Written evidence from the Transparency Task Force [PPS0071]

Work and Pensions Select Committee Inquiry:

Pension Scams

Additional Submission by the Transparency Task Force:

Our "Joint Task Force" initiative

3rd October 2020

Contents:

About the Transparency Task Force

The mission of the Transparency Task Force is to promote ongoing reform of the financial sector, so that it serves society better. Our vision is to build a large, influential and highly respected international institution that helps to ensure consumers are treated fairly by the financial sector. The primary beneficiaries of our work will be consumers; but the sector itself will also benefit through improved market conduct and increased trust in the services it provides.

Our objective is to carry out a broad range of activities that help to drive positive, progressive and purposeful finance reform, such as:

- Building a collaborative, campaigning community; the larger it is the more influence it can have in driving the change that is needed
- Raising awareness of issues; so that society better understands the problems that exist in the financial sector and how they can be dealt with
- Engaging with people who can make change happen; because through such dialogue we can influence thinking, policy making and market conduct

Much of our focus is on rebuilding trustworthiness and confidence in financial services. To make this possible we are busy developing a framework for finance reform which we describe as a "whole system solution for a whole-system problem" as described in our recently published book

For further information about the Transparency Task Force see:
http://www.transparencytaskforce.org

The Purpose of this Document

In our main submission, dated September 9th, we detail many problems with the existing strategy and we also set out the many ways in which matters could be improved.
In this document we provide further detail on why a "Joint Task Force" approach would be more effective. During the Oral Evidence Session of 16th September, the Work and Pensions Select Committee expressed a desire to receive further information about the "Joint Task Force" idea that we proposed.

This document has been compiled in response to that request. It has been produced by a group of Transparency Task Force volunteers working collaboratively because of their desire to help bring about a different approach to counter and eradicate the horrendous impact of scams on individuals, their families and their health. It is therefore not meant as a detailed "instruction manual" on how to develop and implement the Joint Task Force model.

Rather, it merely sets out what we believe to be the inherent advantages of a better way forward in an attempt to "get the idea on the table." As such, it is designed as a discussion document, to initiate dialogue amongst all relevant stakeholders including of course scam victims and the many campaign organisations that represent their interests.

We hope that this discussion document will be of value to those with an open mind, particularly those with a "progress begins with realism" mindset i.e. a willingness to accept constructive criticism of the present situation, with a view to fixing what is wrong.

Of course, it will be of no use whatsoever to any individual or any authority that believes there is no scope to improve on where we currently are. Any individual or authority that is "in denial" about the shortcomings of the status quo will simply conclude our ideas to be without merit.

The Regulatory Framework is Fundamentally Flawed; and Failing

We believe that the current strategy being deployed to deal with the UK's pension scams problem is ineffective and an inefficient use of the limited resources available.

A major public interest issue that is worsening

Recent estimates quoted by the BBC suggest that over 1.5m people have been impacted by scams. Few have received any recompense or restitution, and many after 9 years or more, still do not know if they will ever get any money returned or whether the perpetrators will ever be brought to justice. As expressed during our recent meeting with the Prime Minister and our follow-up Open Letter, we believe there is a real risk that the pension scam problem may worsen; moving from "just" being a major public interest issue to becoming a national scandal of epic, pandemic-like proportions.

Furthermore, investment and pension scams are just one facet of a much wider problem - fraud in general. According to Anthony Stansfeld, the Police Crime Commissioner for Thames Valley Police, fraud costs the UK as much as the NHS - please see Appendix 2.

The present solution simply doesn't work

We believe that the current procedures and responsibilities for investigating malpractice within UK financial services are fragmented, ineffective, wasteful and not fit for purpose. It is easy to conclude that the regulatory framework is fundamentally flawed and failing, for many reasons including extensive fragmentation that is in effect, an "invitation to trade" to the unprofessional and the criminally minded.

The primary focus of Regulators is to ensure regulated firms abide by the Law and Rules to protect consumers but in reality, when the rules are broken the Regulators do not have the ability to put things right. Too many holes in the Regulators' net allows criminals to escape justice and their lack of speed to action normally means that whatever funds may have been left in schemes and investments are moved or spent or 'lost' leaving the consumer destitute. If mistakes are made little can be done to rectify these.

A significant part of the problem is that investors are often tricked by very clever criminals to move their money into non-authorised investments and they suffer by not being protected by the Regulators.

What's wrong with Project Bloom?

We think that is a very good question that warrants a paper all its own. However, for the purpose of this discussion paper we will merely state that Project Bloom:

- Does not involve all the relevant stakeholders and is therefore incomplete
- Is too high-level to be effective - it does not operate "on the ground," dealing with real cases on a daily basis

Should not be confused with the Joint Task Force initiative. If the Joint Task Force were a car, then Project Bloom would be a drawing of a car.

The Regulators need to be more transparent and more accountable

We do not propose to seek a review of the regulators' purpose or authorisations, but there is a need for better accountability and transparency in all investigations and complaints against scam perpetrators and the regulators themselves, to:

- Show the public what is being done
- Show what is being put right
- Show how successful or otherwise the Regulators are in catching perpetrators, the funds recovered and what is returned to victims
- Provide an annual report that includes disclosure of expenditure and investigations and published full accounts of pension schemes

To put it bluntly, it is very difficult to understand how the regulators can confidently believe they will solve the problem with the current approach.

A variety of scam types, often blended together

Scams do not fall into neatly identified forms and they are very often a blend of different kinds of infringements, involving a range of perpetrators working together; some regulated, some not.

This means it is unrealistic to expect anything other than a model based on various kinds of professionals and experts working closely together, as a combined effort, i.e. our Joint Task Force idea to be up to the task of handling such a complex landscape of unprofessional and/or criminal activity.

Many scams operate across the boundaries of Regulators, for example transfers from Defined Benefit Pension Schemes (regulated by the Pensions Regulator) into contract-based Defined Contribution schemes (regulated by the Financial Conduct Authority). Transcending rules and remits obviously causes difficulties and a lack of cohesion and ability to deal with scams properly, with many areas falling between the regulators and other government agencies and clouding whose responsibility it is to pursue the case.

The exponential increase in scams and the amounts involved show that an overhaul of the Regulators' ability to deal with situations is long overdue.

