating, you aint trying”

Barclays FX Trader “[Y]es, the less competition the better”

NYDFS to Continue Its Investigation into Electronic FX Trading

Additional Efforts to Cheat Barclays Clients

On numerous occasions, from at least 2008 to 2014, Barclays employees on the FX Sales team engaged in misleading sales practices with clients. Sales employees applied “hard mark-ups” to the prices that traders gave them without their clients’ knowledge. A hard mark-up represents the difference between the price the trader gives a salesperson and the price the salesperson shows to the client.

FX Sales employees would determine the appropriate mark-up by calculating the most advantageous rate for Barclays that did not cause the client to question whether executing the transaction with the Bank was a good idea, based on the relationship with the client, recent pricing history, client expectations and other factors.

As one FX Sales employee wrote in a chat to an employee at another bank on December 30, 2009, “hard mark up is key . . . but i was taught early . . . u dont have clients . . . u dont make money . . . so dont be stupid.”

The practice of certain FX Sales Employees when a client called for a price quote was to mute the telephone line when asking the trader for a price, which would allow Sales employees to add mark-up without the client’s knowledge.

Mark-ups represented a key revenue source for Barclays and generating mark-ups was a high priority for Sales managers. As the future Co-Head of UK FX Hedge Fund Sales (who was then a Vice President in the New York Branch) wrote in a November 5, 2010 chat: “markup is making sure you make the right decision on price . . . which is whats the worst price i can put on this where the customers decision to trade with me or give me future business doesn’t change . . . if you aint cheating, you aint trying.”

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A former Lloyds Banking Group trader has alleged that a review of the conduct of the bank's foreign exchange team "concealed thousands of examples of misconduct".

Paul Carlier, who worked for the bank between 2012 and early 2015, told an employment tribunal hearing that a Lloyds internal investigation called Project Oban had officially found no evidence of manipulation when the lender had allegedly been aware of "shocking conduct".

It wasn't just Lloyds that concealed findings. The FCA colluded with Lloyds and concealed their own findings of misconduct by Lloyds' traders, and those at other banks, that they had discovered in their FX investigation, 'Project Dovercourt'.

The same misconduct for which they fined those six banks in November 2014.

A consequence & objective of which is to limit the liabilities of the banks, and deprive victims of the opportunity for appropriate redress.

'I'm being jailed – but the court was misled'

7 October 2019

Matt Connolly was convicted last year

By Andy Verity
BBC Economics correspondent

The UK's top financial watchdog made statements for use in court that were later acknowledged by a senior official to be false, the BBC has discovered.

https://www.bbc.co.uk/news/business-49841360

FCA lied to a New York Court – August 2017

On 31 August 2017, the DoJ again opposed a Kastigar hearing, citing a letter written the previous day by Patrick Meaney, a senior FCA manager. Mr Meaney ran the FCA's investigation into Deutsche Bank Libor "rigging" for nearly six years, collaborating with his DoJ counterpart, Jennifer Saulino.
In paragraph 6 of the letter, Mr Meaney said: "The FCA did not share any information obtained or derived from any compelled interview, including Mr Black, with the DoJ."
Paragraph 5 of his letter said: "The FCA did not provide the DoJ copies of its draft or actual Warning, Decision or Final Notices in respect of Deutsche Bank to the DoJ or the Commodities Futures Trading Commission ("CFTC")".
Neither statement was true. It was not until months after Mr Meaney's letter that emails conflicting with those statements emerged in court.

They included an email chain Mr Meaney was copied into in February-March 2015, where the FCA shared a portion of its Final Notice fining Deutsche Bank for Libor rigging with the CFTC.
The email chain showed sections to be forwarded to the DoJ contained compelled testimony. They were then forwarded to Jennifer Saulino.
On 21 April 2015, Mr Meaney told Ms Saulino by email the Final Notice was riddled with compelled testimony.
"The reality is… it would be very difficult to identify parts that weren't influenced by compelled testimony and even if we could, it would be such a small part that it would make the Notice meaningless."
Shown the emails in court, an FCA official on the Deutsche Bank Libor investigation, Mike Prange, accepted the statements in Mr Meaney's August 2017 letter were "false".
The emails were available to both the FCA and the DoJ on their email records at the time the statements were put into court.

FCA and Lloyds Mortgage customer redress scheme – July 2017

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Lloyds Banking Group sets up redress scheme for mortgage arrears customers

Press Releases | First published: 27/07/2017 | Last updated: 27/07/2017 |

Lloyds Banking Group (Lloyds) has agreed to set up a redress scheme for mortgage customers who incurred fees after they fell behind with their mortgage payments.

Following engagement with the Financial Conduct Authority (FCA), Lloyds acknowledged that when customers fell into arrears, they did not always do enough to understand customers' circumstances to be confident that their arrears payment plans were affordable and sustainable.

As a result, Lloyds has committed to refund all fees charged to customers for arrears management and broken payment arrangements from 1 January 2009 to January 2016. For those mortgage customers who entered its litigation process during this period, this will include any litigation fees that were applied unfairly.

Lloyds will also offer payments for potential distress and inconvenience, and consequential loss which customers may have experienced as a result of not being able to keep up with unsustainable repayment plans.

Lloyds estimates that approximately 590,000 customers will receive redress payments, totalling around £283 million.

FCA to undertake work in the motor finance market

Statements | First published: 11/01/2024 | Last updated: 11/01/2024 |

In 2021, the FCA banned discretionary commission arrangements. This removed the incentive for brokers to increase the interest rate that a customer pays for their motor finance. We asked firms to review their practices and, where harm was identified, to address this.

There have been a high number of complaints from customers to motor finance firms claiming compensation for commission arrangements prior to the ban.

Firms are rejecting most complaints because they consider that they have not acted unfairly nor caused their customers loss based on the applicable legal and regulatory requirements.

The Financial Ombudsman Service has considered some complaints rejected by firms. It found in favour of complainants in two recent decisions [see here and here]. This is likely to prompt a significant increase in complaints from consumers to firms and the Financial Ombudsman.

Consequently, we are using our powers under s166 of the Financial Services and Markets Act 2000, to review historical motor finance commission arrangements and sales across several firms.

If we find there has been widespread misconduct and that consumers have lost out, we will identify how best to make sure people who are owed compensation receive an appropriate settlement in an orderly, consistent and efficient way and, if necessary, resolve any contested legal issues of general importance.

Sounds pro-active of the FCA, right?

Wrong, and this is perhaps the most direct relationship with the Post Office Scandal…

Whereas:

- ***Is this not in fact the FCA in panic mode after the public backlash and response to the ITV Drama "Mr. Bates vs The Post Office", that exposed the scandal to widest audience?***

- ***Are these steps in respect to car finance announced by the FCA on 11th January 2024 not in fact a desperate attempt to conceal a £10billion + fraud they committed against millions of car finance customers, and in collusion with the Financial Ombudsman Service and the firms themselves?***

All will be revealed in the coming days and weeks.