

COMMENT

By IAN FRASER

THE very idea of a well-established bank actively training staff members to forge customer signatures ought to be preposterous. Even by the standards of RBS – which ‘went rogue’ under Fred Goodwin and wrought destruction on small firms it should have been helping – surely such blatant and systematic fraud ought to have been a step too far?

Yet today’s claims by whistleblowers seem to show just how poisoned the once-great bank had become after its former regime bred a culture of impunity that

infected most aspects of its business.

Of course, there were warning signs. One of the most concerning things I stumbled across while researching my book *Shredded*:

Inside RBS, The Bank That Broke Britain was the way in which even good people within RBS and its numerous subsidiaries – which included NatWest, Ulster Bank, Coutts, Adam & Company, Direct

Line and Citizens Financial Group – had been driven to do bad things by the bank’s ‘rank and yank’ performance management system.

Introduced by Goodwin to drive up profits soon after he snapped up NatWest for £22 billion in March 2000, this annual appraisal system was designed to evaluate if staff were eligible for bonuses, promotion or luxury rewards such as exotic holidays.

But ‘rank and yank’ had perverse side effects: bankers who behaved badly by flogging inappropriate but highly profitable products – which could be ruinous for customers – were praised to the heavens and treated like kings; those who balked at foisting potentially crippling products on their customers were quite literally ‘yanked’ out of the bank.

Another sign emerged after I obtained a secret recording of a pep talk given to investment banking staff six months after RBS received the first part of a £45.5 billion taxpayer-funded bailout in March 2009.

John Hourican, then chief of RBS’ investment bank, admitted 1,000 employees – nearly a tenth of the investment banking unit’s back-office staff – were solely engaged in ‘data clean-up and reconciliation’.

It was like a secret army whose only job was to recreate documents, such as loan and derivatives agreements, in ways that suited the bank – and which might undermine the position of counterparties.

At this point I was also conscious of isolated cases where RBS was alleged to have falsified documents to suit its own ends; for example, in the hope of winning court cases and where it was alleged to have invented minutes of phone calls that customers insisted had never taken place so it could wriggle out of paying compensation for mis-selling interest-rate swaps.

Until then, I confess the notion RBS could have systematically engaged in forging internal documents still seemed far-fetched in the extreme.

Then in September 2015 came another revelation. I attended the Cambridge International Symposium on Economic Crime at Jesus College. In one of the breakout groups hosted by the SME Alliance, an organisation dedicated to exposing and correcting banks’ abuse of small business customers, I witnessed a presentation from Andy Keats.

The Norfolk-based businessman alleged RBS had set out to destroy his pet tags company. In meticulous detail, he outlined how it had doctored the transcript of a phone call that he had had with one of its bankers in a way that seemed designed to put him in a bad light and undermine his claim against the bank.

Rowan Bosworth-Davies, an ex-UK financial regulator and former Scotland Yard fraud squad detective, also attended the session. As Keats was in mid-flow, Bosworth-Davies blurted

out: ‘These are nothing but downright forgeries and these people have uttered them’.

He later told me: ‘Andy’s evidence suggests that banks ritually and deliberately take transcripts of telephone calls between complainants and the bank; and systematically go through these conversations, re-editing them and reproducing them in a format which is much more favourable to the bank.’

‘They appear to be blatant forgeries which are being used against victims during the course of legal proceedings and specifically designed to damage them. They’re primary proof of a conspiracy to pervert the course of justice.’

‘For the first time – during that Cambridge conference – I found routine agreement among delegates that the banking industry had become synonymous with organised crime.’

I must admit, it was at this point that I realised perhaps RBS would go to any and every length to profit – even, possibly, forging customer signatures, as I had, by then, heard in whispers.

When I met a senior executive of RBS at its Gogburn headquarters in December 2015, this possibility strengthened. He was all sweetness and light as he outlined the bank’s overall business

strategy. However, as soon as I raised the thorny subject of allegations of forgery of documents by the bank, his mood turned and he lost his rag.

