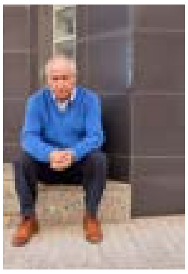
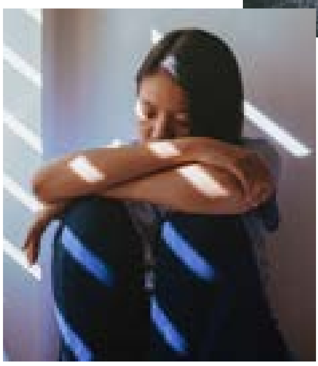




Faces of Financial Crime:

Suffering Caused by the Financial Sector



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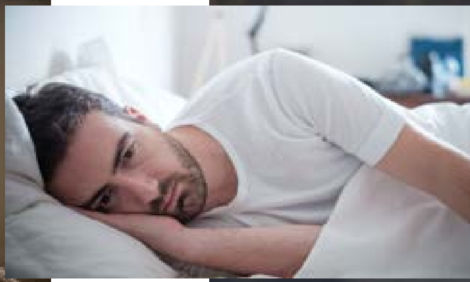



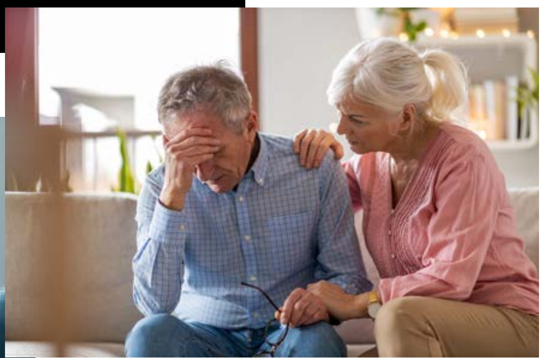



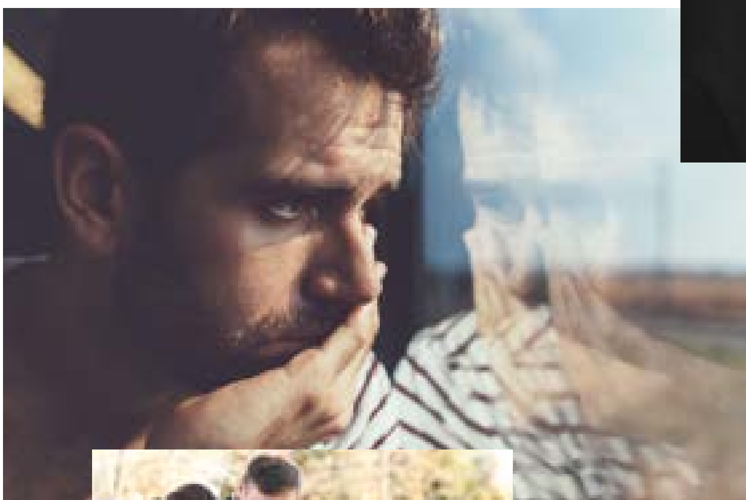

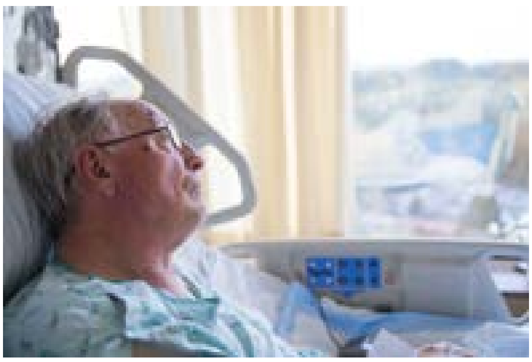

Contents

Dedication

This report is dedicated to the 10,000[1] plus people who have committed suicide as a consequence of financial crime and malpractice, malfeasance, misconduct and mis-selling by the financial services sector.

[1] University of Oxford (2014) Recession "link" with over 10,000 suicides in the West. Available at: https://www.ox.ac.uk/news/2014-06-12-recession-link-over-10000-suicides-west (Accessed: 30 August 2021)

Faces of Financial Crime:

Suffering Caused by the Financial Sector

Principal Authors:

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- Robert Lynam
- Mark Bishop
- Andy Agathangelou

Executive Summary

This report was commissioned to provide a platform for individuals to share their experiences about the harm and suffering they have endured as a direct result of becoming a victim of financial crime and malpractice, malfeasance, misconduct and mis-selling by the financial sector.

A scoping review of the academic and grey literature[2] identified a broad absence of research properly documenting the human impact of financial crime and misconduct in comparison with other types of crime, especially in the UK. Semi-structured interviews were undertaken with 22 individuals previously known to the Transparency Task Force. Their stories are told to provide the personal, human perspective of the consequences of crimes which are too often presented merely as cold, abstract statistics. The interviews were then rigorously analysed to identify common themes.

We found the cost to individuals cuts *much deeper* than simply the loss of money; we found the victims' experiences *adversely impacted all areas of their lives*, with devastating financial, well-being, social, emotional and support-related impacts. The severity and extent of those impacts are particularly highlighted by the themes of stigma, depression, anxiety, suicide and social withdrawal; but even these alone do not paint the full picture.

We hope that this report gives a voice to victims and will stimulate further discussion about much-needed policy reforms. Our report is also a clarion call to our elected representatives to fully explore and evaluate the many opportunities to remedy the failings in the financial sector that are available to them, here and now, *within the current Parliamentary session*; for in it we propose detailed policy recommendations and the specific legislative opportunities through which they can be implemented. We also share insights and statements of support from a wide range of stakeholders, for we are not alone in recognising the desperate need for improvements to the regulatory framework; a framework that has been tasked by Parliament to provide "an appropriate degree of consumer protection" but a framework that has chronically and catastrophically failed to do so.

[2] Grey literature refers to materials and research produced by organisations outside the traditional academic publishing and distribution channels. Common types include reports, working papers, government documents, white papers and evaluations.

Introduction

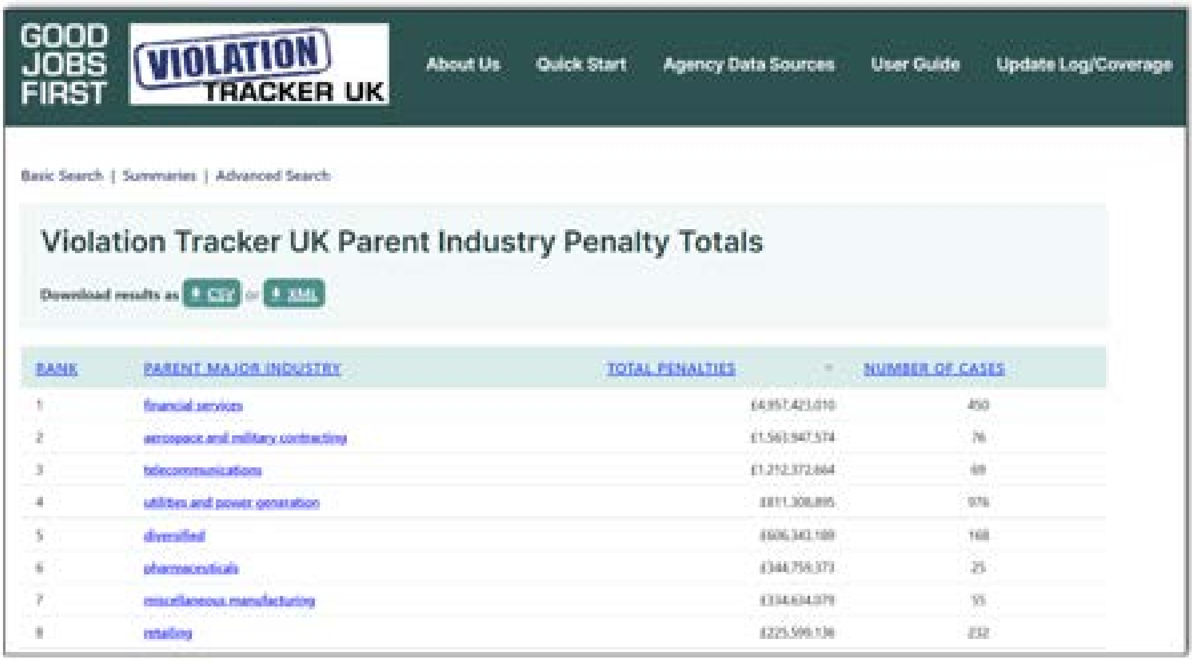
The Transparency Task Force (TTF) is a Certified Social Enterprise that has built an international community of people concerned about the financial services sector. Our mission is

"to promote ongoing reform of the financial sector, so that it serves society better."

We believe that the financial sector is profoundly important to the wellbeing of society, to economic stability and to political stability too. Because the sector is of systemic importance to our economy and because it needs to be trusted to function successfully, one would think that the regulators tasked with its governance would ensure good market conduct.

Unfortunately, the regulatory framework is failing, as evidenced by data within [Violation Tracker UK][3]. The data shows the financial sector to be [the most violating of all the parts of the UK economy][4], by a disturbingly long way. The screenshot on the next page shows the amounts paid in fines and the number of violations, going back to 2010.

[3] https://violationtrackeruk.goodjobsfirst.org/
[4] https://violationtrackeruk.goodjobsfirst.org/top-industries



Violation Tracker UK Parent Industry Penalty Totals

Download results as CSV or XML

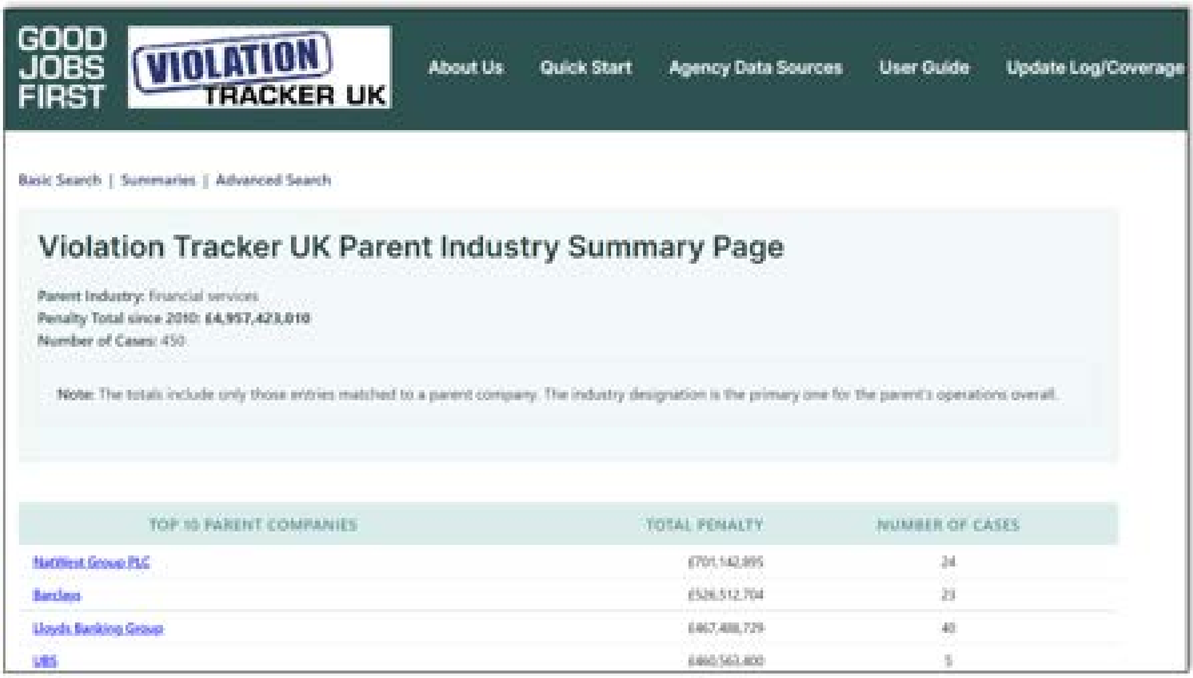
RANK	PARENT MAJOR INDUSTRY	TOTAL PENALTIES	NUMBER OF CASES
1	financial services	£4,957,423,010	450
2	aerospace and military contracting	£1,563,947,574	76
3	telecommunications	£1,212,372,664	69
4	utilities and power generation	£811,308,895	976
5	diversified	£606,343,189	168
6	pharmaceuticals	£344,758,373	25
7	miscellaneous manufacturing	£334,634,079	55
8	retailing	£225,599,136	232

The idea that the financial services sector is the "jewel in the crown" of the UK economy is a myth. The reality is that the violations rap sheet of our financial sector is an ugly, festering sore on the face of our nation. It is, or rather it should be, a national embarrassment. The excoriating data in Violation Tracker UK ought to make remediation of this industry a prime policy priority for the government and regulators, but the reality suggests that's not the case. In fact, it is genuinely difficult to find any organisation that is part of the "establishment" that is embarrassed by the obvious lack of integrity in the financial sector, or sees repairing its reputation as its responsibility. That void in leadership, responsibility, vision and intent is what led to the creation of the Transparency Task Force back in 2015[5].

The miscreants have become so accustomed to behaving badly that there is now another dimension to the problem, and one that's going to be very hard to fix. The problem becomes apparent when you look more closely at the violations data, for the evidence suggests that the financial industry is recidivist,[6]repeatedly offending after being caught i.e. seemingly beyond rehabilitation.

[5] https://corporate-adviser.com/andy-agathangelou-profile-transparency-at-all-costs/
[6] Definition of recidivist: https://dictionary.cambridge.org/dictionary/english/recidivist

The screenshot below relates to the Violation Tracker UK data on the individual offences by the financial industry since 2010, ranked by size of fine.



To get the full picture, please do access this Violation Tracker UK search[7] that was used to generate the screenshot that you see and once you are on the correct web page, scroll down and look for the pattern of repeat offending, noting that when you get to the bottom of the page there are, sadly, many other pages that follow. That pattern of repeat offending is a big problem.

It is our belief that the pattern of behaviour that the Violation Tracker UK data shows can be explained as follows:

- Firstly, organisations make vast sums of money through one kind of scam or another and the people responsible ‘earn’ substantial bonuses
- The organisations eventually get caught by the regulator, typically far too late and often after ignoring whistle-blower evidence that should have led to swift and decisive action. Unfortunately, the whistle-blower often suffers for having done the right thing
- The regulator eventually imposes a fine
- The fine is against the organisations, not the individuals responsible; so the fine is effectively paid by organisations’ innocent shareholders - individual investors, pension savers and so on
- The headline size of the fine is typically large, but small in comparison to the profits ‘earned’ by the organisation

[7] https://violationtrackeruk.goodjobsfirst.org/industry/financial%20services

- The vast bonuses 'earned' by the individuals responsible are rarely reclaimed, despite the immorality and sometimes even the criminality of their conduct
- The individuals responsible are very rarely sanctioned, even though the Senior Managers Certification Regime (SMCR) was put in place to create personal jeopardy for miscreants. According to former Governor of the Bank of England, Mark Carney, the single most important regulatory response in the UK to the carnage caused by the banking misconduct that led to the Global Financial Crisis was the need for and introduction of the SMCR
- The entire process has quite literally taught the offending organisations and individuals responsible that "it pays to cheat," so like true recidivists they repeat the process. Charlie Munger's[8] quote "Show me the incentives, and I'll show you the outcome" is an apt explanation for the organisational and individual behaviour dynamics at work i.e. it would be surprising if they *didn't* behave that way, given the strength of the incentive
- The end result is we now have a financial sector riddled with companies that have toxic, predatory cultures that cause untold harm; and a financial regulatory framework that is placing a fig-leaf on malpractice, effectively encouraging organisations to see fines and regulatory impositions as merely "a cost of doing business."

And of course, it must always be remembered and stressed that for every financial crime or act of malpractice, malfeasance, misconduct or mis-selling by the financial sector, there are victims. Those victims are *the innocent members of the public* who have had the misfortune of falling prey to the criminal and unethical actors in this space, of which there are thousands, if not tens of thousands, preying on hundreds of thousands of people. It needs to be understood that the scale of the problem this report deals with is huge; and far from being gradually managed down, things are getting worse and getting out of control. It's a very serious situation that could, if things carry on as they are, undermine the public's trust and confidence in "the system" as a whole. For the avoidance of doubt, there are of course many individuals and organisations in the financial sector that behave impeccably. Despite that, they suffer too, because of the reputational damage caused to the sector as a whole by financial crime and misconduct by the 'few.'

As touched on earlier, many people believe the work of the City of London to be the 'jewel in the crown' of our country's commercial endeavours, and therefore of particular importance to our performance on the all-important global stage, post Brexit. Regardless of the importance that is so frequently placed on the sector, its reputation is continuously being trashed.

[8] Charlie Munger: https://en.wikipedia.org/wiki/Charlie_Munger

There are many reasons to be deeply concerned about the fundamental integrity of our finance sector and the level of trust and confidence people should place in it; here are three:

Firstly, back in 2016, the Bank of England's Chief Economist gave a speech[9] commenting on the findings of an Open Forum that the Bank of England ran to gather views on the financial sector. People were invited to give the one word that best described the sector. Andy Haldane stated:

"Among the Bank's usual contacts, including those in the financial sector, the most used word was 'regulated'. Many of us will have heard that message from financial insiders concerned about the perils of over-zealous regulators.

For me, the more revealing responses came from the general public, from the customers, rather than the producers, of financial services. The word most used by them when describing financial markets was a rather different one: it was 'corrupt'. Not far behind were words like 'manipulated', 'self-serving', 'destructive' and 'greedy'. I am sure many of you have heard those messages too. They are certainly ones I have encountered frequently on my visits around the country."