We believe that the majority of pension scams are a blend of two or more of the following basic types:

- Outright frauds: the pension beneficiary is encouraged to invest in an asset class that does not exist or does not have the claimed benefits, either within the pension itself or using money withdrawn from the scheme;
- Pension liberation schemes: these are illegal workarounds that enable beneficiaries to access capital from pensions to meet living expenses when they are below the age at which pension benefits can legitimately be taken, or divert such capital into businesses they own;
- Defined benefit transfers: advisers may recommend the transfer of capital from 'gold plated' pensions to defined contribution ones against client interests;
- Misadventure: a fund or asset manager may depart from its stated investment mandate, whether through hubris, recklessness or to benefit connected parties, thereby exposing clients to risks of which they are unaware and which they would not willingly take;
- Unauthorised or misunderstood charges or conditions: wealth management firms, financial advisers, fund managers and others may impose charges on assets or conditions (such as exit fees or liquidity restrictions) that either are not notified of in advance or that are not presented in such a way that clients understand them, resulting in there being an absence of informed consent to fees or terms that would be considered unreasonable
- Registration of fictitious companies:
- False accounting and Ponzi schemes:
- Tax and VAT fraud:
- False employment
- Fraud through offshore companies and banking

All these variations and complexities mean the problem to be solved is beyond the capabilities of the present model; it is like fighting bazookas with bows and arrows; it is totally unrealistic to expect the strategy to work; and the empirical evidence shows that it doesn't.

Scam victims struggle to complain effectively

Each Regulator, financial institution and Government department responsible for investigating complaints and malpractice has its own Codes of Practice and operates under different Acts of Parliament. They each have compliance departments, complaints departments and some have full time investigators. However, these teams are poorly resourced, often have no investigative training or experience, and are unable to pursue those responsible due to limitations of their remit, experience, time or funds. As a result, scam victims rarely get satisfaction through regulators' complaints procedures.

Each Regulator, Government department and agency has different complaint procedures and escalation is often thwarted due to the high cost of litigation.

One example is the Pensions Regulator:

After a consumer has exhausted dealing with the original staff member(s) if a complaint is made against them it is dealt with by a complaints team but after that the only escalation can be via a consumer's own Member of Parliament who they have to convince to request an investigation by the Parliamentary Ombudsman. This is a task almost impossible to achieve, especially in the current environment when the MP may be caught up in the Covid-19 health or financial issues.

In effect, there is a regulatory barrier stopping consumers seeking justice. Some feel strongly that the Pensions Act 2004 appears to have been written in an obstructive manner against those it proffers to protect - the consumer.

Another example: Regulators or agencies, or their appointed legal teams often have a conflict of interest by working for other agencies with conflicting priorities, or for two Agencies or interested parties with a potential dispute.

Insolvency, liquidation and phoenixing

In this section we describe how the Liquidation Process enables pension scamming and how easy it is for perpetrators to get away with scamming. In essence, the problem is that pension scamming is being repeatedly overlooked by Insolvency Practitioners and the Insolvency Service. Pension scamming is not generally seen as fraud or theft, even though it meets the definitions of both.

Directors of firms regulated by the Financial Conduct Authority that have had complaints for pension investment mis-selling upheld by Financial Ombudsman Service and have had their Professional Indemnity Insurance withdrawn, leave the industry with their ill-gotten gains or move their operations to another pre-established company regulated by the Financial Conduct Authority. This is called 'Phoenixing'. They then continue to trade in the knowledge that no single government department or agency will take action against them. In effect, they are reborn and free to carry on operating.

Understanding this anomaly, is a huge incentive to set up and operate what should be highly regulated and qualified financial advice companies that wouldn't abuse clients, but they do so because it is both so profitable and easy to get away with.

When complaints of scams are heard by the Financial Ombudsman Service and Pensions Ombudsman Service, only the company is assessed for culpability, not individuals. This is because there is no requirement for advisers to have professional indemnity insurance, only the company they work for. Professional Indemnity Insurance is only needed by the regulated company so that when a complaint is upheld, it is the insurance company that pays.

However, Professional Indemnity Insurance is expensive and knowing that, if a company loses it, complaints will automatically go to the Financial Services Compensation Scheme (FSCS) for consideration. After one or two pay-outs, cover is withdrawn or withheld, losing the company's authorisation and forcing it into insolvency.

Then, the company's directors, expecting this, go to an insolvency practitioner company that appoints an administrator to accept the case. These Insolvency Practitioners then investigate director actions, report such to the Secretary of State, and if nothing is found, liquidate and dissolve.

Another "trick" is for directors to ensure that there is only enough funds left in the business to motivate an Insolvency Practitioner to accept the insolvency insufficient to go beyond the basics. If there are no or insufficient funds, the Official Receiver is appointed.

Insolvency Practitioners are regulated by industry associations. In England and Wales, these are the Institute of Chartered Accountants for England and Wales and the Insolvency Practitioners Association. The Insolvency Service does not regulate Insolvency Practitioners but has as its purpose to "provide public services to those affected by financial distress or failure".

This consists of the following elements:

- Supporting those in financial distress
- Tackling financial wrongdoing
- Maximising return to creditors

Its involvement with Insolvency Practitioners is to provide a gateway for complaints about them, to ensure only those it believes are warranted are passed to the regulators.

However, given advisers are not held accountable - only companies are - when a pension scamming company goes into insolvency, it should be the ideal time to identify and take action against directors *personally* as there are ample statute and common law requirements to support action for director misfeasance.

Why then don't Insolvency Practitioners take action?

Insolvency Practitioners are hampered by a lack of understanding of financial services regulations, believing that is the sole remit of the Financial Conduct Authority. When directors of regulated companies in financial trouble ask an Insolvency Practitioner to help them, no one is there to tell them that the sole reason for insolvency is scamming clients of their retirement savings. The directors certainly won't, and the Financial Conduct Authority have no interest or authority as insolvency automatically ends that relationship and any duty to discipline or involvement in the company's affairs. The thought process dominating

the criminals' strategy is "If the regulator isn't interested, why should the Insolvency Practitioner be?" This is a significant loophole greatly appreciated by immoral and unethical advisers.

Why then don't the Police or the Serious Fraud Office get involved?

The police have insufficient incentives and capabilities in financial services regulations. Additionally, they have scarce resources and targets to achieve that don't include action against pension scamming. If they do take action, any recoveries generated in fines go to the Treasury, not to policing, which is another disincentive to get involved.

