

Question Set F

For other stakeholders

Please note all of these points before answering:

If you have any questions please contact Andy Agathangelou, Chair of the APPG's Secretariat, at Email

- Only reply to this question set if it applies to you.
- This Call for Evidence is being handled by the APPG's [Secretariat](#) and support staff, who will collate the evidence and provide it to [the APPG's members](#).
- Respondents' information will only be shared as necessary to enable the successful completion of the exercise and it will not be shared beyond the scope of this Call for Evidence.

Please note that we ask respondents to only give evidence that they are free to provide. It is entirely the responsibility of the respondent to ensure they take into account any agreement(s) they may have entered into.

- Respondents may choose to skip answering any of the questions if they wish.

It is for each respondent to decide whether their name and/or their responses are put into the public domain.

The process to follow

- Select the question set that relates to you. You may respond to more than one question set if you have different experiences of contact with the FCA.
- Download it, as a Word document, and save it on your computer.
- Provide your answers after each question.
- Please leave blank any questions that don't apply to you or that you do not wish to answer.
- Save the completed document on your computer.
- Please email it to Andy Agathangelou, **by 5pm on Monday 10th January**, at Email

Other important points to note

- This exercise is about gathering evidence on what people think about the FCA; it is not about providing any assistance, guidance or advice on any case a respondent may have against the FCA, or any other entity.
- Respondents are asked to only provide answers to the questions given.
- Respondents are asked to not provide any supplementary evidence or documentation.

Question Set F

For other stakeholders

Your Details

Name:

Anthony Stansfeld

Company/Business (if applicable):

Address including postcode:

REDACTED

Email address:

REDACTED

Mobile telephone number:

REDACTED

Permissions

- o Do you give permission that your name is put into the public domain?
 - § Please enter **Yes**
- o Do you give permission that your response is put into the public domain?
 - § Please enter **Yes** (With Email address, phone number and postal address redacted).

Questions

1. Please tell us about yourself and outline, just briefly to begin with, how you came to interact with the Financial Conduct Authority?

For the last nearly nine years I have been the PCC of Thames Valley, one of the UK's largest police forces. For the last two years I lead for PCCs on fraud. Thames Valley Police (TVP) investigated the massive fraud perpetrated out of the Reading branch of HBOS, a fraud approaching £1Bn, though only £245m was used in the successful prosecution. I had numerous interactions with the FCA over this, especially as it became apparent similar frauds were going on in both Lloyds Bank and RBS.

2. What is your interest in, or connection with, the FCA?

Besides several emails with the FCA I also had a one to one meeting with its CEO, Andrew Bailey, at his offices in the City of London. I asked why the Sally Masterton Turnbull Report, which the FCA received in 2014 had never been followed up. I received no satisfactory answer.

3. Briefly describe the interactions you have personally had with the FCA.

In spite of my briefing the FCA in some detail on major bank frauds out of both Lloyds and RBS, the FCA failed to investigate any of them to the best of my knowledge.

4. In broad terms, what have your dealings with the FCA been like?

My dealings with the FCA were unsatisfactory in that I felt they were intent on covering up major fraud in our larger banks. They utterly failed to protect Sally Masterton who wrote the Turnbull Report. This report laid out in some detail the corrupt practices within Lloyds Bank, and associated companies. Lloyds claimed that the report was unauthorised, it was unsubstantiated, and implied she had mental issues. None of these were true. The report was authorised by the Lloyds Head of Risk and Audit, it was clearly substantiated, and she was a clear headed and competent senior accountant with the bank. She was sacked with minimal compensation. This has been the fate of other whistleblowers who the FCA should have protected. It took three years for I and others to get

Lloyds to own up to this and pay her proper compensation. It should have been the FCA that did this. The FCA has also failed to follow up the devastating Lloyds Attwood report.

5. Have you ever witnessed any actions or conduct that, in your reasonable belief, breached any law, regulatory code or applicable or relevant policy? If so, please explain which law, code or policy you believe was breached.