Secondly, the UK has gained a reputation as a world-centre of dirty money - see here [10] and here[11]; and of course there has been widespread publicity about murky money following Russia's invasion of Ukraine because of the Nelsonian eye we have turned to illicit money flows for decades.

Thirdly, the 2022 Edelman Trust Barometer [12] comments on the headwinds facing the financial services sector thus "*Signaled by distrust in central banks and financial services, developed countries lack economic optimism. Moreover, financial services employees believe capitalism as it exists today does more harm than good in the world"* - ouch!

So, why does all this matter? …and why is it especially important *right here, right now, now*, as we struggle to recover from the thrashing the pandemic has given our economy?

We can go back to Andy Haldane's speech for the answer to all of those questions:

"At least until recently many economists like me, when faced with this evidence [that the finance sector is perceived to be 'corrupt', 'manipulated', 'self-serving', 'destructive' and 'greedy.] might have

[9] https://www.transparencytaskforce.org/wp-content/uploads/2021/04/the-great-divide.pdf
[10] https://www.transparency.org.uk/corruption-and-uk/Dirty%20Money
[11] https://www.forbes.com/sites/jwebb/2016/05/30/mafia-expert-robert-saviano-denounces-london-as-the-the-most-corrupt-place-on-earth/?sh=5966f8881261
[12] https://www.edelman.com/trust/2022-trust-barometer

shrugged our shoulders. Social capital had no real role in our models of economic growth, unlike physical capital and human capital. Trust did not butter our parsnips and nor did it enter our production functions.

Recently, however, that orthodoxy has changed and the importance of trust has become clearer. Evidence has emerged, both micro and macro, to suggest trust may play a crucial role in value creation. At the micro level, there is now ample evidence the degree of trust or social capital within a company contributes positively to its value creation capacity. At the macro level, there is now a strong body of evidence, looking across a large range of countries and over long periods of time, that high levels of trust and cooperation are associated with higher economic growth.

Put differently, a lack of trust jeopardises one of finance's key societal functions – higher growth. Those social capital effects appear to be particularly potent when it comes to financial decisions. Evidence suggests that a lack of trust leads people to retreat from the stock market and banks and to move towards cash holdings and informal sources of credit, such as payday lenders and loan sharks. That jeopardises the second key benefit of finance to society – improved risk-sharing by households and companies.

So a lack of trust in finance potentially hobbles both economic growth and financial stability. That lack of trust is the mirror-image of the perception gap between the financial sector and wider society, the Great Divide. The Great Divide matters because it signals a pronounced and protracted erosion of social capital. It puts finance on notice for losing its social licence. And, unaddressed, that jeopardises future wealth and well-being."

Now consider this, to grasp the shameful disconnect between the harsh reality of the grotesque levels of fraud, financial crime and misconduct in the financial sector, and the egregious under-response to that repugnant reality, that is leading our once-great Britain to become ridiculed on the world stage:

Fraud and financial crime accounts for over 33% of all crime; but the response to that reality is that much less than 2% of the police budget is targeted at it[13]. The consequences are inevitable, because the unprofessional, the unethical and the criminal essentially have a safe and steady 'career path' ahead of them that can pay £1Million a day[14], by stealing people's savings, pension funds, businesses and homes.

For all of these reasons, the members of the Transparency Task Force passionately believe that there is an urgent need to reform the way the financial services sector is governed, policed and regulated.

13 https://www.policingreview.org.uk/only-fundamental-reform-can-reverse-the-crisis-of-confidence-in-policing-says-chair-of-the-strategic-review-of-policing/

14 https://www.which.co.uk/news/article/a-scammer-can-make-nearly-1-million-a-day-through-fraudulent-online-adverts-ag9Kf0c4lcYB

You know there has to be something very seriously wrong with what's happening in our country when mainstream comedy picks up on the UK's shoddy reputation, as this clip from Stephen Merchant's crime thriller comedy TV series The Outlaws shows; it has a scene that highlights how the UK has become the perfect environment for committing fraud[15].

A particularly extreme example which instantiates the sector's defectiveness internationally, is the global financial crisis, which not only caused mayhem to the world's financial ecosystem but also caused deep harm at a personal human level for millions of people around the world as they lost their jobs, homes and even their lives. Indeed, the crisis tragically led to 10,000 people in western countries committing suicide as a direct consequence of being financially impacted by the global recession;[16] a recession caused by financial crime and malpractice, malfeasance, misconduct and mis-selling by the financial sector.

We now know many individuals within our community who have suffered harm as a consequence of becoming a victim. We've heard them tell parts of their stories during our events and we have had many deep, meaningful and sad conversations with them on an individual basis; the kind of conversations that you don't forget, because it's hard to forget a conversation when at least one of the interlocutors is in tears.

This has all led to us recognising there is an enormous need to tell their story more fully. They *need* and *deserve* to be heard.

Subsequently, the primary purpose of this discussion paper is to create a platform whereby individuals who have suffered such harms can give an account of what has happened to them. This platform serves two separate but related roles. Firstly, it contributes to their urgent need to express the hurt that they have experienced by enabling them to own their experiences and share them with the world. Doing so also provides a voice for the countless others who have been subject to similar circumstances. Secondly, this platform, which raises awareness of some of the widespread problems in the financial services sector, will be used as an opportunity to stimulate discussion, debate and thought leadership amongst politicians, policymakers, regulators, and other interested stakeholders around how to address and achieve the systemic change that is so desperately needed.

15 https://www.transparencytaskforce.org/wp-content/uploads/2022/06/Stephen-Merchant-The-Outlaws.mp4

16 University of Oxford (2014) Recession "link" with over 10,000 suicides in the West. Available at: https://www.ox.ac.uk/news/2014-06-12-recession-link-over-10000-suicides-west (Accessed: 30 August 2021)

In particular, we hope and expect that this document will lead to meaningful dialogue about two things. Firstly, what more can be done to mitigate the risk of people becoming a victim of financial crime and malpractice, malfeasance, misconduct and mis-selling within the financial services sector. And secondly, to respond to a question that is simply not being asked anywhere else, which is, how can we better support victims of these kinds of harms, who are so often left to deal with the shock and trauma they experience, alone.

That second objective is especially important because it is our victim members' hard-earned experience that there is remarkably little available in the UK to support people who may be suffering, quite literally, with post-traumatic stress disorder (PTSD), as a consequence of losing life changing amounts of money through financial crime and misconduct of one kind or another.

Please, therefore, consider this white paper as more than just an abstract exercise to gather and express thoughts.

Please think of it as a document that is specifically designed to deal with an ugly truth that must lead to new and more effective policymaking, through initiating discussion and debate on a topic of grave importance that is fast becoming a major public interest issue.

Research Design

Literature review

A review of the literature was undertaken in order to assess the existing knowledge on the topic of malpractice, malfeasance, misconduct, mis-selling by the financial industry[17]. The main conclusions that can be drawn from the evaluation include:

1. In general, the human impact of financial misconduct has been less well-documented than other types of crime. Though this has shifted since the turn of the millennium, it still does not receive enough attention in the academic literature or the mainstream media.
2. A stigma remains towards victims of financial crime, which can prevent them from seeking appropriate support.
3. Much of the literature studies victims of financial scams committed by individual malefactors. There is little literature to be found on the broader malfeasance committed by corporate entities and institutions such as banks and financial advisors.
4. The impact of financial crime has been documented in several countries in the economically developed world, but the depth of literature present in specific countries, such as the UK, is lacking.

An evolving literature – lessons learned[18]

Until relatively recently, literature regarding financial crime was fairly sparse. Several studies conducted at the turn of the millennium all highlighted the lack of existing research on how victims

[17] Definitions of such topics, as well as other key terms, can be found in the glossary.
[18] Full text references contained in the literature review can be found in the References at the end of the document.

of white-collar crime are impacted by their experience and attempted to remedy this through their research in order to shift existing perceptions of being overlooked by society (Nerenberg[19], 1999; Spalek[20], 1999; Deem[21], 2000; Spalek[22], 2000; Kerley and Copes[23], 2002). Further studies have since been undertaken which have both corroborated and enriched the findings of the initial research. Across the past 20 years, an array of effects on victims has been documented, and to varying intensities – ranging from acceptance to destitution – depending on how much individuals lost (Bell[24], 2011; Button et al.[25], 2014). It is useful to break these impacts down into five prominent categories, which will be briefly discussed in turn: financial, trust, emotional, physical, and social and behavioural. Whilst not all of these impacts affect every single victim, one study on financial fraud found that 65% of individuals experienced one or more non-financial costs to a serious degree (Applied Research and Consulting LLC[26], 2015, p.19).

But first it's important to clarify who suffers these effects. The general profile of victims varies depending on the type of financial crime under study. For example, whilst victims of consumer crime mirror structural inequalities (Croall[27], 2009), victims of investment crime have been shown to more likely be older, financially sophisticated males (Graham[28], 2014; Flatley[29], 2016). A recent quantitative study in the UK identified a total of nine different clusters of fraud victims and characterised them according to three different levels of vulnerability (Poppleton et al.[30], 2021). However, it is clear from the literature that because everyone utilises finance in one way or another, everyone is somewhat susceptible to being victimised. Indeed, one study showed that 1 in 20 Canadians have been victims

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[19] http://www.elderabusecenter.org.NCEAmayalsobereachedbyphone
[20] https://journals.sagepub.com/doi/10.1177/026975809900600304
[21] https://www.tandfonline.com/doi/abs/10.1300/J084v12n02_05
[22] https://www.researchgate.net/publication/242232309_White-Collar_Crime_Victims_and_the_Issue_of_Trust
[23] https://link.springer.com/article/10.1007/BF02802859
[24] https://download.asic.gov.au/media/1343636/rep240-published-May-2011.pdf
[25] https://www.researchgate.net/publication/263328450_Not_a_victimless_crime_The_impact_of_fraud_on_individual_victims_and_their_families
[26] https://www.finrafoundation.org/sites/finrafoundation/files/non-traditional-costs-financial-fraud.pdf
[27] https://link.springer.com/article/10.1007/s10611-008-9147-z
[28] https://www.fca.org.uk/publication/research/quan-study-understanding-victims-investment-fraud.pdf
[29] https://www.ons.gov.uk/peoplepopulationandcommunity/crimeandjustice/articles/overviewoffraudstatistics/yearendingmarch2016#which-groups-in-society-are-most-likely-to-be-victims-of-fraud
[30] https://www.ons.gov.uk/peoplepopulationandcommunity/crimeandjustice/bulletins/crimeinenglandandwales/yearendingmarc

of investment fraud, demonstrating how widespread financial crimes are (Innovative Research Group [31], 2007). In the UK, fraud is the largest type of crime, accounting for almost 40% of the total crime committed (Poppleton et al.[32], 2021, p. 3).

Financial

It's needless to say that all victims of financial crime are economically impacted. The extent of this impact, however, is perhaps less obvious. The literature shows that whilst individuals are affected to varying degrees, a significant proportion of victims are catastrophically impacted (Kerley and Copes[33], 2002; Innovative Research Group[34], 2007; Bell[35], 2011). The impact of the loss manifests itself in a number of ways, and it's not uncommon that victims of financial crime are subject to property repossessions, and even have to forgo food due to the crippling frugality of their life as a consequence (Bell[36], 2011). Recent research estimates that in the UK, £3,234 is reported as stolen every minute from financial scams (Shaw[37], 2021), and an average of £20,000 is lost per person through investment frauds (Graham[38], 2014, p.4).

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31 https://www.securities-administrators.ca/uploadedFiles/General/pdfs/2007InvestorStudy_ExecSummary-English.pdf

32 https://www.ons.gov.uk/peoplepopulationandcommunity/crimeandjustice/bulletins/crimeinenglandandwales/yearendingmarc

33 https://link.springer.com/article/10.1007/BF02802859

34 https://www.securities-administrators.ca/uploadedFiles/General/pdfs/2007InvestorStudy_ExecSummary-English.pdf

35 https://download.asic.gov.au/media/1343636/rep240-published-May-2011.pdf

36 https://download.asic.gov.au/media/1343636/rep240-published-May-2011.pdf

37 https://www.msn.com/en-gb/money/other/whack-a-mole-approach-to-stopping-online-scams-is-not-working-says-which/ar-BB1eR4K4

38 https://www.fca.org.uk/publication/research/quan-study-understanding-victims-investment-fraud.pdf

Trust

Given that the financial services sector is built on trust (Watson et al.[39], n.d.), and that individual financial criminals succeed in scamming their victims by gaining their trust (Harvey et al.[40], 2014), it's perhaps unsurprising that one of the most common non-financial effects on individual victims is a loss of trust. Though this is an effect which is often hard to identify in others upon first appearance and is useful to think of as an 'internal wound' (Wells, cited in Deem[41], 2000, p. 38). The direction and intensity of this impact varies across individuals, but it is nevertheless one shared by most.

In a substantial proportion of cases, the financial system in its entirety suffers from this erosion of trust, but so too does its individual components such as financial advisors and banks (Bell[42], 2011). Those who possess a scepticism of the financial system beforehand simply have their suspicions confirmed and shift their risk management strategies as a consequence (Spalek[43], 2000). There is also evidence that financial crimes can also cause a loss of trust among non-victims, who have been found to transfer their investments into less risky assets (Gurun et al.[44], 2018). Victims who hold a large amount of trust in the financial system before being subject to the financial misconduct also demonstrate a substantial loss of trust towards it, especially if they are not compensated as they anticipate (Bell[45], 2011). However, the direction of this loss of trust from these individuals often extends much further to others more generally, and also to themselves when making subsequent

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39 https://www.transparencytaskforce.org/wp-content/uploads/2022/06/How-can-we-Accelerate-the-Rebuilding-of-Trust-and-Confidence-in-Financial-Services_.pdf

40 https://www.fca.org.uk/publication/research/qual-study-understanding-victims-investment-fraud.pdf

41 https://www.tandfonline.com/doi/abs/10.1300/J084v12n02_05

42 https://download.asic.gov.au/media/1343636/rep240-published-May-2011.pdf

43 https://www.researchgate.net/publication/242232309_White-Collar_Crime_Victims_and_the_Issue_of_Trust

44 https://academic.oup.com/rfs/article-abstract/31/4/1341/3958335?login=false

45 https://download.asic.gov.au/media/1343636/rep240-published-May-2011.pdf

financial decisions (Spalek[46], 1999; Deem[47], 2000; Innovative Research Group[48], 2007; Merryweather [49], 2021).

Emotional

Aside from losing trust, victims are psychologically affected by financial misconduct in a multitude of ways, which persist for variable amounts of time. Short-term emotions that result from white-collar crime include shock, anger, stress, frustration, and confusion. The longer-term effects are even more numerous, including all of the short-term effects as well as guilt, regret, anxiety, depression, shame (Spalek[50], 1999; Deem[51], 2000; Innovative Research Group[52], 2007; Bell[53], 2011; Harvey et al.[54], 2014; Kivenko[55], 2017).

Around the time of the 2008 financial crisis, a number of studies were undertaken which specifically looked at the unprecedented effects that the global economic downturn was having on individual lives and subsequently their mental health. Most of this research concerned the tragic number of suicides – which totalled over 10,000 – linked with the pressures and stress of becoming unemployed (Haiken[56], 2011; Barr et al.[57], 2012; Chang et al.[58], 2013; Lopez Bernal et al.[59], 2013; University of Oxford[60], 2014; Holkar and Bond[61], 2018). Whilst these findings don't relate to financial crime as such, they do add further weight to the body of literature that documents the devastating human cost that economics and the financial services sector can have. The most recent research in the UK

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46 https://journals.sagepub.com/doi/10.1177/026975809900600304
47 https://www.tandfonline.com/doi/abs/10.1300/J084v12n02_05
48 https://www.securities-administrators.ca/uploadedFiles/General/pdfs/2007InvestorStudy_ExecSummary-English.pdf
49 https://www.which.co.uk/news/2021/03/devastating-emotional-impact-of-online-scams-must-force-government-action/
50 https://journals.sagepub.com/doi/10.1177/026975809900600304
51 https://www.tandfonline.com/doi/abs/10.1300/J084v12n02_05
52 https://www.securities-administrators.ca/uploadedFiles/General/pdfs/2007InvestorStudy_ExecSummary-English.pdf
53 https://download.asic.gov.au/media/1343636/rep240-published-May-2011.pdf
54 https://www.fca.org.uk/publication/research/qual-study-understanding-victims-investment-fraud.pdf
55 https://issuu.com/andyagathangelou/docs/transparency_times_october_2017
56 https://www.forbes.com/sites/melaniehaiken/2011/08/10/suicide-risk-in-times-of-financial-crisis-a-real-connection/?sh=6a84e3c228b0
57 https://www.bmj.com/content/345/bmj.e5142
58 https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3776046/
59 https://academic.oup.com/eurpub/article/23/5/732/450167?login=false
60 https://www.ox.ac.uk/news/2014-06-12-recession-link-over-10000-suicides-west
61 https://www.moneyandmentalhealth.org/publications/suicide-and-debt/

relating to the impact of online scams shares these conclusions, finding that being emotionally impacted is widespread among victims, regardless of whether they received compensation. Indeed, Action Fraud receives 18,000 calls per year which are characterised by 'emotional distress' and in 2020 received almost 250 calls which were characterised by a 'threat to life' (Merryweather[62], 2021) due to the individual indicating suicidal tendencies

Physical

As well as the emotional effects, victims of financial crime can suffer impacts to their physical health due to the constant stress to which their bodies and minds are subject. Such effects often include weight loss, panic attacks, and becoming ill more frequently (Innovative Research Group[63], 2007). In the most severe cases, friends and family of victims have asserted that the increased stress and its effect on physical health is what caused their loved ones to die prematurely (Spalek[64], 1999).

