

Vince Cable attacks RBS over mistreatment of small business customers

Lib Dem leader criticises Ross McEwan for lack of ‘genuine contrition’ and calls for bank to set aside more funding in compensation

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The City watchdog said earlier this week it was ‘unfortunate’ RBS had not accepted some of the findings of an independent investigation into its treatment of small businesses.

Sir [Vince Cable](#) has criticised the [Royal Bank of Scotland](#) boss, Ross McEwan, for his failure to show “genuine contrition” over the bank’s mistreatment of small business customers in the aftermath of the financial crisis.

The Liberal Democrat leader also said the bailed-out bank must put aside more money – on top of [the £400m already committed](#) – to compensate firms affected by the bank’s now defunct global restructuring group (GRG), in the five years after the 2008 banking crisis.

In a strongly worded letter, seen by the Guardian, to the bank’s chairman Howard Davies, Cable singled out McEwan for his response to [an investigation into whether GRG caused financial distress to its customers](#). Instead of GRG helping to turn them around, businesses said they had been weighed down by debt and fees.

“I appreciate that Mr McEwan was not personally responsible for what happened at the time since he joined several years later. However, he is now responsible for putting right the mistakes of the past,” Cable wrote. “Mr McEwan has repeatedly given, at best, qualified apologies for what happened.

“RBS must now set aside a realistic sum of compensation and the £400m identified a year ago is clearly unrealistic given the number and scale of the companies affected and their potential direct and consequential losses,” Cable added.

“The group must also do more to identify and hold to account the senior individuals responsible for the errors and abuses which occurred. Failing to do so will merely fuel corrosive cynicism about banks.”

Cable said comments by McEwan that he was tired of small businesses “badmouthing” the bank and arguing that RBS “had done nothing wrong in the vast majority of businesses we handled” was the wrong attitude.

He stopped short of calling for McEwan to quit, but said he and the bank, which is still 70% owned by the taxpayer, needed to do more to respond.

“For now ... I believe the chief executive should be given the opportunity to do the right thing by showing genuine contrition on behalf of the bank he leads for its conduct in operating the GRG,” Cable wrote.

“If RBS is ever to be sold at a profit to the taxpayer, as it must be, it will have first to accept liabilities and then slowly rebuild its reputation as a trusted institution.”

RBS said it had not yet received the letter and would “respond in due course”.

The RBS-GRG Business Action Group, which consists of more than 500 businesses that claim they were forced into financial distress by the bank’s restructuring division, welcomed Cable’s intervention.

“We have long argued that RBS’s compensations process is laughably inadequate, since it ignores the issue of consequential loss that drove so many of GRG’s victims under,” a group spokesman said.

“Ross McEwan needs to stop moaning, face up to RBS’s liabilities and make a proper financial provision for the misconduct of GRG and its rogue bankers. He should do so for the good of his own shareholders as well as the thousands who lost their jobs and businesses.”

Cable referred the matter to the city watchdog, the Financial Conduct Authority (FCA), in 2013 when he was the business secretary.

His criticism echoed that of Andrew Bailey, chief executive of the FCA, who [told MPs earlier this week](#) it was “unfortunate” that RBS had not accepted some of the findings of an independent investigation.

“The report is strongly critical of RBS. It is frankly unfortunate that RBS has not accepted that more readily. I think they should do,” Bailey told the Treasury committee.

The committee published [a letter from McEwan](#) in which he said the bank “deeply regret the mistakes we have made in the past” but disputed parts of the review, which has not been published.