He angrily claimed he had personally reviewed eight cases of alleged file falsification which the bank had – controversially – been handed by the Financial Conduct Authority, which was supposed to be investigating them. He said: ‘I say put up or shut up.’

In other words, he believed anyone accusing RBS of file falsification should either sue the bank over the claims or else desist from publicly making them.

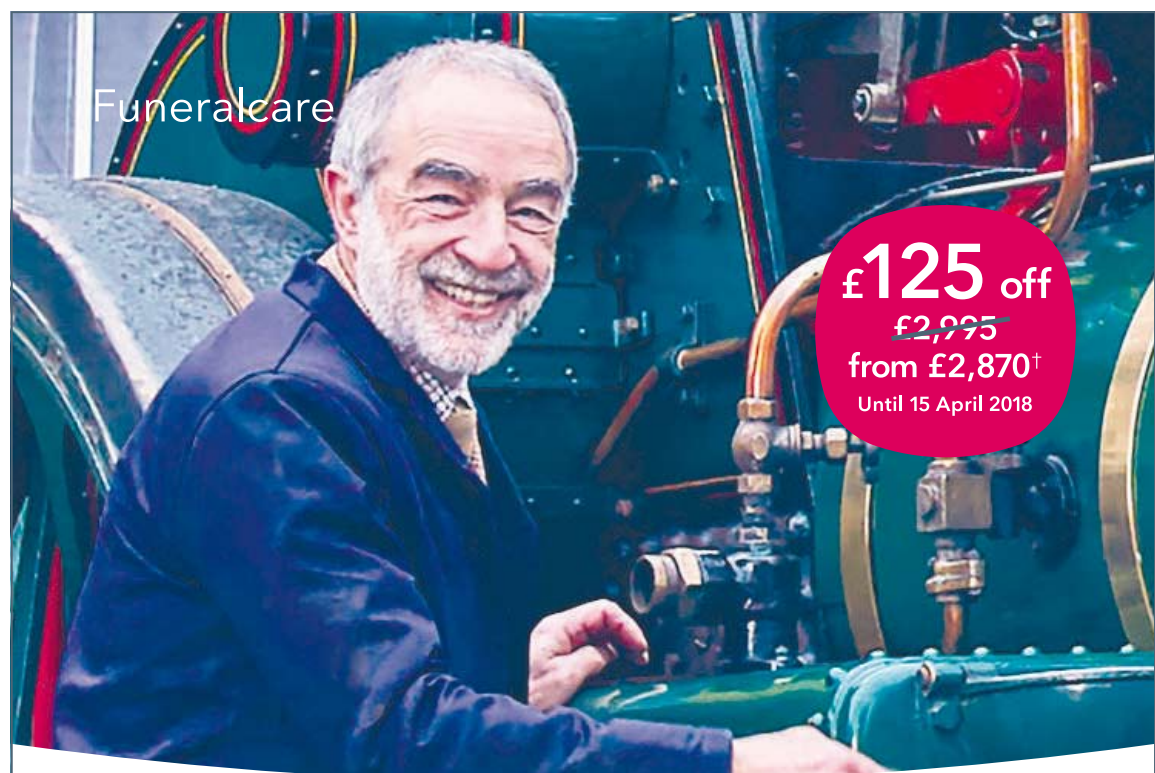
I realised if this passive-aggressive attitude was typical of its top brass, perhaps the idea of document falsification and forgery was possible.

Today’s astounding claims may well turn out to be the tip of a very large and dangerous iceberg for RBS. For the record, RBS has repeatedly denied systematic document tampering, saying: ‘We categorically deny manipulating or falsifying customer records to suit our purposes.’

But if proven further, the consequences could be disastrous – and tip the bank over the edge.

Perhaps it seems preposterous to suggest that a court could ever decree all the contracts written between RBS and its customers null and void or suggest that all debts – every business loan, mortgage or credit card – should be cancelled. Perhaps. But only as preposterous as the notion that the bank would systematically forge its customers’ signatures.

After latest scandal, could a court write off customers’ RBS debts?



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