Yes. It was quite clear to senior management in the FCA that the fraud in HBOS Reading was replicated in both Lloyds and RBS, yet no one was prepared to take action, it was covered up, as were the Turnbull and Attwood Reports. That would appear to be serious Misconduct in Public Office, a criminal offence.

6. Have you experienced situations where interacting with the FCA has been helpful to either yourself or others? If so, please explain what made the interaction(s) helpful.

No.

7. What are your thoughts on whether the FCA lacks the powers that it needs; or conversely, that it doesn't make good use of the powers it already has?

The FCA has the powers, it does not use them. It covers up rather than taking action. This is especially true when it involves major banks. When did it last investigate claims of major frauds and misconduct in a bank? When it did look into Lloyds over the HBOS frauds it fined them £65m. This was reduced to £45m because of their 'co-operation'. Lloyds did not, in any way, fully co-operate with the police in the HBOS Reading investigation.

8. Have you experienced any difficulties or shortcomings in your interactions with the FCA?

Yes.

9. Have you experienced the FCA being reluctant to give clear answers to questions?

Yes, persistently.

10. What is your perception of the culture of the FCA, and what do you think of it?

The FCA has a culture of covering up major banking fraud. It does not help that the last Chairman of the FCA was a senior partner of KPMG, which audited the HBOS accounts and overlooked a £48bn hole in the accounts, and also audited Carillion and the Co-Op. There seems to be a revolving door of employment between the FCA and those it should be investigating.

11. Have you ever complained officially about the FCA; if so to whom? What happened, and how do you feel about what happened? What feedback, if any, have you had about your complaint? How helpful was the feedback? How long has it taken for your complaint to be processed?

Yes, to both the previous PM and Cabinet Secretary. I have the email correspondence. I have also brought it to the attention of the Treasury Minister, John Glen. They take the advice of their civil servants who cover up rather than expose.

12. What do you think about the possibility of conflict of interest issues at the FCA?

Both senior executives and Chairmen of the FCA and FRC have come from jobs in organisations they should be investigating. There are serious conflicts of interest.

13. Do you believe there should be spot checks by the FCA on regulated and/or unregulated entities, perhaps similar to the spot-checks by VAT inspectors

See above. The revolving employment door between the banks, the accountants, the major London legal practices, and the FCA are clear. Until this is sorted out the FCA cannot regulate properly. The FCA is clearly both unable and incapable of investigating major fraud, as is the SFO. It requires the police to be properly financed at a regional level to have a major fraud divisions. This how is Counter Terrorism and Serious Organised Crime is organised. It needs a separate budget direct from the Treasury. Its personnel would be largely forensic accountants, not police, but a small core of suitably qualified police within it. It would pay for itself within two years. It should be totally independent of the Treasury.

14. What positives are there about the FCA that you would like to comment on?

None that I have come across.

15. If you could change three things about the FCA, what would they be?

- a. Stop the revolving door of employment between the FCA and those it is regulating.
- b. Get a properly independent Chair and CEO.
- c. If it requires it it must have a larger budget.

16. The FCA is undertaking a Transformation Project. Do you have any comments to make about that?

About time too. However it cannot be allowed to make up its own rules. Any reorganisation needs to be truly independent.

There are far too many Regulators with overlapping responsibilities. This allows the parcel of responsibility to be passed between them without any of them taking action. How is it possible for both the Atwood and Turnbull Reports to be totally ignored and covered up? Even the Dame Linda Dobbs Inquiry has now dragged on for nearly five years without being completed and published. In the meantime there are thousands of victims of major bank fraud, and also thousands of SME companies that have been destroyed, who are yet to have their cases looked into or compensation paid. The BBRS compensation scheme has been an out and out scandal run by the banks most involved for their benefit. At last some of the victims of the HBOS fraud have received compensation, but only after Lloyds made every effort to avoid paying compensation.

17. Are there any other comments that you would like to make?

I have a few additional points that I would like to make:

- 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, receives £16m, neither has the necessary staffing to deal with the problem. 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.
- In June 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.

~~ END ~~

Thank you