Social and behavioural

The final broad category of impact on victims concerns their relationships. The embarrassment that individuals suffer from can lead to them isolating themselves from their community, their close social circle and even their family (Deem[65], 2000; Innovative Research Group[66], 2007; Kivenko[67], 2017). Another relational effect is an increase in household tension that can arise as a consequence of the stress, leading to family breakdowns.

In turn, this can have an intergenerational effect on their children who have to live and grow up in a stress and anxiety-filled environment (Innovative Research Group[68], 2007; Bell[69], 2011).

Whilst the quantity of knowledge about how victims are impacted by financial crimes has increased over the past two decades, it's clear from recent literature that societal perceptions of these types of crimes have remained much the same. Financial crimes, along with their pervasiveness and

62 https://www.which.co.uk/news/2021/03/devastating-emotional-impact-of-online-scams-must-force-government-action/
63 https://www.securities-administrators.ca/uploadedFiles/General/pdfs/2007InvestorStudy_ExecSummary-English.pdf
64 https://journals.sagepub.com/doi/10.1177/026975809900600304
65 https://www.tandfonline.com/doi/abs/10.1300/J084v12n02_05
66 https://www.securities-administrators.ca/uploadedFiles/General/pdfs/2007InvestorStudy_ExecSummary-English.pdf
67 https://issuu.com/andyagathangelou/docs/transparency_times_october_2017
68 https://www.securities-administrators.ca/uploadedFiles/General/pdfs/2007InvestorStudy_ExecSummary-English.pdf
69 https://download.asic.gov.au/media/1343636/rep240-published-May-2011.pdf

potentially devastating human costs, continue to be under-discussed and dismissed (Button et al.[70], 2014; Dalton[71], 2020). White-collar crime can be as devastating as street crime or violent crime (Spalek[72], 1999; Kivenko[73], 2017), yet the perception among victims that they are not treated as seriously by the criminal justice system is widely shared (Innovative Research Group[74], 2007; Kivenko [75], 2017). For example, some of the recent literature on financial scams found that nearly a third of victims themselves thought they were gullible and responsible for losing their money (Deliema et al. [76], 2019, p.10). Another study found that 80% of individuals would be embarrassed if they fell for a scam, and less than half would be willing to tell a close friend (UK Finance[77], 2020).

This persistent negative perception of financial crimes that leads individuals to feel a sense of embarrassment, awkwardness and guilt has been identified as having two serious implications. The first is that victims are often reluctant to report the crime (Kerley and Copes[78], 2002; Innovative Research Group[79], 2007; Deliema et al.[80], 2019), meaning that they do not receive any financial compensation to which they may be entitled (Bell[81], 2011). The second is that they do not seek any support, either from their social circle or from organisations, for the just as serious non-financial impacts (Bell[82], 2011; Deliema et al.[83], 2019). These feelings are potentially worsened when the individual does seek support but cannot find it, especially if they are made to feel foolish by authorities that they reach out to.

70 https://www.researchgate.net/publication/263328450_Not_a_victimless_crime_The_impact_of_fraud_on_individual_victims_and_their_families
71 https://conversation.which.co.uk/scams/online-scams-emotional-impact-experiences/
72 https://journals.sagepub.com/doi/10.1177/026975809900600304
73 https://issuu.com/andyagathangelou/docs/transparency_times_october_2017
74 https://www.securities-administrators.ca/uploadedFiles/General/pdfs/2007InvestorStudy_ExecSummary-English.pdf
75 https://issuu.com/andyagathangelou/docs/transparency_times_october_2017
76 https://longevity.stanford.edu/scamtracker/
77 https://takefive-stopfraud.org.uk/news/eight-in-ten-brits-would-be-embarrassed-to-admit-they-fell-for-a-scam/
78 https://link.springer.com/article/10.1007/BF02802859
79 https://www.securities-administrators.ca/uploadedFiles/General/pdfs/2007InvestorStudy_ExecSummary-English.pdf
80 https://longevity.stanford.edu/scamtracker/
81 https://download.asic.gov.au/media/1343636/rep240-published-May-2011.pdf
82 https://download.asic.gov.au/media/1343636/rep240-published-May-2011.pdf
83 https://longevity.stanford.edu/scamtracker/

What's missing?

Of the existing research discussed thus far, a large proportion focuses on financial scams and fraud (Graham[84], 2014; Harvey et al.[85], 2014; Dalton[86], 2020; UK Finance[87], 2020; Merryweather[88], 2021; Poppleton et al.[89], 2021; Shaw[90], 2021; UK Finance, 2021a[91], 2021b[92]). This is especially true for the most recent literature, which has documented a significant rise in financial scams – including impersonation scams, investment scams, and authorised push payment fraud – as a consequence of the pandemic and its resulting lifestyle change, during which scammers changed their tactics and exploited people's vulnerabilities in new ways (Elkin[93], 2021; Poppleton et al.[94], 2021; UK Finance, 2021a[95], 2021b[96]; Office of Investor Education and Advocacy[97], 2021).

However, there is a clear lack of knowledge and research specifically concerning the human cost of corporate crime. The researchers only identified one notable paper relating to this topic whose

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84 https://www.fca.org.uk/publication/research/quan-study-understanding-victims-investment-fraud.pdf

85 https://www.fca.org.uk/publication/research/qual-study-understanding-victims-investment-fraud.pdf

86 https://conversation.which.co.uk/scams/online-scams-emotional-impact-experiences/

87 https://takefive-stopfraud.org.uk/news/eight-in-ten-brits-would-be-embarrassed-to-admit-they-fell-for-a-scam/

88 https://www.which.co.uk/news/2021/03/devastating-emotional-impact-of-online-scams-must-force-government-action/

89 https://www.ons.gov.uk/peoplepopulationandcommunity/crimeandjustice/bulletins/crimeinenglandandwales/yearendingmarc

90 https://www.msn.com/en-gb/money/other/whack-a-mole-approach-to-stopping-online-scams-is-not-working-says-which/ar-BB1eR4K4

91 https://takefive-stopfraud.org.uk/news/criminals-exploit-covid-19-pandemic-with-rise-in-scams-targeting-victims-online-2/

92 https://www.ukfinance.org.uk/system/files/Fraud%20The%20Facts%202021-%20FINAL.pdf

93 https://www.ons.gov.uk/peoplepopulationandcommunity/crimeandjustice/bulletins/crimeinenglandandwales/yearendingmarch2021#toc

94 https://www.ons.gov.uk/peoplepopulationandcommunity/crimeandjustice/bulletins/crimeinenglandandwales/yearendingmarc

95 https://takefive-stopfraud.org.uk/news/criminals-exploit-covid-19-pandemic-with-rise-in-scams-targeting-victims-online-2/

96 https://www.ukfinance.org.uk/system/files/Fraud%20The%20Facts%202021-%20FINAL.pdf

97 https://www.investor.gov/introduction-investing/general-resources/news-alerts/alerts-bulletins/investor-bulletins/social-1

conclusions are worth reiterating. In, *Knowledgeable consumers? Corporate fraud and its devastating impacts*, Spalek draws attention to several financial scandals in the western world that have occurred in the last 30 years and identifies the untold experiences of their victims (2007). In line with the effects already discussed, such impacts include financial, emotional, psychological, behavioural, and physical problems and are often more severe and protracted than those of non-corporate crimes. Critically, Spalek asserts that wider structural processes exacerbate these harms and prevent victims from receiving the appropriate support traditionally offered by the criminal justice system. She argues that corporate crime and justice for its victims does not receive enough policy attention because of the absence of an incentive to document such victimisation more accurately, as well as a financial discourse premised on a free market where knowledgeable consumers can make informed decisions about their financial transactions and the risks that they contain (2007). However, this is a somewhat flawed assumption, because individuals are often not able to sufficiently protect themselves against unaccountable corporations who are too often let off the hook due to a corporate regulatory environment characterised by policing rather than punishment, and euphemisms such as ‘malpractice’ and ‘mis-selling’ rather than ‘dishonesty’, ‘fraud’ and ‘crime’ (Spalek, 2007[98]; Croall[99], 2009, p.129). Given the gravity of such conclusions, combined with the fact that similar studies have not been identified in the literature to corroborate them, further research needs to be undertaken to identify the extent of corporate crime as well as how it impacts victims.

A final point to note is the origin of the literature discussed. The two most comprehensive studies of the human cost of financial crime were undertaken in Canada (Innovative Research Group[100], 2007) and Australia (Bell[101], 2011). There is, however, an absence of such a study in the UK. Whilst the research of Button et al.[102] was comprehensive (2014), documenting the multifaceted effects on victims, their study related to fraud more broadly, rather than the more specific crimes of financial fraud or corporate fraud that are relevant to this report. And whilst much of the research on scams was conducted in the UK, this is to some extent still too far detached from the human suffering caused by malpractice, malfeasance, misconduct and mis-selling by the functioning of the financial industry. The research identified in the literature most relevant to this report and originating in the

[98] https://www.crimeandjustice.org.uk/sites/crimeandjustice.org.uk/files/Consumers_Final_version_200807.pdf
[99] https://link.springer.com/article/10.1007/s10611-008-9147-z
[100] https://www.securities-administrators.ca/uploadedFiles/General/pdfs/2007InvestorStudy_ExecSummary-English.pdf
[101] https://download.asic.gov.au/media/1343636/rep240-published-May-2011.pdf
[102] https://www.researchgate.net/publication/263328450_Not_a_victimless_crime_The_impact_of_fraud_on_individual_victims_and_their_families

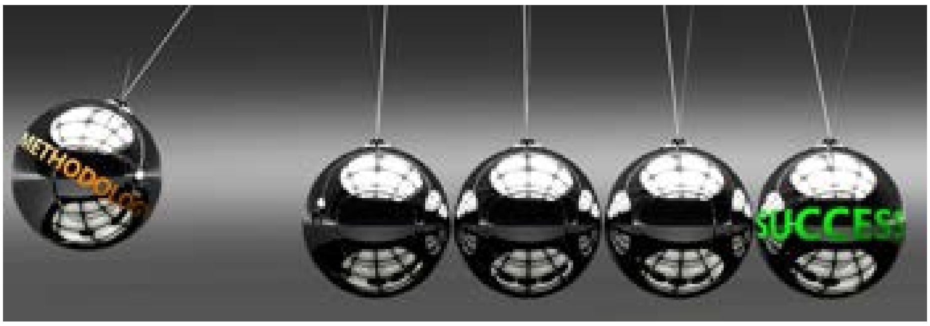
UK was conducted by and on behalf of the Financial Conduct Authority (FCA)[103] (Graham[104], 2014; Harvey et al.[105], 2014). However, this specifically relates to investment fraud and does not explicate the impacts of corporate crime.

Research objectives and scope

As a result of the issues and conclusions identified in the literature review, and in addition to the motivations for this report outlined in the introduction, this research seeks to:

1. Help uncover and shed light on the impact and extent of the financial crimes - specifically corporate crime - which exist in the UK
2. Help to break down the stigma of being a victim of a financial crime

Methodology



[103] https://www.fca.org.uk/
[104] https://www.fca.org.uk/publication/research/quan-study-understanding-victims-investment-fraud.pdf
[105] https://www.fca.org.uk/publication/research/qual-study-understanding-victims-investment-fraud.pdf

This section provides a brief description of how the primary research was conducted, including the recruitment process, what measures were taken to ensure the understanding and well-being of the participants involved, the specifics of the interviews, as well as the limitations of the findings.

Research participants and recruitment

The researchers accessed publicly available recordings of previous TTF events and searched for individuals who voluntarily spoke about their experiences. All identified individuals were sent an email about the research, giving an overview of its purpose as well as the reason for their being contacted as a potential interviewee. It requested that, should they be interested in participating, they should reply in order to receive further information. A second email was then sent to all interested persons outlining the process in more depth. It was made clear in this subsequent email that by replying with an expressed interest in continuing, individuals would be acknowledging that they understood the information provided as well as consenting to moving forward with the exercise.

Ethics and informed consent

All research involving participants should require informed consent, but this is especially important in research involving sensitive information or experiences. During the recruitment process, individuals were informed that:

- the interview would cover their experience of being subject to misconduct by the financial sector/scammers/regulatory failure and so on and how they have been impacted
- the interview would last for 35 minutes
- the interview would take place on Zoom at a time of their choosing and recorded for note taking purposes only
- they were permitted to have someone else present during the interview for support
- they were permitted to have an interviewer of the same gender if desired
- it could not be guaranteed that their responses would be included in the research
- if their responses were included, a pseudonym would be provided if desired
- they had the right to stop the interview at any time and cease to participate in the research at any time

Consent was also reaffirmed at the start of the interview. In addition, participants were also given the option to amend their case studies for the purpose of accuracy and autonomy.

Conduct of interviews

Semi-structured interviews were undertaken with 22 individuals. This method was chosen as the most appropriate form of interview for the purposes of this research because it has the advantage of balancing the needs of the researchers (the flexibility to obtain the most relevant, in-depth information) with the needs of the participants (the freedom to tell their story in the way they would like).

The researchers used a topic guide (replicated in Appendix A) in order to maintain consistency across the interviews. The topic guide was written and based around themes and impacts identified in the literature review. Before beginning the interview, participants were reminded about the information previously provided to them and were given an overview of the topics that would be discussed. The questions that were asked to all participants focused on a specific aspect of their life - based on the impacts identified in the literature review - which may or may not have been affected. However, given the nature of semi-structured interviews, specific follow-up questions were also asked in order to probe for greater detail, clarity and understanding for the topics most relevant to the experiences of each individual interviewee. These subsequent questions were open-ended in order to limit the possibility of impression management. Upon completion of the interview, participants were thanked for their time and invited to get back in contact should they have any further questions.

Analysis

The initial stages of analysis involved the researcher reading through the case studies to refamiliarise themselves with the content. Initial codes were made referring to small sections of text from the case studies, such as direct phrases from interviews or the summarised experiences. These initial codes were then elaborated into the main themes. Codes were consolidated if they were similar in nature to allow for a clear focus for each theme. The themes were categorised based on the area of impact they had in the victims' lives, e.g. financial, well-being and social, as well as other themes that differed in content. The final selection of themes are explored below, with reference to case studies that exemplify the experiences.

Limitations

The research conducted in this report is, like all qualitative research, not intended to be statistically representative of the wider population of victims of corporate crime. Thus, the findings reported on here are limited to the sample and are only intended to be used as an indication of the range of impacts that financial misconduct can have. This is because of the way the research participants were selected. Only previous participants of TTF events were contacted, which created a very small pool of victims from which to draw to begin with.

This decision was taken due to the time and resource limitations of the researchers involved. Nevertheless, it must be borne in mind that this decision impacts the findings of the research. In addition to the limitations of sample size and origin is the possibility of self-selection bias, the opt-in nature of the research could have resulted in conclusions which are only applicable to voluntary participants who potentially share certain traits and predispositions, such as willingness to report misconduct and a desire to speak out.

In sum, whilst the conclusions reported here cannot be assumed to be representative of all victims of financial crime, they still provide a good indication of the range and intensity of effects that financial misconduct can cause, and are therefore valuable.

Case studies

The following case studies present summaries of the content of the interviews of the 25 participants. The names written in inverted commas are pseudonyms, representing the individuals who expressed a desire for anonymity. The other names are individuals' true identities; they have given their consent to be named in this way. The case studies are ordered by category of financial misconduct, and then alphabetically within those categories. Category definitions can be found in the glossary.

Bank Scandals

Andrew Candy

Andrew was fraudulently mis-sold an Interest Rate Hedging Product (IRHP) by HSBC in 2008 when buying a commercial mortgage loan. His story reflects the impact on many of the other 100,000 SMEs which were also sold these completely unsuitable hedging products.

In 2007, he was looking to buy a bricks and mortar investment which would act as both a new space for his design business and a security for his pension plan. When taking out the mortgage, Andrew wanted a fixed interest rate. Yet the bank manager, who wasn't even authorised by the FCA to sell these hedging rate swaps, proceeded to sell them to Andrew in conflict with the true interests and requests of his business. Andrew wasn't told about the hidden margin credit facilities or about the fact that a hedge was required as a condition of the loan. So, a year later, when he and his business partner wanted to split the building, the bank informed them that to do so would require paying a £70,000 break cost.

This “decimated” the business. Suddenly, they couldn’t sell off the flats as they had initially intended to sell in order to release the equity needed to do the shop floor development, which in turn would have enabled them to work in the back space and rent out the front to a retailer in order to pay off the loan. As time went on, HSBC raised the interest rate on their loan to the extent that at one point Andrew was paying 9%, which he describes as nothing but “pure asset stripping”. Having been put in a financial straitjacket, he was unable to move his lending elsewhere because of the liability he now carried on his credit profile. This in turn prevented him from renewing and acquiring rosters[106], and so his business had to cling on by existing on an ad hoc basis. In order to survive and keep the business afloat, Andrew eventually had to sell his house to release its equity to avoid drawing from his business’ funds.

As well as the “catastrophic” financial implications, Andrew’s situation with the IRHP affected every aspect of his life. His stress levels were “insurmountable”, having to spend all his waking hours either working, or working to seek redress. “You’re constantly battling”, “it’s literally like swimming in treacle.” Especially devastating is the impact of the mis-selling on Andrew’s relationships and social life. Not only is Andrew not able to socialise with friends, because he has neither the time nor the money, the stress has impacted all those close to him, and led to him separating with his partner and business partner at the time. As a result of all the uncertainty about what the future holds, he’s not started a family, because he isn’t able to give enough time to potential romantic relationships. Particularly saddening is the mental anguish spilling over and affecting his mother, who is now 74. Within the past year she has had to live through her two sisters passing away and is now even more distressed than she has been over the past 12 years about the prospect of not witnessing her son receive justice, saying to Andrew: “I pray that I get to live to see you free of this nightmare.” This is something that Andrew is sure that is also suffered by the thousands of other parents across the country who have children that have been grossly mistreated by the banks.