The Serious Fraud Office is not targeted to investigate bad advice or lack of due diligence by regulated persons. It does not fall within serious crime or hasn't yet.
Both local police and the Serious Fraud Office generally refer alleged financial services crimes to the Financial Conduct Authority. We have concerns about the proactivity and output levels of the Financial Conduct Authority and also about its stance on fraud. While it does prosecute some offences, it does not see itself as the lead prosecutor and we fear that many such offences referred to it by police services and the Serious Fraud Office do not result in prosecutions.

We urge the Work and Pensions Select Committee to seek Management Information on what cases that are referred to the Financial Conduct Authority by the Serious Fraud Office, the City of London Police and any other entity are actually investigated; and what the success rates are.

Many moving parts, that do not mesh well together

The two Regulators at the centre of this topic are the Financial Conduct Authority and the Pensions Regulator, with oversight roles for HM Treasury, the Bank of England and the Prudential Regulation Authority.

Unfortunately, the Financial Conduct Authority and the Pensions Regulator have evolved rather than having been created specifically to help combat financial crime. The Financial Conduct Authority was authorised under the Financial Services Act 2012 and the Financial Services and Markets Act 2000. It replaced the Financial Services Authority. The Pensions Regulator was authorised under the Pensions Act 2004 and it replaced the Occupational Pensions Regulatory Authority.

The table below shows the fragmented nature of the regulatory framework; every crack between the entities represents a weakness in the defensive and enforcement wall that the unethical and criminally minded are highly motivated to exploit.

Government Entity/ Authorisation	Involvement	Current situation
Financial Conduct Authority (including the Prudential Regulatory Authority) FinServAct 2012	Regulates only contract-based pensions plus investments	Limited to own products and regulated entities; no use of wider FSMA2000; very worrying lack of prosecutions for wrongs within its regulatory perimeter (e.g. approving misleading financial promotions, operating illegal collective investment schemes); considers itself not to be the lead prosecutor of frauds, a view not shared by many police services keen to hand over such cases to the Financial Conduct Authority due to their specialised nature and likely cost of investigation
The Pensions Regulator Pensions Act 2004	Regulates only Trust based pension schemes	Limited to own products with insufficient liaison with the Financial Conduct Authority on actual cases
Bank of England and all banks	Regulates only banking activities	Little active involvement or assistance in scams
HMRC (HM Treasury) Finance Act 2004	Acts within a strict regulatory framework; lacks prudent judgement on how to apply tax law.	Has allowed registration of suspicious pension schemes; a woeful lack of due diligence Not operating within the scope of its Charter; is "profiting from the proceeds of crime" i.e. it taxes pension scam victims.
Serious Fraud Office	Serious	General lack of effective engagement, even though the sums involved have been over £100m on a single case
Police (see also Action Fraud)	1st port of call	Steps aside if another Agency is involved. Limited expertise, resource, incentive. Memoranda of Understanding being poorly applied
Companies House	Registers / controls Companies	Seems to have little or no liaison with scam or investigative

		authorities. A very weak part of the “defensive wall”
Insolvency Service	Slow, ‘after the event’ involvement	Represents an opportunity for scammers to Phoenix. Has been known to give the excuse of “not considered in the Public’s interest” when asked by the Pensions Regulator to help in dealing with a £14m scam.
The Courts	Legal action	Too costly for individuals. The High Court typically requires a minimum of £15k up front before a case is taken on.
All authorised Life & Pension providers and Investment Houses	Product providers	More action and procedures are required. Better liaison / information sharing is neede
Money and Pension Service/the Pensions Advisory Service Life Company Associations Pension Associations	Guidance providers Codes of Conduct	Should combine Financial Conduct Authority and the Pensions Regulator guidance and thereby “speak with one voice” Better liaison and information sharing with Regulators should be allowed
Joint Fraud Task Force	Uncertain	Minutes published 20 June 2018 setting out objectives, participants (18) (apologies by one Financial Conduct Authority member and no attendance from the National Crime Agency. Main focus appears to be banking fraud and economic crime
Action Fraud	Uncertain	Based in Limehouse Police station. Resources are very restricted. Opts out when another Regulated body is involved. Considered to be largely ineffective.

Known barriers to co-operation

The table below shows some of the barriers to effective working and indicates what can be done to solve the problems shown. We elaborate on those solutions later.

Obstacle	Detail	Solution
GDPR & Data Protection Acts	This is perhaps the most prolific barrier currently being used as an excuse not to share information with organisations other Agencies Banks, through lack of knowledge with the wider Laws, are reluctant to release information to assist investigations for fear of transcending GDPR. GDPR and Data Protection Law appears to be misunderstood by institutions, as explained in more detail later. However, they are quick to cross reference within the banking industry names of account holders who may be suspicious, sometimes with devastating consequences (cases exist of freezing all personal accounts of innocent individuals caught up whilst Whistleblowing for instance). Sections 6 & 7 of the DP Act 2008, irrespective of Tipping-Off regulations, they must provide full, non-redacted information and they *are* authorised as an exemption for the release of information where that assists investigations by authorised bodies	Data is held by the Joint Task Force and made available to its staff, who are seconded from the separate Regulators and Agencies. Failure of banks to provide information about customers suspected of perpetrating pension scams would become visible to the Financial Conduct Authority and, ultimately, the Bank of England, with possible implications under the Senior Managers and Certification Regime, for permissions and even banking licences
Kudos	Believing it (the initial Regulator contacted) is the most appropriate body to investigate and that involving others may hinder its control of the case and eventual 'win' – either success story or actual funds recovered	Cooperative working in the Joint Task Force leads to a higher proportion of 'wins', and to individual satisfaction through the achievement of kudos for the combined entity
Duplication	As things stand, if another Agency was involved then there would be enormous duplication of effort, time & resources – making the resistance	Joint Task Force is lean as well as agile - no duplicated effort

	of sharing information more plausible	
Lack of knowledge	It is apparent that none of the Agencies have sufficient suitable specialist knowledge of areas outside their sphere (i.e. non pensions or investment Laws – Banking, Company, Tax & VAT, Employment). Cases are known where the Pensions Regulator and their appointed Agents have not been aware of important features of banks' ability to track transactions and recall fund transfers within 12 days. Quicker action could have stopped hundreds of thousands of pounds being moved out of their reach.	The Joint Task Force will task to every credible report of wrongdoing, a highly skilled team of individuals contributed by the member Regulators and Agencies, each of whom has relevant expertise and experience, and can draw as required on specialist skills within his or her 'home' organisation. Scammers are sophisticated and motivated; our proposals aim to match and beat them, whereas the status quo lags far, far behind

What is the impact of all the known deficiencies on State Support?

