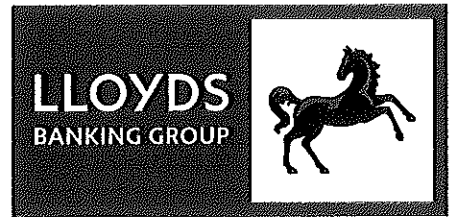


**Benedict Brogan**  
Group Public Affairs Director



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21 February 2019

Dear Kevin,

Thank you for your letter to António Horta-Osório of February 14. I know you and I have been in touch about it informally since, but I thought you should have a more formal reply that reflects the preliminary conversations we have had here.

I am grateful to your office for confirming that your letter in fact refers to a single case, that of Mr and Mrs Julian Watts. A review of this customer case has been underway since the end of last year. As you know it dates back to June 2010, when Lloyds Bank began court proceedings over a mortgage that was in arrears. Mr and Mrs Watts made allegations of false statements in the course of two court hearings that year, which were dismissed by two different judges who granted the Bank permission to take possession of the property. This is always a regrettable action of last resort on the Bank's part but, as was explained to the Court, we had not been able to reach agreement with the customer for repayments on their borrowing.

As part of our complaints procedure, Mr and Mrs Watts' allegations have been investigated again subsequently by both our in-house legal department and the solicitors who were instructed to act for the bank in repossession proceedings. In the light of these reviews, we can confirm that all the details within the court documents were accurate, and where necessary signed by the appropriate person. We are surprised and disappointed therefore that Mr and Mrs Watts continue to make these allegations in public. You may find the attached letter from our solicitors TLT LLP to Mrs Watts helpful, as it sets out in detail why they are mistaken.

I remain concerned that in your letter you refer several times to 'customers', which gives the impression that this issue has been raised with the Bank by many others. Clearly, if any other cases with similar allegations have indeed been brought to your attention please do let me have the details. Evidence of wrongful behaviour should be reported, but you will appreciate the risk of repeating claims and evidence that have been tested and even dismissed – sometimes repeatedly – in the courts. If you have any relevant evidence I would be grateful if you could ensure we receive the specifics to allow us to investigate, and I would urge you, as before, to encourage all those you deal with to bring that evidence to the appropriate authorities at the earliest opportunity.

On the general point about so-called forged signatures, we simply do not recognise the issue as you set it out. We are confident that the solicitors who act for us in all UK jurisdictions are professionals who are subject to their own professional and regulatory obligations and owe a duty to the Court. To the best of my knowledge, there has been no suggestion of a similar issue in the UK over the years since the US issue arose. Nor, to my knowledge, has there been any suggestion of this being raised as an industry-wide issue in the UK Courts. As I say, do please bring to our attention any evidence to the contrary.

Finally, on a specific point, you repeat your allegation about Lloyds attempting to "silence customers" who allege fraud by "using NDAs in order to gag customers". As we have said before, and continue to say, this is untrue. Our proceedings or agreements with customers or former customers, whether NDAs or otherwise, do not prevent them from raising any concerns, issues or evidence with the police, the FCA or any other lawful authority.

p.p Charlotte Gunison

**BENEDICT BROGAN**  
Group Public Affairs Director

Cc: Andrew Bailey, Chief Executive, Financial Conduct Authority  
Stephen Jones, Chief Executive, UK Finance  
John Glen MP, Economic Secretary to HM Treasury