To make matters worse, Andrew, as a business owner, notes having to conceal his true emotional and physical health from the bank, as this information would have been placed on his file with the potential to be used against him when applying for further loans or compensation. He has consequently lost all faith in the honesty and transparency of the entire banking system.

[106] A roster, here, refers to a list or group of clients.

Clive May

Clive built up a bricklaying business from scratch which at one point was turning over £3 million per annum. But in 2010, he was mis-sold an enterprise finance guarantee scheme from RBS. He was under the impression that the government would be liable for 75% of the loan and that he would be liable for the remaining 25%. However, this was never the case: as the security went up, his overdraft capacity was reduced, and the business was eventually forced under in 2013, allowing RBS to claim on the government's guarantee scheme. In 2015, Clive was vindicated when RBS were forced to admit wrongdoing, but this doesn't forgive the losses he's suffered over the past ten difficult years.

He lost his credit limits, his share in the business, his income, and his reputation, all of which have been very difficult to deal with. He also had to switch his mortgage to interest only, with there being no way that he will be able to pay it all off. On top of the financial losses, Clive has developed two physical health problems - high blood pressure and a heart condition. He directly attributes these ailments to the extended period of stress whilst he's been fighting the bank, who he depicts as an institution ready to do anything to protect their reputation, including cheating, lying, and putting the blame on the individuals like himself, who weren't at all at fault.

In 2011 when Clive first realised that something wasn't right, he describes experiencing the shock as being "like a dull ache in your chest or stomach". After a while, he found out that others had also been affected. This brought a mixture of emotions: whilst it was slightly easier to cope with knowing that he wasn't alone, the realisation that everyone affected had been "cannon fodder" for the bank made things worse. This led him to co-found the SME alliance, which became a voice for others in similar situations. Whilst Clive has received a lot of support from his MP, he hasn't felt at all listened to by the police and he describes a complete lack of faith in the rule of law.

Clive is still fighting for justice. He describes waiting for the outcome after giving evidence as the worst bit: "it's not easy being right but never being right".

Dave Brotherston

Dave Brotherston wanted a £150,000 loan in late 2007 to expand his successful business to other areas in the UK. During the process, the loan and the Payment Protection Insurance (PPI) were mis-sold to him by Black Horse Finance. At the time, he didn't know what PPI was, so it was verbally explained to him as he was told that none of the terms and conditions forms were available in the office that day. At the point of sale however, the terms of the loan changed. He took out the loan under the condition that his wife's fully mortgage-free house was not at risk, and the agreement was signed under the verbally agreed T&Cs. Recently, a whistleblower has produced the document Dave wrote out at the point of sale which shows the lies regarding the conditions, and a man called Eric Daniels has testified that this was a policy of Black Horse Finance, to withhold the PPI T&Cs to prevent withdrawal. The verbally agreed T&C document that Dave wrote was disregarded, and his signature was forged on a document he had never seen in court, amongst other fraudulent letters. The deliberate, premeditated mis-selling of PPI failed to be regulated and enforced by the FCA.

Financially, Dave has been impacted as the PPI never paid out properly. The loan amount itself was only paid in half, and in order to correct this, Dave added his own £75,000 by remortgaging with Kensington Finance, but this part of the mortgage wasn't covered by the PPI, despite them saying it was, which caused great hardship. This meant that Dave had to keep paying this part because they had been lied to at the point of sale. The disastrous impact this has had on Dave's standard of living has meant that his previously great lifestyle changed and ended in him losing his wife's house. He has been fighting for justice since 2007 when they were mis-sold and has lost absolutely everything.

Emotionally, Dave has been through "severe stress", and described dealing with the courts as "absolute hell". He says "I've lost basically the last 14 years of my life, that I can never ever get back, it's as if I've been sitting in a prison cell". He has no forgiveness for the lies the bank told him, and he nearly took his own life at one point after finding out that his daughter had developed an eating disorder because of the stress. He said that many people didn't believe him, or they thought he was lying, or crazy. He knows of people in the Lloyds support group who have taken their own lives too. He's been fortunate enough to have a car restoration project to take his mind off things, but also says it hurts that his own family didn't believe him either.

The impacts it has had on his and his family's health have been tremendous. His wife had a heart attack and a nervous breakdown, his daughter suffered from bulimia and lost half of her body weight, and Dave's diabetes went out of control, causing his eyesight to deteriorate. There was also an incident where he was physically harmed while being removed from an Annual General Meeting (AGM) where he raised the issues regarding the mis-selling. The footage of the incident has been removed. He was physically manhandled in such a way that he suffered bodily harm and as such there is a pending charge against Robin Budenberg for Actual Bodily Harm for doing so.

Dave's case also highlights the extent to which mis-selling and misconduct by the finance sector can facilitate family breakdown. Dave described it as causing "serious hardship with the family". Dave's wife was threatened with dismissal from her responsible position in Scottish Widows, if she was to tell the truth about the situation to any of the other Lloyds Banking Group members. Dave's wife was fed misinformation by someone over the phone which caused her to have a breakdown.

Unfortunately, his wife left him, and his son no longer speaks to him, as they both feel that the fraud was somehow Dave's fault, and his wife said that until the issue is resolved, she wished "nothing to do with him". Dave and his wife lived estranged lives under the same roof for a while which was "very, very difficult" until they lost their house. He says it hurts to be rejected, knowing he has done nothing wrong, and it is hard to be accused of lying, cheating and stealing.

In terms of support, Dave has had no contact with anyone apart from the tremendous support from the Lloyds victims group, who help him to not feel alone. He has also been given incredible support from a friend who gifted him a caravan to live in. He says he has had support from friends and can never repay them.

Moving forward, Dave's goal is remediation, rather than looking for compensation. He cannot access benefits and lives on other people's charity, which he struggles with. He says living like this, not knowing when he's next going to have money, having come from a good lifestyle with a Range Rover and speedboat is difficult. He says that when he gets his due remediation, he wants to buy a new property and put a roof over his wife's head, he says "it is the least she is owed".

David Laity

David Laity is an ex-police investigator who took out a building loan in 2015 with Lloyds bank after they approached him. It ended up that there were misgivings with the building contract, ending with the builder involved defrauding Lloyds Bank through forged documents of £240,000. Despite the builder being involved in a court case and being sentenced to 6 months in prison, Lloyds Bank refused to accept this as it was easier for them to get the missing money from David. Over the past 6 years, David has been fighting Lloyds which claims to have a legitimate charge over his building plots, which they don't, with his situation involving forged signatures and failures to update land registries by Lloyds. He is also involved in fighting for others and representing those who have been victims of bank malpractice. Working with others, David has found over 440 forged signatures by Lloyds which have been used to defraud property from people like himself.

Financially, David and his family have been impacted massively: the situation has made them homeless, and they have had to rent accommodations for 6 years for all 6 family members. The bank took a property from him using forged signatures/documentations, leaving him with a total loss of £2.5 million. He also expressed that it is too expensive to go to court to fight for his case, despite having extensive evidence.

He described the situation as "a life of sheer hell", as he and his family had to live in a caravan for 2 winters. The unacceptable living conditions that his children experienced while completing important educational qualifications meant that many of them performed worse than they should have. They also experienced having few to no friends, and had to share bedrooms of tiny sizes that had ice on the inside of the windows, all while he and his wife slept in the caravan lounge. One of his sons became suicidal, the whole family split up and his children eventually moved away. His wife has been severely depressed for 2 years, and has required medication to cope. For David, he says the experience "completely wrecked the family". David while working with others was made aware of 30 young people who have attempted suicide, 2 assisted suicides in Switzerland and 2 young teenage girls who were left seriously injured after suicide attempts due to banks defrauding individuals out of money, Lloyds and others included.

David suffers from a progressive disability and was designing and building his new home so he wouldn't have to rely on the state in his retirement. This plan of course has been destroyed, so his life has been physically impacted too.

For his children, the cramped and unhealthy living conditions affected their education. This meant one of his sons missed out on the last 8 months of schooling because of his mental health. This means that he struggles now to find employment. His other son is a van driver because that's all the work he can find with the amount of qualifications he has. David's previous family have also been impacted: he's missed out on his son's wedding, birthdays, anniversaries and the upbringing of his 6 grandchildren. He describes missing out on all the important landmarks in his family's life as "a bloody nightmare for all of us".

When asked about support, David repeated the same experience as others: that there was no support at all. He described his life as working hand to mouth, and his wife as having to work 60 hours a week. He was able to access some emotional support from other victims, but nothing else.

David continues to work hard to bring justice and accountability for banks like Lloyds whose malpractice has stolen billions of pounds from individuals. He says that "crooked lawyers are gaining massive amounts of money by taking fraudulent documents to the court", and that there is hope for the future regarding information he has received. He has also recently graduated as a mature student with a BA in film studies, focusing on documentary, to help bring information against the malpractice in the finance sector to light.

Mike Lloyd

Mike Lloyd was sold a Mini-Max product by Barclays bank in 2001 to support a business loan his company was taking, and no risks were ever explained. As far as the Directors were aware, this product represented the highest and lowest rate at which interest would be charged. He was told it was the only way the bank could structure the loan needed in order to complete a property purchase. This agreement from 2001 expired in 2006. At the renewal of the facility, the business was told that it needed to be protected against interest rate increases and was compelled by Barclays to enter into a product called a “structured cap and collars” for 95% of the company's borrowings for a period of 10 years. They were told this would afford protection against high rates of interest and this was promoted to the company as a no-cost product. At no point was the potential damage this could cause the company ever mentioned, should interest rates fall below the collar level mentioned. The exit fees and how substantial they would be were also never disclosed. An alternative product, such as a “cap” was never offered, which would have protected them against high interest rates. Mike was also not told about commission rates and profit levels that the bank advisor or bank would obtain, or any hidden credit line or margin cover needed in excess of the collateral the company had provided the bank with by way of equity in property. The first effects of these toxic products on the business were at the time when the base rate fell to 0.5% following the 2008 bank crash. The effect of this began in April 2009. As a result of the fall in the Bank of England (BoE) base rate to 0.5% an additional £27,000 per month was charged in interest.

At the peak of the company’s existence the business was turning over in the region of £9 million per year, this having been built over a fifteen-year period. The properties held by the business in early 2007 had a value in the range of £13 million with further development and land opportunities. The business’s borrowing was in the region of £8 million. These high interest rate charges compounded by further rate increases from the bank increased the burden of monthly payments to £35,000 from summer 2009. This massively damaged the company’s cash flow. Further costs were levied on the business at the demand of the bank, effectively worsening the company’s situation from bank appointed and unwanted financial advisors and business “experts”. The company disposed of property and reduced staff levels to meet the bank’s requirements, the effect of this meant the loans the business had were reduced, but the liability for the products enforced on the business remained in place. The only way to resolve the problem caused by the bank was to agree to pay the exit fees levied by Barclays which cost over £1 million, which was done at the end of May 2012. The long-term effect of the mis-sold products by the bank was the eventual failure of the business in 2012.

Following the failure of the business, within 2 weeks of this happening the FCA announced the products sold to the company had been mis-sold and where this had happened the business should be put back in the position it would have been in had there been no mis-sale. Six months later a new classification was introduced by the FCA and the bank which meant the business was classed as ‘sophisticated’ as a result of employing over 50 staff and turnover exceeding £6.5 million, thereby removing entitlement to compensation. The products sold by the bank to the business were deemed as toxic by the FCA. Mike has never gained compensation.

The charges that led to the loss of his business, have caused major damage to Mike's domestic life. Due to the loss of income, Mike has only been paying interest on his repayment mortgage since 2009. He is also unable to move to a cheaper mortgage as a result of the dramatic fall in income. The change in lifestyle has been extremely difficult, as he hasn't been maintaining anything like the lifestyle he had previously, which was enabled by owning the business for himself and his family. Mike has had a very hard time struggling to keep a roof over his head, something he has only been able to do with the help from his immediate family, leaving him with debt to repay. He has also not been able to pay into his pension, which was something he was doing previously, which has added to the timeline of impact.

Emotionally, Mike said it has been "damaging", especially given the fact his fight for redress has been going on for 10-12 years. He said he was treated poorly by rude advisors, who were never there to help, but only, in his opinion, to look after their own interests. He also said it destroyed his confidence, especially in his attempts to set up future business endeavours. He is now an employee rather than a business owner and is not willing to take any risk on restarting a business, given his age and potential resulting impact.

One of the most serious impacts is the impact it had on Mike's business partner. The partner, who Mike had worked with for over twenty years, died, in his view, as a result of the enormous stress he endured in his late sixties. His partner's family are having to use his life insurance to repay their mortgage. For Mike himself, the impact of losing someone whom you worked with is obviously huge. This is potentially the biggest and most serious example of the cost to human life that misconduct in the financial sector can have. The emotional and financial damage caused is serious enough, but to be the main cause behind the death of an individual is the most poignant of damages.

Relationally, Mike says he has been severely impacted. He said that they were lucky in being able to keep the family home, but have had to rely on his in-laws to pay part of their mortgage. He speaks about the stress this brings. He also spoke about the difficulty he had in explaining the situation to his teenage daughters, describing it as "hard to explain…they don't get it, why would they?". He is thankful his wife has stayed with him through it all, but has said it has damaged the family relationships and has been immensely difficult.

Some of his friends and colleagues however, have had a "no smoke without fire" type of attitude, suggesting that Mike and his business partner must have known what they were buying and what they were entering into. But they didn't, as the IRHPs were mis-sold to them. The banks know this to be the case, but have escaped giving Mike compensation as a result of the retrospectively introduced "sophistication" criteria.

Mike's financial situation has been worsened by the difficulty he has experienced in getting employed. He spoke about the difficulty of getting a job because of his age, saying "they don't want aged executives…you have absolutely no chance", and that employers want younger staff who are paid less.

Overall, Mike's life has changed immeasurably as a result of the sale of toxic products by the bank to his company, and the loss of the business can be measured in many millions.

Nicholas Wilson

Nicholas Wilson was the whistleblower involved in reporting the illegal costs being added onto debts by HFC bank, which at the time were purchased by HSBC bank. At the time, Nicholas worked at a firm of solicitors, and when he made the complaint against these illegal charges, he was fired. Nicholas reported the bank and the solicitors' firm. The Solicitors Regulation Authority (SRA) upheld that his complaint was true, but took no action, because they claimed it was only happening in small numbers of cases. Nicholas then took his complaint to the Financial Services Authority (FSA), now the Financial Conduct Authority (FCA), who failed to make any further investigation.

Due to his status as a whistleblower, Nicholas has struggled to gain future employment, as nobody would hire him, with the reason that he leaked confidential information. This has meant that he has struggled financially, having to survive on benefits for the last twenty years, with £40 a month left for bills and food. The only way he says he can survive is from the donations he gets from his Twitter followers. Living like this and living on charity have their own issues which he describes.

Nicholas has experienced severe depression and at several points became suicidal as a result of the lack of resolution to his situation and the lack of action from the FCA. He described how he felt gaslighted by the FCA, who treated him as if he was guilty and asked him to provide evidence, rather than investigate it themselves. This is despite the copious amount of evidence Nicholas already provided them with. In terms of physical health, Nicholas struggles with poor health overall, but says he cannot blame this on the misconduct he experienced.

The social and relational impact of the misconduct Nicholas experienced has seriously affected him. He describes himself as being "alienated" from friends and family, who get tired of hearing about it. He described his situation as him ending up as a "recluse", when people think you are a "nutcase, mentally unwell", or a "fantasist". Nicholas spoke about how it caused tension and arguments with one particular family member, and it means that he doesn't discuss it with others.

He also echoes similar responses regarding the lack of support available, mentioning in passing the organisation *Whistleblowers UK*, of which he was a founding member and was able to get some support from a psychologist. But since then, there has been no support available.

Being a whistleblower and the resulting treatment by the FCA has had a profound impact on Nicholas' emotional and mental well-being, his financial stability and life overall. He summarises his experience by saying "If they [FCA] had done their job properly all those years ago, I think my life would have been very different". His whistleblowing has resulted in a multi-million pound payout to the victims; whilst Nicholas himself is struggling to survive.

Nigel Cairns

In 2007, Nigel and Janet Cairns took out a £350,000 loan with HSBC for the extensive refurbishment of their family home, a loan which was interest only for a minimum of 20 years. A year later, when the house had been gutted and partially demolished in preparation for the work, they received an unbelievably devastating email from the bank declaring the termination and return of the loan. After complaining that this was not how he had expected the loan to operate, the bank agreed to reinstate it, to Nigel and Janet's relief. However it later became evident that the bank had not in fact reinstated the loan in its original form but had altered some of the terms and conditions. At the time, Nigel felt that although he had a gun to his head he should be able to rely on the bank behaving responsibly as on all the bank's correspondence there was the clear endorsement that the bank was authorised and regulated by the FCA.

A further 12 months passed, and the bank informed Nigel that in order to continue with the loan and avoid repossession of the house which the loan was secured against, he would have to pay a renewal charge and a higher interest rate. After protesting once more, he was given an ultimatum of take it or leave it. As the building works were well underway for the refurbishment, Nigel had no choice but to agree to the bank's revised conditions. Over the succeeding years, and on an ever more frequent basis, the same thing happened again and again: the loan was continued, each time with renewal fees and an even higher interest rate.