The lack of speedy and just solutions creates an additional drain on Government resources.

All these negative problems have a huge impact on the economy and peoples' lives:

- Loss of retirement savings – likely adverse impact on Pension credit, local council support, the Financial Services Compensation Scheme, the Pension Protection Fund
- Emotional impact – adverse impact/drain on the NHS and social services due to ill health
- Family impact – additional support through Universal credit, social services, low income grants (university fees, equipment), death grants (due to ill health or suicide)
- £billions stolen from the economy and moved offshore along with loss of future income taxes and VAT
- Deadweight losses to the economy: every pension scam acts as a deterrent to rational, risk-averse citizens making appropriate provision for their retirement through fear of loss. If people fail to make adequate provision for their senior years the cost of supporting them falls to the state. Older people may under-occupy family homes rather than downsizing and investing, considering the former to be safer; this constrains the supply of larger properties for those who need them. And this reluctance to engage with legitimate financial services for fear of being preyed upon by scammers deprives the honest majority in the sector of business.

Are there tensions over offsetting of costs?

We suspect that a contributory factor in relation to the problem of sharing information and resources between different authorities is that when there is "money on the table" i.e. funds available to recover there may become a reluctance to involve other agencies as the funds are viewed for offset of costs. For example, where possible, all costs of the Statutory Trustee are met from scheme assets or funds recovered; with no transparency.

This problem manifests as a barrier to effective cooperation between agencies and may help to explain the general lack of effective teamwork, case management and oversight that is so desperately needed

People are disappointed, frustrated, suspicious and even angry

There is widespread ill-content in consumer confidence of regulators and government agencies. Many victims have been misled and tricked out of their savings. They feel very let down by the officials in which they have placed their trust and confidence. In the meantime, the culprits escape with impunity, free to make a "long-term career" as a scammer. The strength of feeling about the general inadequacies of the effectiveness of the regulatory framework (and the suspicion behind recent attempts to change the rules governing complaints against the regulators) can be gauged from this video recording of a recent symposium.

A summary of what's wrong with the present approach

We believe the present approach to dealing with financial scams and in particular pension scams suffers from:

- Wasteful duplication of effort
- A dearth of usable, actionable Management Information
- Operational gaps between different agencies that manifest as cracks in the system that are being exploited by scammers
- Vague and confused spheres of influence between the different statutory bodies
- Woefully poor communication and intelligence sharing between the various authorities involved; lack of incentivisation to cooperate fully between agencies
- Weak and ineffective cooperation between international agencies
- The general lack of an overarching strategy with clear lines of responsibility
- A general lack of transparency and accountability
- The poor application of Memoranda of Understanding between the authorities that manifest as cases being passed from one authority to another; resulting in "black hole" syndrome

There are many ways to describe the flaws and failings of the present approach.

Perhaps this short video speaks to them rather well.

About the Joint Task Force Idea

We believe the situation can be dramatically improved through the formation of a Joint Task Force that is properly empowered.

Key characteristics of the model we propose

The principal advantage to the Joint Task Force approach is that it brings together the skills, legal powers and statutory obligations of all the relevant agencies that already exist. The Joint Task Force does not need to 'reinvent the wheel'; it would harness and focus the existing skills, responsibilities and powers to provide a much more focussed, harmonised and joined-up effort.

This ought to maximise the speed and effectiveness with which scams are closed down, minimising the economic harms caused to victims and maximising the prospect of recovering monies. Its greater success in swiftly bringing perpetrators to justice would also act as a powerful deterrent to those contemplating criminality. This is especially true of serial financial services fraudsters.

The following 5 characteristics would form the basis of the blueprint that we believe is required:

1. Clearly defined mission, vision and modus operandi
2. Agreed specific, measurable, realistic and time-bound objectives and targets
3. Strong, open, visible and effective leadership
4. Clear roles and responsibilities for each partner-authority and/or other stakeholders
5. Appropriate, timely communication including reporting updates and feedback

The Joint Task Force will encompass all the existing regulatory powers and resources but within one operating unit. The daily operation of the Joint Task Force would need to be independent of the Regulators, whilst being staffed and funded jointly by all relevant parties. These would include Action Fraud, the Serious Fraud Office, trade associations, pension scheme providers and so on.

Laws already exist to tighten the grip on those operating illegally, but it is evident that the separate Regulators and Government bodies are limited by their individual Rules and cannot easily or quickly cross over into the domain of other entities. As a consequence, there is a great deal of "friction" in the system that saps speed and efficacy.

In addition, some existing powers and laws are simply not being used.

We propose that all relevant agencies pool their resources, knowledge and experience into this new single legal entity.

The Joint Task Force would be endowed with sufficient powers to coordinate and deliver fast, thorough and timely investigations into bad practices and fraud relating to financial service scams;

- to pursue and hold the criminals and their enablers to account
- to speed up the processes for bringing scammers to justice
- to stop further transactions as soon as evidence of fraud is discovered
- to identify and circulate lessons learnt from this activity
- to reduce the occurrence of financial services scams by agreed targets

What would be the stated purposes of the Joint Task Force?

- To act as an independent and objective central UK agency to investigate malpractice and unlawful activities throughout UK financial services
- To be the UK's joined-up link between all relevant bodies
- To ensure that the Laws and Rules governing all financial transactions are consistently and visibly enforced
- To proactively seek out and "hunt down" individuals and businesses involved in unlawful and unacceptable conduct
- To hold to account those found breaching the Laws and Rules and to take action against them through the Justice system (criminal and civil) and through the Regulatory framework
- To maximise the adverse consequences for perpetrators and thereby the deterrent effect on others by ensuring that every possible criminal and civil penalty is brought to bear on scammers and those who enable them.
- To operate as a combined unit. To elaborate on the need for a combined approach, please consider this:
    - Police services currently hand financial services frauds to the Financial Conduct Authority because they're complex and expensive to pursue. The Financial Conduct Authority does not consider itself to be the lead prosecutor of frauds, so it seldom picks up such cases.
    - Under our proposed model, there would not need to be the careful orchestration of how the various parties would work together, because they would be free to function as a combined unit; because they would be a combined unit
    - As such, prosecutions could be brought in a far more purposeful and practical way. Sometimes evidence is complex and convictions for fraud or financial services misconduct difficult to obtain. In such circumstances, the presence of, for example, HMRC in a joint Task Force might lead to the perpetrators

instead being convicted for tax evasion, or other specialists may be able to obtain Money Laundering convictions