Nigel was soon notified by the bank that he hadn't fulfilled his obligation to finish the project in the time anticipated - an obligation which he wasn't even aware he had. Consequently, the senior HSBC manager advised that he borrow an additional £175,000 in order to accelerate the project. But because of the fees and higher interest rate, which eventually became double what Nigel had initially agreed to, the additional funds went towards servicing the original loan, rather than the building project itself. After ten years of repayments, the bank declared that, unless he could sell the property or repay the loan, they would have to foreclose on him.

Even though a solicitor had said that Nigel and Janet had been treated extremely unfairly, the Financial Ombudsman Service (FOS) initially refused to look into the matter, agreeing with HSBC's objection that the complaint was outside the Statute of Limitations. But after seeking help from Neil Parish MP and Kevin Hollinrake MP, the FOS agreed to award them redress in 2020, relating to their unfair treatment with respect to the renewal charges and increased interest rates. However, the FOS' order expired in 2018, and the bank continues to threaten Nigel and Janet with repossession proceedings and are charging more than double the interest rate originally agreed. If he doesn't sell his property or repay the loan they will foreclose, despite the fact that they've never fallen short on a payment or transgressed the terms and conditions of the loan.

Nigel describes his situation as "a complete nightmare scenario, with no way of escape". For the past decade, he and his family have had to live with the daily fear of eviction. Even with his wife getting another job on top of running their business, his family has seen a "catastrophic" impact on their standard of living. As a result of the cutbacks, Nigel talks of the negative impact that this has had on his ability to look after his children in the way that he had envisaged, and on his ability to give his elderly mother with dementia the amount of care that he would have liked before she sadly passed away. "Our only function in life was to pay the bank the money that they were demanding from us, with the backdrop… of total destruction, possibly coming the very next day, each and every day."

Whilst Nigel and Janet have received some redress - though only a mere £1,500 for the stress, inconvenience and psychological damage caused to him and his family over 12 years - he justifiably laments that the FOS is not able to give him back the decade of his life that he and his family have lost, through no fault of their own. "No money that is being offered could make amends for that".

Nigel expresses feelings of despair, anguish, dejection, and a sense of "complete hopelessness" regarding the inaction of the regulators, who are the only possible source of protection in such situations. Having the belief and trust in receiving justice "destroyed" leaves Nigel and Janet and others in similar situations feeling as if they have no "valued place in society at all." In many instances, such obfuscation and dishonest actions of the regulators inflict greater harm than the original violations brought to their attention.

Fake Insolvency

Michelle Young

Michelle's financial misjustice came as a result of her divorce proceedings. In 2013 she received an enforceable judgement order from the court for the value of half her estate - £26.6 million. But she hasn't received any of this settlement to date, and her struggle has taken 16 years of her life, working extremely long hours.

In 2015, the family court judge, Justice Philip Moor, moved her case into the insolvency courts, where she was charged with bankruptcy, after her ex-husband unexpectedly died a year earlier. On the day of the trial itself, she had to attend proceedings with a black eye and a bandage, after having recently had surgery on a tumour.

But Michelle doesn't consider herself a victim. The financial misconduct that she's suffered completely turned her life upside down - in more ways than one. She founded the Great Insolvency Scam group and now sees her destiny as getting justice for other families who have been defrauded by the family court system.

Fraudulent Investment Schemes

'Freddy'

Freddy relocated to China with his family from 2009-2010 following a work opportunity, and then returned to the UK. After a few months living in China he was contacted by a financial firm about his extra income that had become available to him as his living expenses were being paid as part of the package offered to him by his employer. The firm's representative was a "nice" guy, was also from the UK, and explained the various packages available to him. Freddy was initially reluctant, as he didn't know how the financial firm had got his details, but was also intrigued. Originally, Freddy wanted to use his extra money to pay off his UK mortgage, but the firm told him that wasn't going to be a good use of his money. Freddy wanted a flexible, low risk package that would allow him to take money out when he wanted. The plan he was persuaded to buy allegedly fit these requirements and he began to pay £700-800 per month investment. This became a problem when he returned to the UK, as his outgoings increased. It became apparent that he couldn't stop the payments and they had to be above a minimum amount. In the end, Freddy cashed out, and having invested £25,000-30,000, he received only £8,000-9,000.

Freddy didn't really have any savings and wanted to use the extra money he had to create them, and to surprise his wife with it. He put it down as a bad experience and decided to forget about it. Freddy and his family managed to stay relatively financially stable, which is what allowed them to shrug it off. But, there are still frustrations over the things they planned to do with that money, that they are no longer able to do now.

Emotionally, Freddy described feelings of embarrassment, as he thought he was doing the right thing. He considers himself a robust, trusting person, so he decided to put it behind him and move on, thinking that otherwise it would only further burden him. What frustrates him is the fact it is happening to other people, and he says he is bitter towards those who scam others. He admits there is a small part of him that hopes he would like to secure compensation, but most of him thinks the best thing to do is to move on.

The money he was investing was supposed to be a surprise for his wife, so when he explained the situation to her 5 or 6 years after it had happened, she was disappointed, but fully understood and was supportive. He says his friends have been supportive too. He admits it is easier for them to deal with it, as they never 'had' the money to begin with, or weren't aware of it.

In terms of support, Freddy sought advice but found there was nobody to offer real guidance. He looked on Google and forums and found other people in the same situation. Finding others was both upsetting and reassuring, as he felt like he wasn't the only "gullible" one out there. However, most research drew a blank and he was not able to get financial support from the UK, as his scam took place outside of UK regulated areas. He describes the general lack of help as frustrating.

In 2013, Freddy found that one of his old friends from China was put in prison for their role in scams and misinformation, so he wonders if that is how the firm found him. Freddy hadn't done anything about his situation until he saw the advertisement for this interview. His motivations for participation include wanting to prevent it happening to others. He says having to talk about it all brought his feelings to the surface, but in general, the life experience he had living in China outweighs the negative experience of being scammed.

Gary Wilson

Gary was the victim of mis-selling on two separate occasions, where he was led to believe that his money would be invested safely and with cast iron security. Both companies he invested in went bust and Gary now faces the potential of losing significant amounts of his money. The administrators of a property mini-bond company have estimated returns to be 7%, meaning that he could potentially lose up to £201,000.

It will be another three years before Gary gets access to his state pension, and until that time he has to live his retirement off what he’s got left, which, after bills are paid, amounts to £75 for the month. Whilst he states he’s getting by, he’s had to become very careful with how he spends and that as a result he isn’t getting a lot out of life anymore. As well as the sheer injustice of the situation, and like many others, the worst thing for Gary is the uncertainty of not knowing how things are going to unfold. He notes that the stress of the situation has led to him developing Alopecia Areata, something that he is reminded of every day when he wakes up.

Whilst Gary has received helpful support from his MP, he feels let down by the government and police authorities who don’t at all seem interested in or empathetic towards his situation.

‘Helen’

In 2016, Helen was looking online for a reasonable yield return on an investment. She came across Blackmore Bond, which all seemed perfectly legitimate and highly rated on sites such as Trust Pilot, for the scheme had robust underlying assets and capital guarantees. She called Lonsdale Insurance Brokers in person to verify that an insurance policy was in place for the amount stated. This was subsequently confirmed and a policy number was provided to her.

In 2019, the interest payment on Helen’s investment was delayed, and it was at that moment that she feared the worst. When the company eventually did go into administration, she lost a total of £75,000, which was the maximum amount she should have been returned as a guarantee if a problem did arise.

The direct consequence of losing this money for Helen has been significant cutbacks in her quality of life. The money she saved across her working life for retirement plans has vanished. Having already retired, there is no way of making up the lost money. To make matters worse, she has to spend a lot of money trying to recover what she’s already lost.

Emotionally, Helen feels frustrated, angry, and shocked at the level of corruption that exists in a first world country such as the UK. Furthermore, she feels ignored by, and disappointed in those in power with a duty of care, such as politicians and the financial services sector. She is also embarrassed by her situation, suppressing and keeping her feelings to herself for fear of judgement from her friends.

But Helen remains resilient and determined to get justice for herself and for others. The work she does in keeping up the momentum of the community of other Blackmore Bond victims takes up a considerable amount of her time, time in which she should be enjoying her retirement. Every week, Helen has to keep on top of the tremendous amount of paperwork and research to sustain the fight.

Mark Bishop

In 2010, Mark invested around £300,000 in the Connaught Income Fund Series One, a regulated, low-risk product promoted by a FTSE50 company - Capita PLC. Mark was able to invest in the product, accessible only through an independent financial advisor, because he qualified as being a professional, sophisticated, or high net worth investor. Two years later, he received the information that because of a claimed accounting issue, his interest would not be paid, and later that his capital was at risk. After doing some independent research, Mark and some other investors were shocked to find a large number of red flags with the fund, which should have stopped Capita from promoting it and should have alerted the Financial Services (now Conduct) Authority, both before and after the fund's launch. Because of the negligence of Capita and the FSA, he and the other Connaught investors ended up having their money stolen.

Whilst, collectively, the investors have received around £60 million back, they have still suffered significant financial losses, not only with respect to the initial £25 million of capital that hasn't yet been returned, but also through insolvency and legal costs, opportunity costs for not having access to the money they otherwise would have had, and a decade or more worth of forfeited returns that they would have received from investing elsewhere.

The journey that Mark has been on over the past 10 years has been a fight to say the very least. Having known in 2012 where he would be now, he says he would probably have cut his losses and moved on with his life. However, as the years have gone by, the greater his desire has become to achieve justice. But this has come at a cost. As a consequence of the tremendous amount of time and stress that the ongoing battle for justice for himself and others has involved, Mark has had to sacrifice the growth of his business, which has only made a small proportion of what it could have done.

On an emotional level, Mark notes his frustration and anger with being completely and consistently disregarded and ignored by the FCA. On countless occasions, he has approached it to offer compelling evidence of the extensive regulatory failure and cover up, and each time he has been dismissed. And whilst he knows that he's doing a good thing by leading the group's fight for justice, "it can feel like a quite lonely and monomaniacal campaign", and is aware that he can come across as "obsessive".

Tragically, Mark also expresses a great deal of guilt and self-blame about the efficacy of the actions and campaign strategy decisions he's taken. Having been aware of some of the problems in the financial services industry for a long time, he often feels the need to apologise to victims of other subsequent scams because he wasn't able to achieve the regulatory change required to protect them. Similarly, two fellow investors, one of them a good friend, have since passed away, and Mark carries the weight on his shoulders of whether other approaches would have led to a full resolution before their departures.

Even more distressingly, after disclosing the role of a minor perpetrator in the Connaught case to their employer in order to protect consumers, Mark was publicly blamed for their subsequent suicide when they emailed a large number of people the reason for their decision. Mark's action in relation to that individual - preventing him from being employed in an FCA-authorised business - is something that the regulators should have done, but didn't, and so he carries the burden of being perceived as the cause of their death, when in fact he was doing the right thing. With hindsight, he also questions his decision of not notifying the police after seeing the email and not believing the sincerity of their intention. Mark has to live with these emotions, questions, and doubts every day.

Looking on the bright side, he expresses gratitude towards having been introduced to a number of interesting people, and having gained knowledge and skills as a result of the journey he's been on. But these experiences have come at a "very significant financial and emotional cost". It's fair to say that if the FCA and Capita had done their jobs and behaved honourably, his life would be very different.

Mark Hambling

Mark came across the Dolphin investment scheme on the internet in 2014 and ended up making three subsequent investments in it, totalling £800,000. There was no hint of a problem for the five years in which he received regular interest payments, until he heard in a BBC radio programme that it was, in fact, a Ponzi scheme.

He's received about £100,000 back in interest payments but this still means his losses total around £700,000. After his private pension runs out in 10-15 years' time, Mark anticipates having to live solely on the state pension and consequently having to cut back his expenses.

Mark was a founding member of the GPG Creditors Association and he has described going through periods of very high stress, and a lot of frustration that the necessary authorities don't want to hear about the information and evidence he has.

Mortgage Prisoners

'Laura'

Laura bought a mortgage with her partner from Northern Rock in 2005. Like many others, she became a mortgage prisoner as a result of unforeseen factors. The combination of the fallout from the 2008 financial crash, the extra fiscal squeeze resulting from her partner having recently started his own business, as well as the theft of his car, quickly led to their mortgage payments becoming a bit unbearable to deal with. Initially intended as a temporary measure, Laura requested to switch her mortgage to interest only in an attempt to reduce the monthly payments. However, this stop-gap soon became a persisting reality.

To make matters worse, in 2015, the UK government sold the mortgages they had bought from Northern Rock to a venture capital fund called Cerberus. Laura and her partner had no say in this decision and were informed that nothing would change. But the process was anything but transparent. The couple were not made aware of the switch from a regulated to an unregulated mortgage lender, and had no idea that Cerberus were involved at all, for their statements only ever listed Landmark Mortgages. By this time, the government had introduced much stricter rules to take out a new mortgage, meaning that because of the debt that they had accrued over the past seven years trying to keep up to date with their payments, it had become impossible for Laura and her partner to re-mortgage. They had no choice but to keep up the payments or risk losing their home.

Laura and her partner relied on credit cards from 2005-2017, with interest rates on debt costing £400 per month at times. They were in a spiral of borrowing: always building, and never reducing. They were both working long hours, full time, and seemingly getting nowhere. As a consequence, Laura's standard of living dropped considerably during this period. Her and her partner were surviving month to month, always having to prioritise their mortgage payment above all else. Not only did they have to forgo luxuries such as holidays for 14 years given their lack of disposable income, but there were also occasions when they couldn't even afford a proper food shop and had to live off beans.

Laura expressed that she had an "ever-present feeling of anxiety", to the extent that she would - and still does today out of habit - wake up each morning and check her bank account balance. The constant worry and weight on her shoulders led her on particularly bad days to just want to sit and cry. She also described being angry, frustrated, and embarrassed with herself for previously working in the finance sector and still being in a position where she was effectively renting. This stress often spilled over and affected her relationship with her partner: arguments would arise as a result of disagreements about what they could and couldn't afford. All this time, Laura had to decline social invitations and lie to her friends about why she couldn't join them for fear of embarrassment.

Laura's current situation is thankfully much more stable. Being a naturally optimistic person, she took the risky decision to return to full time education, taking one step back in order to take two steps forward. And whilst initially unable to re-mortgage, she managed to turn her house into a buy-to-let and accumulate enough savings to be able to do so, a day which she describes as being "very, very momentous", because the stress of being a mortgage prisoner completely dissipated.

But Laura's story is one shared by countless others. Through no fault of their own, an unexpected event led to these individuals being trapped in their mortgages, years which were, and still are, accompanied by an unnecessary amount of financial hardship and mental torment.

Rachel Neale

Rachel Neale is a mortgage prisoner who took out a Northern Rock loan pre financial crash in 2008, and hasn't been able to remortgage. Rachel's mortgage was sold to an inactive lender, who they had no say in, as the government sold their mortgage books without protection. They ended up being unable to be offered a cheaper mortgage as the company they were sold to didn't have a lending licence, leaving them with a Standard Variable Rate (SVR) of 4.39%, which is only currently this low due to the pandemic. The regulated company they were with, Landmark, who the government sold the mortgage to, is under the umbrella of Cerberus, which isn't regulated, meaning she couldn't be offered any lending and she no longer passed the new affordability criteria.

For Rachel, the financial impact of being stuck with the high mortgage payments has been huge. She says her husband's business hasn't been able to grow, as he hasn't been able to get loans to cover new equipment, and they haven't been able to secure another property. Rachel has a health condition that requires her to have a medical room, and this hasn't been possible as she cannot move to a home with enough space. She says they have been lucky in that they haven't fallen into a huge amount of debt, but they still struggle every month to keep their home. Rachel's family of four live in a 2-bed house, where her 13 and 20 year old sons have to share a room, which she describes as "not healthy", and something that negatively affects her sons' mental health. The amount of money they have to put towards the mortgage means that there is no spare money for the future or for their pension, meaning Rachel's husband will not be able to retire as early as he would have liked.

The emotional impacts for Rachel have been severe. She says that she feels "trapped", as the companies make a mess of payments so that their credit files are negatively impacted. She says she is affected mentally knowing "you're not doing the best by your family" and that she feels they're not living like they should be. Rachel expressed emotions of fear, guilt, inadequacy, bitterness, resentment, and stress, experiencing very low moments feeling "very, very trapped and suffocated".

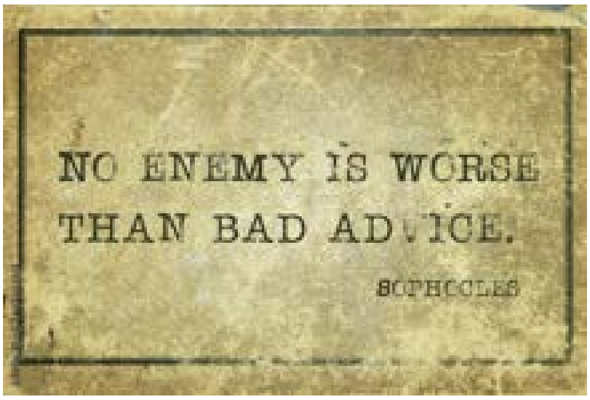
Physically, Rachel struggles with Crohn's disease, which means she needs a feeding tube 17 hours a day, as well as a medical room for all her equipment. Stress affects Crohn's disease very badly, and she said that the situation has worsened her health as a direct impact, as she now suffers with anxiety and chest pains. When she is especially ill, it puts extra pressure on her husband, whether that be additional working pressure, or childcare related pressures.

Relationally, Rachel says that it can be embarrassing, bring shame, and create barriers as people don't understand and "just don't get it". Rachel has had to borrow money from her parents and occasionally other family members to prevent her from losing her home. She says "you feel guilty…battling with somebody, your own conscience, and your own guilt".

In terms of support, Rachel says she has had no access. The only positive highlight has been when the BBC Panorama programme on mortgage prisoners was made, and she was able to meet others who understood her situation, like Cat McShane. From there, she has been able to take over a small mortgage prisoners group and through her work has grown the group to over 4,500 members. She says the Citizens Advice Bureau "just don't get it", and brokers are unable to help as they cannot find a product where you pass affordability. She is able to get mental health support from her medical support services at the hospital, but says there is nothing out there for her specific situation.

When asked for a final comment, Rachel wanted to emphasise that being a mortgage prisoner is underestimated. She says there are huge ways it affects your life, and more research needs to be done into how the lives of the families and children are affected, as so often the burden of being a mortgage prisoner is passed on to them.

Poor Financial Advice



Guy Dresser

Guy's story is representative of a lot of expats being financially exploited abroad. These individuals have lost significant amounts of money through no fault of their own, but rather as the result of bad products, bad advice, and a bad regulatory environment.

Guy moved to Switzerland in 2009 after getting divorced. He had private pension assets with several financial services companies in the UK and wanted to consolidate them to reduce the charges they were incurring. He was contacted by an offshore financial wealth management company in 2011. The company persuaded him to transfer all his pension assets, including one occupational pension, into a Qualifying Recognised Overseas Pension Scheme in 2011, which at the time was endorsed by HMRC.

However, some of the underlying investments were in structured notes, a complex investment product which was not fully explained to him. What was specifically not explained was the risk profile of the notes, which regulators like the FCA in the UK say are high and make them suitable only for sophisticated investors. The notes also only pay out if several specific conditions are met and the level of risk these entail makes them unsuitable for investors with a limited appetite for risk. The rest of Guy's pension assets were invested in multi-asset funds and Guy was regularly advised to buy and sell holdings in these funds by his investment adviser. Two or three years went by and Guy noticed the high level of charges being incurred by his pension plan - many hundreds of pounds in commission every time a holding was bought or sold. The fees far exceeded any growth and, as time went on, Guy noticed that the overall value of the pension was falling, and it lost 10% of its original value during a time in which the stock market was doing well. In 2018, by which time he'd suffered a combined net loss of £40,000, Guy realised he had to get out.

Alongside all this, Guy had been saving £500 per month into a long-term savings plan set up by his financial adviser. Guy had wanted to make regular savings in a tax-efficient way, as he had with PEPs and ISAs in the UK. He asked his adviser about investing in a so-called Third Pillar, a tax-efficient savings system that is common in Switzerland, but was advised this was not suitable as he was not a Swiss national. This turned out to be incorrect advice. Instead, he was persuaded to put money into a long-term savings plan with no opportunity to withdraw early without incurring substantial exit fees. This was not made clear at the outset. Guy decided to cut his losses and the exit fees cost him an extortionate £7,000.

Guy expressed feeling foolish and angry about his situation. After trying to do everything he could to save and get himself back on track financially after his divorce, discovering what he had been talked into made him feel “absolutely sick to the stomach”. The stress of the possibility of losing significant value in his pension caused him sleepless nights and a tremendous amount of unnecessary self-blame. In an attempt to get him back on track, again, Guy took the decision to switch jobs, in part to address his financial situation. But having a 90 minute long each-way commute each day to a job that he didn’t particularly enjoy, for four entire years, had negative effects on his mental health.

Guy also described a feeling of helplessness, given the lack of safety nets for British citizens living and working abroad. His own situation, as well as many others like him, slips through the regulatory cracks: neither being covered by the British financial regulators, nor treated seriously or empathetically by the European regulators. Complaining to the financial advisory company itself was a waste of time, Guy discovered. The company did not have a satisfactory procedure for reviewing complaints in place. Nobody was there to help Guy, apart from other expats on the internet who had suffered similar mis-selling. When he tried to raise awareness among campaigners and the media in the UK, he noticed limited sympathy for his plight with many commenting, incorrectly, that people who went to work abroad must somehow be ‘tax dodgers’ and not worthy of attention or sympathy.

Pension Scams

Dennis Waite

In 2012, Dennis found himself in a debt management plan which he wanted to get out of. Not wanting to approach anyone for financial support, he wondered if he could access his pension. After realising that this was illegal before the age of 55, and subsequently abandoning the idea, he was cold-called by a non-existent company called JP Sterling. They informed him of one of their HMRC registered schemes which offered a legal 5% commission upon joining. After some due diligence and upon advice from Premier Pension Transfers under the Financial Services and Markets Act, Dennis proceeded to transfer his pension to pay off his debts because everything which had been presented to him about the scheme appeared completely legitimate. Whilst Dennis received the £5,400 he was expecting, he knew something was wrong when the accompanying paperwork was delayed, vague and unconvincing. He received no reply from the subsequent letters he sent to Imperial Trustees and so drove to their registered address, which turned out to be nothing but a virtual office.

When Dennis realised that he'd been scammed, he felt suicidal: "I could have literally jumped under a truck that day." Feeling foolish, lonely, and embarrassed, it was only after finding others on the internet who had been through the same thing that these emotions turned to a burning desire to fight to get his money back and stand up to the bullies that had taken it from him.

However, the memory of his decision is never far from his mind: "Every now and then I'll get a cold shudder and think, oh my god, I lost all that money." Dennis fears that turning 55 - the age at which he can legally access his pension - next year will cause him to relive the trauma of the situation and expresses concern that if he doesn't get any of the money back, it's going to haunt him for the rest of his life. As a result, he doesn't trust himself to make big decisions anymore.

As well as losing the £103,000 from his pension, Dennis has been coldly threatened by HMRC and their bailiffs - an experience which very much frightened him - who demand that he pays 40% tax on the initial £5,400 he received because they deem the payment to be unauthorised, looking upon victims as tax avoiders. Dennis vehemently disagrees with this cruel assessment and treatment from the authorities because he knows of countless other unsupported victims of criminal pension scams from a group of which he is a part. Furthermore, the FCA and The Pensions Regulator (TPR) both acknowledge that pensions scams are a crime and that he and others like him are victims of crime.

He is subsequently in an HMRC repayment plan, despite Dennis' case currently being in an ongoing investigation by the Serious Fraud Office (SFO), a positive result from which he is optimistic. Nonetheless, even if he does get his pension back, he will never regain the last decade of irreparable daily mental anguish he's suffered, or the lack of confidence in his own ability to make simple decisions.

By sharing his story about being scammed of his pension, Dennis hopes to save others from "the heartache, the stress, and the financial ruin" that he's been through.

Diane and Peter Bentley

Diane and Peter Bentley are expats, the victims of pension mis-selling, who lost about £20,000 each through the transfer of a defined benefits pension scheme. They struggled to get clear and consistent responses from a financial firm who persuaded them to transfer their pension over to them and they lost a significant part of it. They were advised to transfer their pensions abroad and benefit from a tax-free lump sum (as if they were still resident in the UK), and to take advantage of a unique NHS financial incentive to transfer out of the scheme. Both these statements were wicked untruths.

The financial impact of being victims of a pension mis-selling is that Peter, already at retirement age, still has to work full time, as they cannot live comfortably on his state pension alone and their now depleted private ones. Diane has lost her NHS pension, something that she worked thirty years for, and described this as a "travesty".

Like many others, they expressed the feeling of being cheated, angry and frustrated with the process of trying to get their money back, describing that "everywhere you go, there's a barrier". Diane spoke about how the complexity that companies use allows them to manipulate customers and hide the true commissions they take. Lies about certain elements of the money transfer process are still being told today.

They also discussed the difficulty they have in trusting those who offer them help, as even in small, private Facebook groups, there are members of financial organisations who infiltrate the support communities. This has led to threats of legal action waged against them. The continued mis-selling and misconduct that still goes on must be stopped, but Diane acknowledges that many other victims feel embarrassed, or too scared of litigation to speak out. The emotional impacts caused by this type of mis-selling are highlighted by Diane and Peter's experience of the stress, anger, and the frustration over financial institutions who just ignore any 'black and white evidence' they don't want to answer. It can be extremely tiring, and Diane emphasised that the continuous nature of the stress can be a real issue.

Diane and Peter described no physical impacts of being a victim of this mis-selling except for the continuation of their working lives, rather than being able to enjoy their retirement. They acknowledge that they were "lucky" to be able to "get away" relatively quickly, and before their pensions were totally lost, noting that some people have been left with nothing. Victims have died before being able to get any justice because of misconduct in the financial sector

In terms of relational impacts Diane and Peter do sometimes talk to their daughter about the problem, but don't really talk to other friends or family about it. She says it has had a minimal impact on their husband/wife relationship, because they are committed to working together as a team, exposing financial misconduct abroad through their website for expats.

As mentioned earlier, Diane and Peter spoke about how there is some support available, for example the Facebook groups, but they are largely inactive, and the risk of them being infiltrated is always there. There are issues in obtaining information to expose dodgy practices, as well as the distrust of those offering help. Diane also notes how the government is unable or won't help her or others, and when individuals do offer to help, they can often begin promisingly, but then disappear completely.

For Diane and Peter, work is a big challenge: the fact that Peter continues to work to support them, at an age when he should be retired, in addition to work related to the processing of the pension issues and that of warning others, can be tiring.

Diane and Peter's case highlights the difficult outcomes due to the lack of transparency in the financial sector, and weak regulations overseen by weak and ineffective regulators.

'Dominic' and 'Emily'

Dominic and Emily are dealing with the impact of misconduct involving the finances of Emily's father who died in 2016. Emily's father took out a retirement/pension plan that was sold to him by a financial firm, who advised him to do so in order to avoid being subject to British taxes, having not lived in Britain for over a decade. Emily was the nominated beneficiary of the plan with 100% entitlement to the investment bonds it held. When Emily's father died in 2016, the firm and the trustees the firm signed him up with refused to acknowledge Emily as the Nominated Beneficiary, so they still have his money. Since then, the trustees have fraudulently changed the application forms without his prior consent, there have been fraudulent signatures and conflicting numbers and details on relevant paperwork. Emily was met with excuses and “standoffish, bullying behaviour” by the ombudsman in Guernsey, who she said felt had “really belittled” her, as well as having to deal with courts who were reluctant to acknowledge all the evidence that the couple have. She was accused of acting in a “self-serving” manner, despite trying to act to secure what her father wanted. Dominic described the situation as “one lie after another, and a lot of deception, deliberately misleading her”.

Emily’s father’s total investment into the package was just over £2 million. The money that she was to have access to after his death was supposed to support her lifestyle and be enough for her to pass on to her own daughter when she died. Emily has suffered with leukaemia and was in receipt of a disability pension from the government every two weeks, but when she inherited money from her father, she lost this. She put the money she gained into superannuation to support herself in the future, leaving her with nothing for the current time. She has spent on average £25,000 per month for two years on legal fees associated with fighting her case against the misconduct. The cost of lawyers alone has been over half a million dollars, even without the cost of flights or hotels, or the $10,000 spent on irrelevant tax advice, as the information they were given is not correct any more.

Overall, the emotional impact that this has had on Emily and her husband Dominic has been tremendous. She described having to trawl through her father’s documents for over two years as “soul destroying” and “debilitating”, as she hasn’t been able to grieve properly and put it to rest. She says that “they’re looking at me as a woman that knows nothing, and an older woman that they know has leukaemia and they know is sick and it’s like everything is well if we wait long enough and hold back long enough she’s going to die soon”. They also have worries that they might have thrown vital or important documents away, or haven’t discovered something that will be useful for their case. Like many others, Emily deals with the frustration of nothing being done, saying “I don’t have a voice, nobody’s hearing what I am saying”. There have been multiple occasions where Emily has broken down in tears because of all the stress.

In 2000 Emily was diagnosed with leukaemia and two years later she was diagnosed with breast cancer, so she has struggled with challenging health for some time. Not currently, but previously she had been on Valium and morphine. Her father knew about this, and wanted his money to help support her. The physical impacts of her financial situation mean that she gets shingles a lot from the stress, which is “extremely painful”, as well as days where she is “not right” or “incapacitated”. While she acknowledges she cannot blame her entire health status on the situation, she does feel that if she was doing well and wasn't subject to this financial misconduct, she wouldn't need the pain relief and that the experience has given her a "few extra health impacts".

In terms of the impact in their relationships, Emily and Dominic haven't spoken to their only daughter, aged 24, in over two years. This is because their daughter was told that she was listed as a beneficiary on her grandfather's application, and was entitled to half of the money, roughly £1 million. This was false, and Emily and Dominic say it was used as a distraction technique. Their daughter was never listed as a beneficiary, and didn't go through any of the security checks that Emily had, which is part of the usual process. Their daughter was coached and fed misinformation that ended up being presented in court against Emily. Emily and Dominic home-schooled their daughter, so their bond was close. Losing contact with their daughter is described as having a "tremendous impact" by Emily. Emily and Dominic could also stand to lose more money through tax charges if their daughter is given a share of the money that was wrongly attributed to her, charges that could be up to more than Emily is given, potentially forcing her to have to sell her house.

Emily said that her husband, Dominic, has given her the most support. She says they haven't really told anyone else, apart from her cousin in England. She says that a lot of people don't understand the scenario enough, or don't have enough understanding of the different financial complexities. She does say that her financial advisor asks how she's doing, and she has met an accountant who has been helpful.

Emily admits that she wanted to walk away from it several times, and the only thing that keeps her going is that she's been "extremely fortunate" to have money to fight her case. She spoke about wanting to keep going and stay strong in hopes of preventing others, those who have less to begin with, from being put in the same situation she has been through.

'Martin'

Martin is a pension scam victim, who transferred his pension money from the UK to Spain through a company called Continental Wealth Management (CWM), after responding to a cold call. He was promised £3,000 a year tax free on his £63,000 initial investment, almost all his life savings. Things went wrong almost immediately, and while he was informed his initial losses were normal, they just continued. He contacted the ombudsman on two separate occasions, but the company never complied with the Ombudsman's requests. It was later found out that the individual at the ombudsman Martin was liaising with was involved with the transactions of the pension - a clear conflict of interest. The trustee company based in Malta he was under notified him that they were stopping trading with CWM through a mass email, and from this he got to know others, and they all realised they had been scammed. He initially asked for low-medium risk investments, but was given high risk toxic notes giving 8% commissions to CWM, who falsely claimed to be regulated.

Prior to being scammed, Martin took an early retirement, and three months in he realised they'd been scammed, meaning their 6-year plan until they got their state pension was affected. The initial pension scam had further knock-on effects, as they used £75,000 of their £85,000 leftover savings to invest in a hotel business, which was later found out to be a scam too. The second scam caused by the first depleted them of essentially all their savings and meant that Martin and his partner ended up on universal credit, which they had never been on before.

Martin described the experiences as leaving him "embarrassed, ashamed, and like a total failure". He dealt with feeling stressed and stupid. He couldn't cope with how he'd been scammed not once, but twice and had a minor breakdown. He says every day is different, and where he had previously taken pride in his work and good living, he now feels as if he's been stabbed in the back. His confidence has been knocked, and he feels fatalistic over his future decisions, describing having to think multiple times over the most minor things. He also describes the situation as knocking his sense of humour. The stress, dents in his pride, self-esteem and frustration towards the people who did this to him are difficult for him. He emphasises that he doesn't want the money back for materialistic things, but he wants it for his children and grandchildren.

Martin previously had a risky experience with thrombosis so wanted to take an early retirement while he still had good health, but since the scam he has developed angina, anxiety and depression. He says that the mental health effects are hard to deal with, the sleep issues and breathlessness caused by the anxiety cause him to panic. He says if he was never scammed he wouldn't have depression or anxiety. He also struggles with needing to take medication to manage his mental health conditions, describing it as "giving in".

The stress affected Martin's family life. It causes frustration in his marriage and intrudes on their lifestyle, as they can't go out for a nice meal, treat other family members or upgrade the car every five years or so. He says it has taken the quality out of his life. He, like many others, struggles to explain it to friends and family, as they often sympathise with his situation, but don't fully understand. This frustration is hard to let go of. He also notes how dealing with the situation and trying to reach a solution takes up a lot of his time - on the day of the interview he had spent a long time on the phone dealing with the court and persistent mounds of paperwork. He says it's hard to switch off.

Martin has been able to get support from his wife, son, daughter and their respective partners. His children gifted him a television, which he was grateful for, but also said it brought on feelings of embarrassment, as he would rather treat them instead. Apart from his family, he hasn't tried to access support, but tries to deal with it himself instead. He raised concerns over existing support being stretched because of the pandemic. Martin currently is still trying to gain compensation and a resolution for their case, but CWM often fails to respond or show up in court.

Sue Flood

In 2011 when Sue was in Spain, she responded to a newspaper advertisement for a regulated firm that offered financial advice. The advice came from AES International which was regulated and well-rated. They advised her and her husband to move £250,000 of their pension funds to get a tax-free lump sum. When she realised something wasn't right, Sue contacted her lawyers to seek an immediate return of the pension money. The lawyers believed she had been a victim of fraud, but the money was never returned.

Financially, Sue and her husband lost £250,000 overall. Dalriada on behalf of Sue and other members has been battling with HMRC for eleven years to settle the unauthorised tax charges. The interest is still accruing, as they haven't had the tax tribunal yet. Given the financial insecurity that Sue and her partner find themselves in, having lost their pension, they are both having to work seven days a week to try to recoup monies for the future. They still do not know if HMRC are going to continue to penalise them, so the future is still uncertain.