- To gain full cooperation and support from all Regulators, Government bodies and industry professionals; and to assist all agencies in their consumer protection duties including the Financial Ombudsman Service and the Pensions Ombudsman.
- To act as a catalyst for true international cooperation to properly deal with the international/multi-jurisdictional dimension to scamming, thereby helping to deal with a major weakness of the current approach - the fragmented international regulatory and enforcement framework that leads to weaknesses that criminals actively and easily exploit
- To make recommendations for restitution and to actively engage in the restitution process
- To review the (compulsory) published Regulators' accounts of funds recovered and resolution of victims' losses. In the case of the Pensions Regulator this includes the Statutory Trustee, which as their Agent must operate under the same obligations as the Regulator with a Duty of Care and priority to Pension Scheme Members
- To maintain a register of financial investigations, providing case numbers and tracking available to victims in respect of their own situation
- To maintain a register of complaints against financial Regulators and resolutions and report to the Work and Pensions Select Committee and/or the Treasury Select Committee.
- To publish details of investigations' successes or otherwise, resources used, funds recovered & distribution thereof, fines, persons convicted, and sentences imposed
- Overall, to help build confidence in the financial services sector and be recognised as the central 'go-to' authorised body for consumers. Consumers have been repeatedly let down by watchdogs against a series of wide-ranging frauds and financial scandals spanning at least the last decade. Trust is likely to be at an all-time low. The Joint Task Force can, gradually, earn the trust of stakeholders if it is operated successfully and if it is sufficiently transparent

For clarity, what we are proposing is a permanently staffed, co-located, working group, comprising representatives from each agency, with clear reporting and communication lines and accountability. It would receive and triage incoming reports of scams and, for all those it deemed credible, would task a newly created operational team that includes a representative from each agency that could be relevant to the specifics of that particular case.

The benefits of this approach are that it is both lean and agile, able to respond quickly and appropriately with a highly skilled, cognitively diverse and right-sized team to every credible report of consumer harm.

There would be far better collaboration and actual use of resources and knowledge. Initiatives such as Project Bloom works at too high a level to benefit anybody who is investigating crimes 'daily on the ground'. The Pensions Scorpion and ScamSmart help get the message across to the consumer, but even then the messages on each Regulators' websites, and their procedures, differ; symptomatic of the general lack of joined-up-thinking.

Prevention and cure

There has quite rightly been widespread criticism of the ineffectiveness of the regulators to clamp down on internet advertising by scammers. These articles elaborate on the point very well:

https://www.thetimes.co.uk/article/financial-conduct-authority-failing-to-stop-conman-setting-up-sites-says-campaigner-mark-taber-tp83kjv5w

https://www.thetimes.co.uk/article/record-number-of-savers-fall-victim-to-investment-fraud-as-scam-adverts-stay-on-google-l2hkbgqn6

As well as dealing with "after the event" case management, the Joint Task Force would also help prevent scams taking place to begin with by having responsibility for removing advertising by scammers on the internet. By doing so it would also be able to investigate the people behind the advertising and bring the full weight of the law against them.

In a similar vein, the Joint Task Force would have executive oversight of:

- the way the regulators give/remove permissions to/from regulated entities
- the implementation of the Senior Managers Certification Regime so that the unprofessional and criminal that have regulated status are closed down quickly
- how effectively the regulators are educating the public about the risk of scammers through their advertising activities

What the Joint Task Force would *not* be

There is a risk that this proposal could be parlayed by reluctant regulators that instead of adopting it, water it down into simply operating standing committees that meet periodically to agree joint policy statements. This would not solve the problem; it would be like moving deck chairs around the Titanic.

Furthermore, we restate the key point made earlier about Project Bloom. Project Bloom is too high-level to be effective.

Practical operation of the Joint Task Force

Information sharing and registration of all whistleblowing by Regulators and other Agencies should be made compulsory between each other and to the Joint Task Force, along with the Central Complaints Register.

The actual workforce should be formed from existing dedicated staff within the Regulators' and other Agencies' and expanded to include a full-time team with the broad range of skills to understand and allocate case management and workflow in a professional business manner – *the business of scam investigations.*

Some funding can be initially secured from the existing Regulators, Agencies and industry participants (i.e. cost neutral within existing individual arrangements). In addition, proper independent Government funding should supplement the private sector from the savings made as described earlier in the section on 'Effects on State Support.'

This would provide:

- Combined funding, with better use of the existing individual organisations' funds;
    - Each regulator could allocate similar funds currently being used for investigations
    - Additional funding could be requested of pension Providers who would benefit from the combined effort, communications and solutions
    - Some funding could be from existing scheme levies, with additional funds from contract-based scheme levies
    - Government support would become offset in improvements to the economic benefits of an effective Force and better use of the combined resources
- Combined resources / knowledge
- Improved case knowledge; and the active people involved would improve regulatory staff awareness to catch fresh cases earlier
- Prevention of future fraud by intercepting known people and their practices before they can operate again or phoenix a fresh company
- Better use of resources - each Regulator currently allocate investigators, administration and expenses which duplicates effort, slows outcomes and loses impetus or even leads to loss of action
- Resource should be dynamic according to the case details – with, for example, specialist knowledge of fraud, banking, pensions or accounting brought in when necessary
- Cross education amongst the parties through working more cohesively - this would improve success rates

- Combined working would breed more effective action and increase awareness that every effort is being made to help the public; doing so would help prevent some victims reaching the depths of despair
- Greater use of powers, to include:
    - Powers of arrest
    - Powers of entry
    - The taking of immediate investigative action
    - Smooth escalation to the Serious Fraud Office, when case knowledge expands; acting as its liaison
    - Better Court relations – streamlined access, process, combined criminal and regulatory proceedings with economies
- There should be complete transparency of operations with temporary exemptions during sensitive investigations, but such exemptions should not detract from 'internal' communications between regulators/official participating bodies.
- There should be full annual reporting and disclosure of cases, actions, costs and recovery/restitutions
- Members/victims/Regulators/appropriate Government bodies should receive regular, periodic updates
- Members/victims should be protected once initial investigations have determined their innocence as a scam victim.
- All Whistleblowers should be better protected, not just employees as is currently the case.
    - Often third parties and other Officials in businesses become aware of malpractice. Whilst the Pensions Act 2004 s.71(1) imposes statutory whistleblowing duties on a range of parties who are not necessarily employees, it would seem that in practice this is often overlooked. As a consequence, the whistleblowing legislation tends not to protect anyone other than 'employees' from attack via suspicion by the Regulators or investigations
    - Insufficient support is available with explanations of the processes, timing, and continual liaison through to the end result. Whistleblowers seldom hear of any results or whether the knowledge they have provided has been used and helped or gone to waste
    - With published results as recommended Whistleblowers will be able to see results (with anonymity) thus encouraging others

Executive Summary

The table below is an attempt to show very simply the merits of the Joint Task Force compared to the present situation:

Feature	Existing Model	Joint Task Force
Speed of responsiveness	Slow	Fast
Potency as a deterrent	Weak	Strong
Communication levels	Low	High
Interoperability levels	Low	High
Accountability levels	Low	High
Transparency levels	Low	High
Likelihood of intelligence "falling between the cracks"	High	Low
Likelihood of wasteful duplication of effort	High	Low
Likelihood of prosecutions	Low	High
Overall effectiveness	Poor	Good
Overall value for money in terms of 'return on investment'	Poor	Good
Incentivisation of police forces to investigate and prosecute	Low	High
Power, resource, incentive and capability to effectively search and investigate	Low	High
Effectiveness in dealing with overseas counterparts	Poor	Good

Parliament's will is not being done; why?

The purpose of this section is to show how the authorities fail to use existing laws to good effect; as if they do not themselves understand how the law can be applied. In general terms, we see a pattern - how Parliamentary will, as expressed through legislation, is not being enforced.

GDPR and Data Protection

Few Agencies appear to understand the detail of the Data Protection Acts and other remedial opportunities of obtaining justice are being missed and lost.

As mentioned in a previous table, sections 6 & 7 of the Data Protection Act give authorisation and compulsion to release full and non-redacted information in response to Suspicious Activity Requests, yet institutions currently only quote section 7, thereby getting in the way of full disclosure

Money Laundering and the Proceeds of Crime Act

The Proceeds of Crime Act 2002 (updated, 2003 & 2012) - POCA states:
Money laundering is defined as an act which constitutes an offence under S.327, 328 and 329 or a conspiracy or attempt to commit such an offence. Money laundering includes counselling, aiding or abetting or procuring.

It should be noted that convictions for money laundering under sections 327 and 328 attract the use of the lifestyle assumptions under S.75 and schedule 2 Proceeds of Crime Act 2002. Under the Proceeds of Crime Act, the Crown has to prove that the laundered proceeds are "criminal property", as defined in S.340 of the Proceeds of Crime Act: that is to say that the property constitutes a person's benefit from criminal conduct.

Early evidence often gives the Regulators the necessary proof of ‘criminal property’ i.e. proceeds of crime, yet no action appears to have been taken and only financial orders to repay have been pursued, with little or no success. Under ‘Criminal Conduct’: Offences which were committed abroad are relevant predicate crimes if laundering acts are committed within our jurisdiction where the predicate offence committed abroad (from which proceeds were generated) would also constitute an offence in any part of the United Kingdom if it occurred here (S.340 (2) b) (Archbold 2006 33-29).

Yet the Regulators say they cannot pursue those who reside or operate abroad!

Proving that proceeds are the benefit of "criminal conduct" will usually be done by circumstantial evidence. It is not necessary in "stand alone" money laundering prosecutions to wait for a conviction in relation to the "criminal conduct" (i.e. the underlying or predicate offences giving rise to the criminal property). Prosecutors are not required to prove that the property in question is the benefit of a particular or a specific act of criminal conduct

Defence to s.327 (disclosure): It should be noted that an offence is not committed if a person makes an "authorised disclosure" under S.338 to a constable, a customs officer, or a nominated officer. This will absolve disclosures, such as suspicious transaction reports to the police and to designated compliance officers within companies made within the requisite timescales in S.338. S.327 also exonerates acts done in carrying out a function relating to enforcement of any provision of the Act, or of any other enactment relating to criminal conduct or benefit from criminal conduct.

Again, this is misunderstood by Regulators and the Banks.

S.331 Failure to Disclose: Section 331 creates a separate offence of failure to disclose in respect of nominated officers (i.e. compliance officers) who receive disclosures based under S.330 and who do not pass the information to the National Criminal Intelligence Service (NCIS) as the disclosure receiving agency when they:

- know or suspect; or
- have reasonable grounds for knowing or suspecting that another person is engaged in money laundering.

The offence is triable either way with the same maximum penalty on indictment as an offence under section 330 (up to 5 years imprisonment).

S.333 Tipping off: Section 333 creates the offence of making a disclosure likely to prejudice a money laundering investigation being undertaken by law enforcement authorities
It is a defence to a charge under S.333 that a person;

- that the disclosure was made in connection with a function relating to enforcement; or
- if the information is passed on in circumstances that amount to legal privilege, but not if the information is passed on to further a criminal enterprise.

Again, Regulators and the Banking industry do not pass on information to other Agencies - ironically, they may be committing a criminal offence themselves by not disclosing details.

Charging Practice - Mixed cases:

A money laundering charge ought to be considered where the proceeds are more than de minimis in any circumstances where the defendant who is charged with the underlying offence has done more than simply consume his proceeds of crime.

Where, however, there is any significant attempt to transfer or conceal ill-gotten gains, money laundering should normally be considered as an additional charge, in part because the purpose of the concealment will be to defeat or avoid prosecution and confiscation.

In a "mixed" case, where the laundering is done by X on behalf of Y (the author of the predicate offence), it may be appropriate to proceed against Y for the underlying crime and X in relation to the laundering offence in the same indictment.

These remedies are not being used effectively by Regulators at present.

October 2020

Appendix 1: Why This Matters

The effect on individuals and their families of financial scamming, particularly pension scamming is often catastrophic, causing financial and emotional shock, illness, unemployment, business collapse and perhaps even suicide.