Dealing with the complete unknown has seriously damaged Sue's mental health. She has dealt with night sweats and stress up to the point of a mental breakdown. She is aware of four others in her group who have committed suicide, as well as countless marriage and family breakdowns. Like many others, she stressed that being treated like a tax avoider, a pension liberator, or being suspected as guilty by organisations is hard to deal with.

The likelihood of having to be reliant on the state in the future for pension income was not something she had planned for. Sue says "there are good days and bad days. Some days you cannot cope, you get an overwhelming feeling of breathlessness, and you struggle… you really do hit the floor because you cannot see a light at the end of the tunnel". She says she also struggles with feelings of injustice, and an inability to trust anyone moving forward. This is something that affects her relationships with others, but also herself – her confidence and personality both being affected.

More physical implications of her situation included an accident at work that meant her husband lost a finger - something that they do not believe would have happened, had they not been trying to make up the money they lost. Her husband also developed ulcerative colitis, and had a heart operation, but still needed to return to work, where he works for 12 hours a day. Sue also had to help work with her husband, doing physically demanding labour, something that was particularly stressful for her.

The impact that this has had on Sue's family is something she will never get repayment for. She finds herself isolated, she said she has "pulled away from most of my family and friends, because I'm sick to death, talking about the same thing for the past eleven years… you become consumed with it". Sue has also done a lot of campaigning work over the years, and being dragged through the newspapers is something that her children just want to go away, as it brings up bad memories for them. She also expressed the difficulty the government and people in general have when trying to understand the nature of the schemes that force people into the position she is in.

When asked about support, Sue said "You are not supported as a victim. You've had your whole life taken away and you do that solo without any victim support… it's been extremely stressful and disappointing from a victim perspective". Consumers and victims are dealt with "miserably" and she says that the criminalisation of these victims brings people to their breaking point, pushing them to suicidal thoughts. She says this projecting of guilt onto the victims is cruel and partly why she continues to beat herself up.

The majority of people around Sue are pension scam victims and the majority of her time is spent with them. Her husband and herself have grown closer compared to how they were before, but there were feelings of blame and guilt at the outset. Her husband is concerned about her emotional well-being because of all the time and work she puts into campaigning for justice.

When asked for a final comment, Sue wanted to talk directly to the authorities. She said "In all the 150 scams I've come across very few people knowingly set about to avoid tax, or liberate their pension. It's been a product of very skilled criminal activity, because the police force only looks at 1% of frauds, because a lot of this was reported to Action Fraud, which has now disappeared. Despite there being many cases reported to them, there needs to be a complete review of exactly what went on in order to try to look to the future to make the necessary changes that have enabled this monstrosity to happen. There needs to be a judicial review, a high court judicial review, to look into where regulators have failed the victims, and I would plead with them to sit around the table and include me and HMRC so that I can show them the information that I have".

Peter O'Donnell and Diane Ingram

Peter and Diane both work in claims management. Peter got into this business from being a victim of financial mis-selling in 2002 when he was advised to remortgage his home in St Albans by a high-street bank manager. The investment scam was known as Dobb White Vavasseur. The Serious Fraud Office arrested two chartered accountants for operating a Ponzi scheme in which over £125m was stolen. Both served long prison sentences. The bank manager testified at their trial in which he said he too was tricked into investing and lost £50k. However, when asked why he promoted the investment scheme and was purportedly paid £85k in undisclosed commission, he denied such. The loss and requirement to service the significantly increased mortgage, plus legal bills in taking failed action against the bank, forced Peter and his wife to sell their home and move to a council house for the next 10 years. In their late fifties, it was not something he had ever expected.

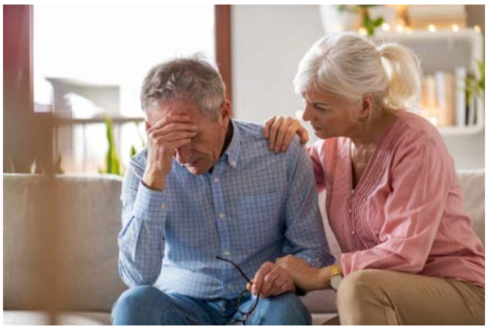
Diane and he now have a long-term perspective of the personal hardship perpetrated by financial advisers in full knowledge that they will earn significant undisclosed commissions and be protected by a system that almost always favours the banking and finance industry. Peter went into business with two industry experts to help other victims with his intimate knowledge and understanding of the impact such fraud has. They represent the many thousands of innocent and unsuspecting clients of financial misconduct, for whom they provide an alternative viewpoint - but from a similar perspective - by describing the common experiences shared by many of their clients: lives are ruined as a consequence of financial mis-selling. The biggest type of claim they deal with concerns pensions, regarding which over 50,000 individuals in the UK have been affected. These individuals range from dustmen to doctors and include even politicians and regulators. Almost everyone has a pension, and so almost everyone carries the risk of losing one.

In their experience, the majority of the claims involve individuals who have had a person regulated by the FCA recommending scam pension investments. Any trust these individuals formerly had in the regulators is lost, having a consequent knock-on effect for deciding whether to seek redress from other official regulatory bodies such as the Financial Ombudsman Service, the Pension Ombudsman Service and the Financial Services Compensation Scheme. Most think that it isn’t worth doing because the “regulator” let them down.

The financial impact of losing your pension cannot be understated, for the average loss is £82,000. In order to try to make up for the financial buffer that’s no longer there, some re-mortgage, others work longer hours, some work past retirement, others live on credit and work even longer hours to pay back the interest, and some have to live off state social security payments because they’ve effectively had their assets stolen.

Alongside the financial burden that these individuals carry, most people feel tremendous shame of having been misled, and personally hold themselves accountable for what’s happened to them. And for those who have to be put in a debt management programme, that shame is often even greater still. Peter and Diane said the sustained mental anguish of these individuals is “devastating to the psyche” and that “it eats your soul”. This is especially the case for those who feel that they can’t tell their significant others or their family about their situation. And for those particularly badly affected, they worry about providing for their family in the short term, and no longer having anything to pass on to their children in the long term.

Themes and analysis



Impacts on victims

The following section reports on the individual themes identified following the interviews with the participants. The themes cover major life areas such as the participants' finances, individual well-being, and social relationships. The section also discusses the themes of support and workload.

<u>Financial impacts</u>

Debt and/or loss of money

The financial impacts of being a victim of misconduct in the financial sector were strongly felt through the experience of losing money, or going into debt. 100% of the participants interviewed expressed that they lost money ranging between several thousand to several million pounds, without receiving full compensation. The experience of losing large sums of money and the unfortunate knock-on effects this had caused much of the damage to the emotional well-being of the participants that will be discussed later on. Given that every single participant discussed losing money and/or going into debt, the effects of being a victim of misconduct in the financial sector have clear implications for the victim's financial well-being.

This was experienced as something quite traumatic for many of the participants, for example:

> Diane Bentley, a pension scam victim, described losing her NHS pension as a "*travesty*".

For Denis Waite, another pension scam victim, he said: "*Every now and then I'll get a cold shudder and think, oh my god, I lost all that money*".

For others, like Nicholas Wilson, their experience as a whistleblower has meant that they can no longer secure employment, damaging their future financial status and adding to the impact.

Lower quality of life

Another prevalent theme for the financial area of the participants' lives was the experience of a reduced quality of life. 86% of participants mentioned how their quality of life, or their ability to enjoy life was lowered as a result of financial sector malpractice. While some participants lost money but were able to maintain their previous standard of living, many participants saw their lives become more difficult and less enjoyable, with many struggling to maintain ownership of their homes, or afford necessities for their families.

For Laura, a mortgage prisoner, her standard of living dropped considerably because of their high mortgage payments, and she went 14 years without a holiday. At some points she couldn't afford to do a proper food shop, and her family had to live off beans.

The financial losses that victims of financial sector misconduct experience are great, but also heavily impact the overall life experience of victims. An inability to afford things for a good quality of life means that it is hard to escape the consequences of being a victim.

Loss of assets

Half of the participants interviewed said they had lost assets, whether that be the closure of previously successful businesses, loss of property, or home repossession. This has direct financial impacts, as many of the

assets lost were of great value, but also directly blocks the victims from accessing the benefits from their businesses or properties.

> Clive May's successful bricklaying business that he had built from scratch was shut down in 2013 as a result of a bank scandal. He not only lost his business, but his credit limits, his income and his reputation too as a result. His experience of asset loss highlights the multifaceted impacts of being a victim of financial misconduct.

> Peter O'Donnell and Diane Ingram discussed that many victims have their assets repossessed leaving them with no other options but to live off state social security payments, leaving their lives ruined.

The removal of assets as a result of being a victim of financial misconduct means that for many victims their resources to survive after initially losing money are stolen. They are forced to deal with the duality of losing initial resources and then the emotional consequences and stress that comes with financial insecurity.

Well-being impacts

Anger and frustration

Feelings of anger and frustration were especially common, with 72% of participants discussing feeling this way. For many, the frustrations were directed towards themselves for making decisions that led to them becoming victims of financial misconduct, as well as towards those responsible for their situation, e.g., the scammers themselves, the rogue advisers, or the banks. Anger was also felt about the lack of justice and lack of closure that they had experienced, as fighting your case can take decades, often with no success.

> Helen, a victim of a mis-sold investment scheme, felt angry and shocked at the level of corruption in a first-world country such as the UK.

Mark Hambling also echoed similar frustrations about being unable to get the information and evidence to the relevant authorities.

Some participants expressed feeling a sense of annoyance and anger that the same thing was happening to other people, and the scale of the problem angered many too.

Freddy, who was also mis-sold to, described feeling "*bitter*" towards those who scam others.

Resilience and fighting

68% of participants interviewed discussed how they were continuing to fight their case, or had joined groups to support other victims going through the same thing. This theme of resilience and strength despite the catastrophic damage caused to victims' lives by financial misconduct was astounding. For many victims, their case and discussing their experience with others takes up a large part of their lives, financially and emotionally, yet they also face massive hardship if they choose not to push for justice.

Sue Flood, a pension scam victim, who has led successful campaigns to raise awareness for this type of financial issue, described the ways that resilience can be difficult. She said she was "*sick to death of talking about the same thing for the past eleven years*", describing it as something "*you become consumed with*". Her resilience and campaigning have meant that she has been dragged through the newspapers, something that her family struggles with.

Being resilient and choosing to continue to push their case is not something that is easy. It can be expensive and time consuming. Some of the participants who were interviewed on the same day had phone calls related to the processing of their case, or other meetings with support groups.

Dominic and Emily, who are fighting the misconduct of a pension scam have spent over half a million dollars on lawyers, and for several years were paying £25,000 per month in legal fees associated with fighting for justice.

Mark Bishop discussed the cost of choosing to fight for justice, something that costs a tremendous amount of time and stress. He described it as feeling "*like a quite lonely and monomaniacal campaign*". In his efforts to achieve justice Mark has sacrificed the growth of his business, something he would have been able to focus on previously, admitting he can come across as "*obsessive*".

For some, the experience of being a victim of financial misconduct has completely turned their life around, and their resilience and strength has taken their life down a new path.

David Laity, an ex-police investigator, is fighting for justice relating to a bank scandal. He is working hard to bring justice and accountability for banks like Lloyds who he says have "*stolen billions of pounds*" from individuals. He says there is hope for the future regarding information he has received, and he has recently graduated as a mature student with a BA in film studies to help him bring the information he has to light.

The resilience and strength displayed by the victims is reassuring and potentially the only positive theme to come from the interviews. But for many of the victims the reality of fighting their case included emotional strain, further financial burden and an increased workload.

Stress and anxiety

Another common experience, expressed by 64% of participants, was that of stress, worry and anxiousness, to the point of anxiety and even panic attacks. Many of the participants felt extreme stress over their financial losses, as well as the knock-on effects of this, whether that be their ability to pay their mortgage, the well-being of their children, or their financial status in the future.

Nigel Cairns, a victim of a bank scandal, described the experience as "*a complete nightmare scenario, with no way of escape",* adding that his family have had to live with the daily fear of eviction.

The stress induced by the financial misconduct they were subject to caused breathlessness, difficulty sleeping and exacerbated health conditions, as well as putting strain on social relationships.

Rachel Neale, a mortgage prisoner, described the stress she endured as making her feel "*very, very trapped and suffocated*", while at the same time dealing with feelings of inadequacy, fear and resentment. She struggles to sleep because of the pressure, anxiety and worry, adding that the emotional impacts are worse than the physical ones.

Stigma

For 55% of participants interviewed, experiences of shame, embarrassment and guilt were expressed. The participants described feeling ashamed of what had happened to them, and guilty for their inability to provide for themselves or their families, particularly elderly parents or children.

Rachel Neale, a mortgage prisoner, said the experience affected her mentally, "*knowing you're not doing the best by your family*" and that her family weren't living the life she felt they should be. She described the difficulties of not being able to do any repairs on the property as all the money she has goes towards paying the mortgage. She said "*you feel guilty… battling with somebody, your own conscience, and your own guilt*".

Many participants were worried about being judged by others, either that they would think they were stupid, or even that they were somehow guilty. These emotions of shame and guilt prevented some participants from telling their families or friends the truth about what had happened to them, as well as delaying or stopping them reaching out for support, and in some cases driving them to become virtual recluses.

Martin, a pension scam victim who was cheated twice, said he felt "*embarrassed, ashamed and like a total failure*", as well as feeling stressed, stupid and like he couldn't cope.

Reduced trust

The experience of being a victim of financial misconduct caused a lowering of trust and confidence in 45% of participants. Participants stated that the experience caused them to doubt their own ability to make decisions, lowering their trust in themselves and worsening their self-esteem.

> Martin, a pension scam victim, said that he found it difficult to deal with the “*dents in his pride and self-esteem*”. He describes his confidence as being “*knocked*”, adding that he feels fatalistic over future decisions he makes, to the point that he has to think multiple times over the most minor things.

The participants also expressed a lack of trust in the authorities, regulators, government and the rule of law to provide justice, accountability and protection.

> Sue Flood discussed the difficulty that the government and people in general have when trying to understand the nature of the schemes that force people into the position she is in as a pension scam victim, which lowers confidence in the likelihood of justice being served.

Other well-being impacts

Other impacts on individuals’ well-being were noted, but were less prominent. They include: disappointment, depression/low mood, physical health issues, breakdown, thoughts of suicide, shock and even post-traumatic stress disorder (PTSD). They have been included because accurately reflecting the lived experience as a victim of financial misconduct is vital to truly understanding the scale and nature of the problem.

‘Let down’ and disappointment

Some participants expressed that they felt they had been “*let down”* by authorities that were supposed to protect them. They felt disappointed with the level of protection and accountability provided. This was especially true for pension scam victims who were expats, as they felt neither accounted for by the UK authorities, or the foreign governing bodies. One participant described his experience as like being “*stabbed in the back*”.

Depression and low mood

Some participants expressed feeling down, in a low mood and upset, with some dealing with depression.

One participant described not being able to "*see a light at the end of the tunnel*", and others experienced long depressive episodes, and dealing with clinical depression that required medication.

Physical Health Implications

For some participants the stress and experience of being a victim of financial misconduct led to the worsening of existing health conditions, or the development of new physical health conditions. These ranged from heart problems, eating disorders, alopecia areata, Chrone's disease, fatigue due to working beyond the norm, to suicide.

Breakdowns

Breakdowns were experienced by participants and some of their families. The stress and pressure that financial misconduct victims are under caused nervous breakdowns in several participants, some of which required hospitalisation.

Suicide

Some of the participants (27%) experienced suicidal thoughts and near suicide attempts. A business partner of one of the participants committed suicide as a result of the misconduct they were subject to. This left their family emotionally and financially damaged.

Social impacts

Social withdrawal

Over half of the participants expressed some form of social withdrawal as a result of their experience as a victim of financial misconduct. The financial strain that the victims are put under makes it difficult to afford to socialise, or to afford to go out for a meal or attend events that they would previously have gone to. The unstable financial status of victims means that they are unlikely to be able to prioritise social experiences over necessities like food or housing.

> David Laity described it as something that "*completely wrecked the family*". David described the way it affected his relationship with his previous family, as he missed out on his son's wedding, birthdays, anniversaries and the upbringing of his six grandchildren, summarising the experience as "*a bloody nightmare*".

Avoidance

Similar to social withdrawal is avoidance, where half the participants didn't tell friends or family at all, or for some time, for various reasons, some of which included fear of judgement and shame. The presence of avoidance also covers the avoidance of discussing the issue entirely, including avoiding getting support.

Several participants said they avoided discussing their experiences with friends and family as they simply "*don't get it*", or don't understand. This lack of communication can lead to barriers within relationships and create issues that individuals don't want to talk about.

> Nicholas Wilson described himself as being "*alienated*" from friends and family, who got tired of hearing about his case. He said his situation has ended with him becoming a "*recluse*", describing how people would think he is a "*nutcase, mentally unwell*" or a "*fantasist*". The experience has created tension and arguments with one particular family member and means he doesn't discuss it with others.

Strain on relationships and family breakdown

A particularly difficult theme covered in the interviews was the strain put on relationships and family breakdown as a result of the financial misconduct suffered. Some participants had to rely on family and friends for emotional support, as well as financial support, which raised its own issues and feelings, particularly of embarrassment and guilt.

> Martin explained how he received a television as a gift from his children, something he was grateful for, but something that brought on feelings of embarrassment, as he would rather be able to treat them instead.

The stress and lack of time participants have for relationships is also difficult to deal with, and has led to relationship and family breakdowns for multiple participants.