Pension scam victims may find themselves feeling/experiencing:

- Total loss of life savings in their pension or investment fund
- Insensitive tax demands from HMRC
- Being treated by HMRC as if they are somehow complicit in pension scamming
- Liability for interest accrual on the amount outstanding with HMRC
- Inadequate information by the Statutory Trustee appointed by the Pensions Regulator to take over the management of the scheme
- The emotional trauma caused by desperately looking for support from the authorities but not finding it
- The additional emotional trauma of paying for professional help and being very disappointed with what is actually achieved
- The additional emotional trauma of being accused of libel/defamation/slander for attempting to alert people to scam adverts, particularly online ads or actual suspected criminal activities
- The additional emotional trauma of listening to a radio programme that would seem to suggest that the firm that you have paid to give you professional help may have received money from firms allegedly involved with pension scams
- Worry of being made bankrupt, homeless and destitute
- The frustration of not having the money to pay for good legal advisers and other professionals to fight their corner in an attempt to get justice and compensation
- A complete breakdown of trust and confidence in Companies House; for a general lack of due diligence when scammers set up new legal entities
- A complete breakdown of trust and confidence in the pensions industry
- A complete breakdown of trust and confidence in the financial regulators; including for the way HMRC has registered. pension schemes that it should not have done
- A complete breakdown of trust and confidence in pension policymakers; *for example*: for the rushed and reckless introduction of Pension Freedoms, despite warnings that Pension Freedoms would lead to a surge in pension scamming
- A complete breakdown of trust and confidence in HMRC; because of insufficient due diligence when they provide registration numbers that enable pension scammers to operate

- A complete breakdown of trust and confidence in the banks; for a lack of due diligence when scammers set up bank accounts and lack of transaction tracing when funds are moved around
- A complete breakdown of trust and confidence in all the other authorities and enforcement agencies
- A very real and overwhelming sense of despair
- A very real and overwhelming sense of suspicion and distrust
- Severe emotional distress in knowing that the perpetrators that have scammed away their life savings living a life of luxury and are free to carry on doing it to new victims
- Severe emotional distress; perhaps leading to mental breakdown, family break-up and even suicide

The emotional cost of becoming a pension scam victim should not be underestimated. We urge the Work and Pensions Select Committee to read the article on page 12 in the October 2017 edition of the Transparency Times, by Ken Kivenko:
https://issuu.com/andyagathangelou/docs/transparency_times_october_2017

Appendix 2: High Level Fraud

By Anthony Stansfeld - Police Crime Commissioner, Thames Valley Police

Fraud is now costing the UK economy as much as the entire NHS. The annual figure for fraud given by the National Crime Agency is over £190Bn based on figures from three years ago. This is almost certainly an underestimate. The NHS in the same year cost £197Bn a year. Little is done to combat major fraud. Less than 0.03% of the amount lost is spent on countering fraud. The Serious Fraud Office receives around £50m a year, Action Fraud, which has been shown to be largely unfit for purpose, receives £16m. Police Forces have neither the time, capacity, nor capability to take on fraud. When fraud cases are brought to their attention, they are either sent to Action Fraud, where mostly they disappear into an administrative hole never to be heard of again; or are classed as a civil matter. The few that are distributed back down to police forces are rarely investigated. Less than 2% of fraud is investigated properly, and only a fraction of that brought to justice.

PPI, LIBOR, and the extensive money laundering of the assets of major criminal enterprises, have resulted in banks being fined heavily. However, this penalty falls on the totally innocent shareholders of the banks. No senior bank executives are ever held responsible for these massive criminal frauds, and they continue to receive not only large pay packets, but also massive bonuses.

Even more serious has been the deliberate destruction of individuals and companies by banks to pillage their assets. There has been little effort or enthusiasm by the many regulatory authorities, notably the Bank of England's Prudential Regulatory Committee (PRC), the Serious Fraud Office (SFO) and the Financial Conduct Agency (FCA), to either stop these frauds or bring the perpetrators to justice. These major frauds, unlike Libor and PPI, were not skimming off the top. They have ruined thousands of companies, farmers, and families. A great number of jobs have been destroyed. Companies, homes, farms and possessions have been repossessed on forged documentation across the country. The damage to the UK economy has been massive.

In August last year the Treasury Select Committee asked the National Crime Agency (NCA) to look into the industrial scale forging of signatures by banks and the alteration of documentation. Twelve large files of evidence were given to the NCA. In spite of having a responsibility for Serious Organised Crime, the files were immediately given to the FCA which has been aware of the problem for years. It was then passed to the SFO, who have been in possession of similar documentation for several months. It is now back with the NCA with no apparent investigation having been started. The ability of the Regulatory Authorities to pass the parcel between each other without anyone taking responsibility is a neat way to avoid action being taken. There are now 19 files of evidence with the NCA. As of now no investigation has moved forward further than a 'review' of the evidence.

The underlying problem is that senior white-collar crime is not seen by the establishment to be a real crime. A senior Metropolitan police fraud officer wrote to the Treasury Select

Committee in 2017 stating that the executive boards of some of our most prominent banks were Serious Organised Crime (SOC) syndicates. His report was hastily buried. From everything I have seen, and which has become apparent over the last three years, he may well have a point. Stealing a million pounds through the front door of a bank will result in a police response. Steal a billion through the back door and nothing is done.

The HBOS Reading case involved a fraud approaching £1Bn. It cost Thames Valley Police £7m to bring to court. Those charged were found guilty, and 6 individuals received combined sentences of 48 years. No one at board level took responsibility. The FCA fined Lloyds Bank £45m for concealing the fraud, but yet again held no one responsible at board level. The fine was passed directly to the Treasury. In spite of the then Chancellor, Philip Hammond, being asked to reimburse TVP the cost of the case, he refused to do so. It is little wonder that Police forces, which rarely have either the capacity or capability to investigate high level fraud, are reluctant to take on fraud perpetrated through banks. It is costly to do so, and even if they recover massive sums of money, none reverts to the police force that has borne the cost.

An internal review into what had gone on in Lloyds, called the Turnbull Report, was written in 2013. It laid out in detail the consequences of the inaccurate, and possibly fraudulent, KPMG audits carried out on the HBOS accounts. These had overlooked massive holes in the bank balance sheet approaching £40Bn, and the concealment of the £1Bn fraud carried out in Reading. On the back of these audits, both HBOS and Lloyds had raised billions in Rights Issues on knowingly false accounts. KPMG were also the auditors of the Co-Op Bank and Carillion. The senior partner of KPMG became Chairman of the FCA. It is interesting to note that the Chairman of the Financial Reporting Council (FRC), which is meant to monitor auditors, gave the KPMG audits of HBOS a clean bill of health. The Chairman of the FRC was in his previous job Chairman of Lloyds.

The Turnbull Report was written by a senior Lloyd's accountant, Sally Masterton. It named both the companies and individuals involved in the frauds and the cover up. She was promptly made redundant with minimal compensation. The bank denied the report was authorised and did its best to denigrate its author. Both the Bank of England and the FCA received the report in early 2014. In spite of the evidence neither took action. Three years after Sally Masterton was sacked the bank had to admit her report was authorised and she was paid compensation. The failure of the FCA to protect Sally Masterton is regrettable, it took others to ensure the bank apologised to her and paid her compensation. Needless to say, it was accompanied by a draconian Non-Disclosure Agreement.

In 2017 it became apparent that the Turnbull Report had been concealed by the 3-man Executive Board of Lloyds from their own Chairman and non-executive directors for three years. The Chairman, Lord Blackwell, was sent a copy of the report in March 2017. He took no action in spite of it being clear that a number of fundamental company rules had been broken by his executive board. As far as can be ascertained he failed to pass on the report to the other non-executive directors for a further year. Anita Frew, the senior non-executive Director of Lloyds, was asked when the Chairman shared the report with the other non-

executive Directors. It is a simple question she would not answer, and neither would the Company Secretary. It was not until the report was published through parliament that she and most of the other non-executive directors were made aware of the report.

Similar frauds to HBOS were also going on in Lloyds itself, RBS and Clydesdale. It is estimated that RBS alone took down around 16,000 companies. A proportion of these were not viable, a great number were, and had never defaulted on loans. The companies were pushed into the RBS Global Restructuring Group. This was meant to assist companies, not destroy them. Its Chief Executive told the Treasury Select Committee it was not a profit centre. It made £billons pillaging companies. No one has been held to account for this. The head of RBS GRG became Chief Executive of Santander UK Bank. The FCA and the Bank of England stood back and did nothing.

The SFO is now in possession of both the Turnbull Report and detailed files on the use of forged documents and signatures that have been used to convince courts to bankrupt a vast number of individuals and repossess their homes. The Turnbull report has sat with the SFO for a year, and with the FCA and Bank of England for five years. Action by them is well overdue. The evidence is clear. The files that cover the forged documents have been with the SFO for six months. Again, the evidence is clear. I trust it will not be covered up like so much else has been.

Similar frauds were perpetrated in both the US and Australia. In the US, the banks were fined £25Bn for the forging of documents and bankers gaoled. In Australia the government set up a Royal Commission. Its report is devastating, and the police are now taking action against the bankers and associates involved. In the UK nothing has been done. There would appear to have been a systematic cover up. The Bank of England, the FCA, the FRC and a number of other bodies have failed to hold the banks and accountancy companies to account. There is a revolving door between employment in these agencies and the major banks. It has been at the expense of thousands of small and medium size companies. The bailout of Lloyds and RBS by the Treasury merely compounded the loss to the UK economy.

Two major inquiries into Lloyds Bank have been commissioned. Sir Ros Cranston, a retired High Court Judge, has now reported on Lloyd's Bank treatment and compensation paid to victims of the HBOS Reading frauds. His conclusions are that Lloyd's treatment of those defrauded was 'neither fair nor reasonable'. The internal Lloyds scheme under a Professor Griggs is widely believed to have failed to properly compensate those small numbers of victims whose names came up in the court case. The others defrauded, whose cases were not brought up during the court case, have largely been ignored. It is worth mentioning that only a small part of the Reading fraud was prosecuted, probably less than a third of the overall fraud. This gave the bank the opportunity not to compensate the many others who had been defrauded. All those who have been compensated were made take it or leave it offers, accompanied by Non-Disclosure Agreements (NDAs).

The other inquiry is an internal Lloyd's inquiry headed by another senior Judge, Dame Linda Dobbs. This started in 2017 as a small inquiry into what had gone on within Lloyds over the

HBOS case. It has now expanded into a major inquiry that will not report until later in 2020. It will have taken nearly 4 years and a large team of lawyers supporting Dame Linda, with two lead QCs, to get to the bottom of this. Every stone that is turned over expands the inquiry. The concern about this report is that most of those responsible will have departed the bank with large bonuses and pay offs before the report is released. Only part of the problem is being looked at by the inquiry. What went on in other branches of Lloyds is not part of the inquiry.

In the current economic climate, it is clearly necessary to support the banking system, but that does not mean that corrupt senior bankers should be supported. Ideally the Government should set up a full Public Judicial Inquiry into what went on in our banks. It should examine how it can be prevented from ever happening again, why the regulatory authorities covered it up, how the victims should be compensated, and who should be prosecuted.

However, in the current circumstances the better option maybe is to have a number of smaller low-key inquiries that interlink. Those bankers clearly implicated should be asked to resign quietly, without bonuses and titles. Those that have the most senior positions should be told that unless they cooperate with the inquiries, they are liable to have a full criminal investigation launched into their activities. There should be a clear direction that non-executive boards are there to hold the bank executives to account, not only for profitability, but also integrity. The current non- executive boards have knowingly failed in their duties, and should, in some banks, notably Lloyds, be replaced in their entirety. It should become widely known in the City of London that fraud will be investigated, and prosecution will follow. At the moment fraud is seen as a safe way to make money. In both the US and Australia, they have tackled this problem, and they now have a far less corrupt system than we do in the UK.

There should also be a look into how the bankruptcy courts are being manipulated, and why the Land Registry and Insolvency Services have failed to guard the rights of property owners. The behaviour of some of the most prominent legal companies who have acted on behalf of the banks should also be examined. Finally, the failure by some of the major trade bodies that are meant to regulate the behaviour of their members should be looked into. They would seem to have become more concerned about protecting their members rather than seeing they operate within the law.

The sorting out of flagrant frauds within the UK banking system, without damaging it yet further, will be a difficult balancing act. However it cannot be allowed to continue. The present economic situation has given banks the opportunities to go on behaving in the same way that they did after the crash in 2008. At least £500m should be used to set up regional police fraud units with the majority employed within them being forensic accountants. The money required should be taken from the annual fines levied by the FCA and ring fenced for this. The SFO should either be made fully independent of the Treasury or be subsumed by the NCA. The NCA should deal with the wide scale bank money laundering, and the international aspects of the frauds. This will need a proper fraud division to be set up within the NCA. The current small team has no capability to take on international banking fraud. The governance

of the NCA needs a radical rethink. It has clearly been complicit, with the City of London Police, in its failure to take on major fraud.

The UK needs a profitable banking system and it needs an honest one. The two appear not incompatible in certain situations. The UK cannot afford to gain a reputation for corrupt banking.

End.