> Andrew Candy described not being able to socialise with friends because he has neither the time nor the money, and has also separated from his partner and business partner at the time. The uncertainty of his future has also prevented him from starting a family, as he is unable to find time to pursue potential romantic relationships.

> Dave Brotherston described his experience as: "*I've lost basically the last 14 years of my life, that I can never ever get back, it's as if I've been sitting in a prison cell*". Dave's wife left him and his son no longer speaks to him as they feel that the fraud was somehow Dave's fault.

Support

Formal support

64% of participants said they felt there wasn't enough formal support, and that support offered to them by official bodies wasn't good enough, if it existed at all. Financial help and help for well-being-related issues was consistently reported as lacking. This made it harder for victims to deal with their own issues, many of them resorting to informal forms of support.

> Guy Dresser discussed how he felt helpless due to the lack of safety nets for British citizens living and working abroad. He also described a lack of sympathy for his situation when raising the issue with campaigners and the media in the UK, many of which assumed they were trying to avoid tax.

Informal support

Half of participants mentioned getting informal support – this includes emotional or financial support from non-official groups, such as friends and family. They often discussed how they were grateful for the support available to them, but still found it wasn't enough.

> Freddy found reassurance when finding others online who had also been victims of fraudulent investment schemes, as he felt he wasn't the only "*gullible*" one. However, it also upset him to see the extent of the problem, and most research was inconclusive or not helpful, as he was unable to get financial support. He described the general lack of support as "*frustrating*".

Participants also often mentioned getting informal support online, in the form of campaigning or support groups, sometimes via Facebook. These came with their own challenges, as they could be at risk of infiltration or only be useful for emotional support, but unable to offer more practical or financial support. Some participants also created their own support groups due to a lack of support networks available.

Diane and Peter Bentley described being able to find some support in small Facebook groups, but admitted they are largely inactive, and they have personally had legal action waged against them from a Facebook group infiltrated by the organisations responsible for financial misconduct. Diane notes how the government is unable to, or won't help her or others, and when there is informal help available, individuals can begin promisingly, but then disappear completely.

Other

Increased workload

Another theme that 59% of participants mentioned was the high workload associated with dealing with a financial misconduct case. Many of the participants on the day of the interview had meetings or phone calls related to battling their cases, or activities for support groups. The sheer amount of time, emotional and physical energy is incredibly high and can be exhausting for victims, as cases can span decades, with little sign of improvement.

Andrew Candy said the stress levels were "*insurmountable*" as he had to spend all of his time working or working to seek redress. He described it as a constant battle, and "*it's literally like swimming in treacle*".

More work is accrued for participants who want to make up any of the money they have lost due to being victims of financial misconduct, or simply to have enough money to survive. For some participants, this has meant working long hours past retirement age.

Sue Flood says she and her husband have had to work 7 days per week, sometimes 12-hour days doing physically demanding labour to try and get back to their previous financial position. Her husband was involved in an accident at work that meant he lost his finger, something that wouldn't have happened if they weren't working to make up lost money.

Policy Recommendations

The overall purpose of this section is to set out the kind of policy initiatives that would, if implemented, make a meaningful difference to the amount of human cost and suffering caused by financial crime and the malpractice, malfeasance, misconduct and mis-selling by the financial industry.

It is in two parts; Part 1 relates to policy recommendations focused on prevention, i.e. reducing the likelihood of members of the public becoming victims; Part 2 relates to the provision of support if an individual already has, or in the future becomes a victim.

Part 1: Prevention

When considering potential policy initiatives designed to help prevent harm, we are mindful of the Transparency Task Force's Strategy for Driving Change, which is:

> *"To bring together the thinking of two groups - those with a sense of passion and purpose for the change we want to see; and those who have the power and position to make change possible."*

…whereby the first group includes all kinds of pro-consumer campaigners; and the second group includes the policymakers, politicians and regulators who create the laws that determine how the finance sector operates.

It follows therefore that we should be cognisant of the current policy making, regulatory and Parliamentary landscape so that we can seek to influence existing activity. With precisely that in mind, this section has been purposely written shortly after the Queen's Speech, which sets out the lawmaking agenda in the current Parliamentary session. As such, our proposals very deliberately focus on the policy reform opportunities that exist 'here and now' as a direct consequence of May 10th, when Prince Charles read the Queen's speech (see Lobby Pack[107]).

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[107] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1074113/Lobby_Pack_10_May_2022.pdf

We believe there are several forthcoming Bills that have the potential to affect consumers' welfare in a manner that is relevant to this Report.

Financial Services and Markets Bill

What's expected?

Measures to reshore elements of financial services regulation previously handled by the EU, together with some instances of that sovereignty being used to promote sectoral growth, liberalise capital markets and protect consumers

How could consumers benefit?

- 'Liberalising capital markets' may mean making it easier for consumer-owned assets such as those in defined contribution, collectively-managed pension schemes, and for insurers (through amending/removing Solvency II rules) to access private equity, infrastructure and other non-standard and potentially higher-performing assets. There are, however, also potential drawbacks (see next section);
- There are unspecified 'additional protections for those investing or using financial products, to make it safer and support the victims of scams'; some media have speculated[108] this could include empowering the Payment Systems Regulator to compel banks to refund victims of Authorised Push Payment Fraud ('APPF')

How could consumers lose out?

- Regulators will become obliged to 'promote growth and international competitiveness' of the UK financial services industry. Consumer groups without exception oppose the planned remit change, arguing that the best way to grow the sector sustainably is to address the lamentably poor level of trust placed in it by UK citizens by making regulators perform better and become more transparent and accountable[109] and by improving the compensatory regime[110] so fewer lives are ruined when things go wrong. Diluting those crucial messages by asking regulators to become cheerleaders risks diverting their attention from the need for reform; the APPG on Personal Banking and Fairer Financial Services' Call for Evidence[111] into the Financial Conduct Authority (FCA) indicates that there exist acute problems at the FCA,

[108]https://www.google.com/url?q=https://www.thetimes.co.uk/article/banks-will-be-forced-to-refund-more-fraud-victims-vs8tvg67k&sa=D&source=docs&ust=1654686936632716&usg=AOvVaw33tocU18hN5rDvq-oOdPEn

[109]https://www.transparencytaskforce.org/wp-content/uploads/2022/02/TTF-Response-to-HM-Treasury-Proposals-on-the-Future-Regulatory-Framework.pdf

[110]https://www.transparencytaskforce.org/wp-content/uploads/2022/03/TTF-Response-to-the-FCAs-DP21_5_-Compensation-Framework-Review.pdf

[111] https://appgonpersonalbankingandfairerfinancialservices.org/call-for-evidence-about-the-fca

and there must be a risk that attempts to resolve them could be undermined, perhaps fatally, by presenting that body with a potentially conflicting obligation to have even greater regard to industry interests. There has been widespread criticism of the competitiveness agenda from civil society groups[112] and economists[113];

- Capital market liberalisation could mean reduced liquidity for consumers, especially those wishing to move into pension drawdown at a poor point in the economic cycle. They might also suffer reduced performance and higher and less transparent fees[114] and perhaps therefore be on the receiving end of an industry subject to perverse incentives, conceivably leading to malinvestment

How could the Bill be amended to best protect and serve consumers?

- Planned measures to require regulators to promote industry interests could be removed entirely or replaced with obligations to promote sustainable growth by enhancing standards of consumer protection and redress;
- Protections for consumers could be introduced into any measures widening the scope for fund managers and insurers to invest in non-traditional assets, particularly in areas such as liquidity preservation, fee caps and the prevention of perverse incentives;
- Measures to put on a statutory footing the current voluntary scheme dealing with Authorised Push Payment Fraud ('APPF') would be welcome, not least because on average only 43p in every Pound lost[115] is being returned to the victims, with wide disparities between individual banks and a lack of transparency about the good and bad performers;
- Generally, the Bill's intention to provide additional protections for consumers and remedies for scam victims could be used as a vehicle for introducing clauses to deal with some of the most egregious shortcomings in the current regime, including:
    - The FCA's refusal to impose a duty of care on the industry (or give consumers a Private Right of Action to fortify its proposed Consumer Duty[116]) or accept the need to compensate[117] the victims of its own failures, through its Complaints Scheme - both issues covered in more detail in the Consultations section of this report;
    - Any measures to improve the performance, governance, transparency or accountability of the FCA that may be necessary following publication of the testimony collated under the APPG on Personal Banking and Fairer Financial

112 https://financeinnovationlab.org/wp-content/uploads/2022/02/FRF-CSO-Joint-Statement-2022.pdf

113 https://financeinnovationlab.org/wp-content/uploads/2022/05/Economists-Competitiveness-Letter-16-May-22-Final.pdf

114 https://www.transparencytaskforce.org/wp-content/uploads/2022/01/TTF-Response-to-DWPs-Consultation-on-Productive-Finance.pdf

115 https://www.thetimes.co.uk/article/banks-return-less-than-half-of-cash-lost-to-fraud-despite-pledge-dfvvp0pzt

116 https://www.fca.org.uk/publications/consultation-papers/cp21-36-new-consumer-duty-feedback-cp21-13-further-consultation

117 https://www.fca.org.uk/publications/consultation-papers/cp20-11-complaints-against-regulators-fca-pra-boe

Services' Call for Evidence[118] about the regulator (for example, Transparency Task Force has suggested a consumer-led oversight body[119] be created, an enhanced version of the Australian Financial Regulator Assessment Authority[120]);

- Given evidence that the Business Banking Resolution Service[121] (BBRS) is failing to provide redress[122] to a meaningful number of SMEs impacted by bank misconduct and that there are concerns[123] about the transparency and integrity of those operating it, there may be a need for Government to impose a solution, such as tribunals[124], that takes matters out of the banks' hands and places them in the courts system, where disclosure and perjury rules apply. Given the inequalities of resource and information available to consumers in relation to alleged wrongdoing by authorised financial services firms, there may be a case for extending tribunals beyond SME complainants to retail consumer ones

Economic Crime and Corporate Transparency Bill

What's expected?

Measures to make it much harder for criminals to use UK-registered companies and banks to commit crimes, including financial services scams where the end victims are UK consumers.

How could consumers benefit?

- Reforms to Companies House should make it much harder for people with fake IDs or known scammers to set up and operate companies and partnerships to commit crimes against UK consumers;
- Unspecified measures to introduce cross-checking with 'other public and private sector bodies' could include two-way data exchange with the FCA, National Crime Agency and with-and-between banks, further reducing the opportunities for financial criminals

How could consumers lose out?

- Poorly-implemented checks could lead to innocent citizens being denied valuable rights, such as the opportunity to create a business, open a bank account, take out a loan or access their money. This burden may weigh most heavily on those with the most shallow digital

118 https://appgonpersonalbankingandfairerfinancialservices.org/call-for-evidence-about-the-fca
119 https://drive.google.com/file/d/1BeKUvhUZ0uNUrA_bJN-prfKIzY4NLa33/view?usp=sharing
120 https://fraa.gov.au/
121 https://thebbrs.org/
122 https://docs.google.com/document/d/11QvLl9rq99yoLOs4h_hwrSuJljdcVbGephD9vqIv9I0/edit?usp=sharing
123 https://docs.google.com/document/d/1amVLAWPRC4QJpU12cjbx3NpeICz6UEtwwyT2aOA2ALM/edit?usp=sharing
124 https://committees.parliament.uk/committee/158/treasury-committee/news/98924/financial-services-tribunal-needed-to-help-smes-resolve-disputes/

footprints, including vulnerable groups such as the elderly or marginalised ones such as recent immigrants

How could the Bill be amended to best protect and serve consumers?

- The detail of the operation of mandatory checks will be crucial. In particular, the FCA is very keen to become a data-led regulator[125]; it is crucial that this objective is executed competently, including through the creation of appropriate digital information exchanges with Companies House, the Insolvency Service, the National Crime Agency, the National Economic Crime Centre, individual police services and authorised firms;
- Consideration could also be given to imposing a duty of care on the parties required to undertake checks, so that breach would give rise to the right of a harmed party to be compensated. This could apply to those harmed by crime enabled by the failure to carry out the mandated checks, those deprived of valuable rights by the over-zealous or inept implementation of such rules, or both

Draft Audit Reform Bill

What's expected?

Violation Tracker UK data shows the audit sector has a poor violations record[126]. Measures to improve standards of and public confidence in the audits of larger firms (including private ones) by introducing a new statutory regulator, improve reporting standards, reduce the dominance of the 'big four' and improve regulation of insolvency practitioners.

How could consumers benefit?

- As the ultimate majority beneficial owners (often through pension schemes) of many listed and some private equity-owned companies, consumers suffer loss when the value of such firms is impaired or destroyed following accounting scandals that auditors failed to highlight; as taxpayers, they are also at risk of having to fund implicit taxpayer guarantees against the failure of banks (as happened in the global financial crisis) and major infrastructure projects (Carillion);
- For the same reasons, improving the returns to creditors when such firms become insolvent, and ensuring that directors guilty of wrongdoing are punished and thus others deterred, also serves the economic interests of society;
- Many investment scams are also made possible by negligent or dishonest audits and similarly disappointing performance by insolvency practitioners

How could consumers lose out?

- It is unlikely that consumers could suffer as a result of well-implemented measures; the issue is whether the proposals could and should go further

[125] https://www.fca.org.uk/news/speeches/transforming-forward-looking-proactive-regulator
[126] https://violationtrackeruk.goodjobsfirst.org/?agency_code%5B%5D=UK-FRC

How could the Bill be amended to best protect and serve consumers?

- Safeguards could be introduced to prevent the regulators of auditors and insolvency practitioners from being dominated or captured by industry interests, especially the former by the 'big four'; these could include requirements to include a critical mass of genuine consumer representatives in their respective governance structures;
- Additional measures[127] may be required to ensure that insolvency practitioners appointed over FCA-authorised firms act appropriately in the interests of consumers, who may not always be recognised as creditors;
- More widely, there are concerns about whether proposals to reform the audit and insolvency professions go far enough (the former especially). A more transformative measure could be to introduce a duty of care of auditors to those who place reliance on their work. For example, if a consumer (or a fund manager or independent financial adviser on his or her behalf) invests in a firm or a fund on the basis of its audited accounts, and it subsequently emerges that the audit in question was conducted negligently or dishonestly, as things stand the consumer cannot receive redress because he or she is not a client of the professional in question; a duty of care would remedy this. Such a measure could include a requirement to obtain appropriate professional indemnity insurance, premiums for which would be based on the complexity of work and the track record of the firm and individuals to be engaged. If combined with a requirement to put work out to competitive tender and accept the best price (subject to the existence of sufficient insurance cover), this would constitute a welcome introduction of market forces into these sectors, pricing the serial offenders out of contention for all but the most straightforward projects and enabling the challengers to grow fast, while also cutting costs and ensuring that citizens no longer pay for any negative externalities. In the audit profession, in which a disturbingly high level of reports are materially defective[128], this could result in much improved performance, greater competition, and such negative externalities as remain being transferred from citizens to an exceptionally well-paid profession, via the transmission mechanism of higher insurance premiums

Draft Digital Markets, Competition and Consumer Bill

What's expected?

While many of the measures don't touch on financial services, there's one that will ('strengthening protections for consumers' - we assume this means bringing within scope for the FCA and Financial Services Compensation Scheme (FSCS) - Christmas savings clubs and other prepayment-based schemes) and others that may.

[127] https://www.transparencytaskforce.org/wp-content/uploads/2022/03/The-Future-of-Insolvency-Consultation.pdf

[128] https://www.wsj.com/articles/big-four-auditors-fail-to-meet-u-k-regulator-expectations-11627045676

The latter include:

- Plans to crack down on fake reviews;
- Enhanced powers for the Competition and Markets Authority (CMA);
- Improved quality and oversight of dispute resolution services;
- Greater control for consumers over how their data is used

How could consumers benefit?

- Preventing and punishing the publication of fake reviews would reduce the prevalence of financial scams, for which they're a powerful online marketing tool;
- Currently the CMA tends to work with the FCA, perhaps with the CMA as the junior partner, when investigating competition issues in regulated financial services; given concerns about the latter, empowering the former to work alone or as the lead agency would, in the view of many campaigners, result in swifter and more effective action to protect consumers from anti-competitive behaviours by authorised firms;
- Any measures to improve dispute resolution services could encompass the Financial Ombudsman Service (FOS) - the operational efficiency and, latterly, independence from the FCA of which have recently come under question; and the British Banking Resolution Service (the bank-financed alternative dispute resolution scheme for disputes involving SMEs and their banks, which has so far failed to achieve the goals set for it). It could also be used to create an independent framework for dealing with complaints against the financial regulators (see the Consultations section);
- Empowering consumers to have more control over their data could enable them to prevent its aggregation by the financial services sector to price based on group rather than individual risk profiles (particularly relevant in insurance and personal lending)

How could consumers lose out?

- It is unlikely that consumers could suffer as a result of well-implemented measures

How could the Bill be amended to best serve consumers?

- Christmas saving schemes such as Farepak tend to target some of the country's most vulnerable consumers. It is vital that the intended protections work well for them and are not delayed or watered down;
- The measures that have the *potential* to help financial services consumers should be drafted or amended in such a way that they *do*. In particular, it could be a fantastic vehicle for addressing the inequality of arms between consumers/SMEs and the financial services industry, making the FOS more accountable to consumer interests, replacing the BBRS with tribunals and wresting control of the Financial Regulators' Complaints Commissioner[129] from the parties the Scheme is supposed to investigate

[129] https://frccommissioner.org.uk/

Data Reform Bill

What's expected?

Another Bill that's not nominally about financial services, but that has the potential to bring significant benefits to consumers in that sector. The UK will create a new, post-Brexit consumer data regime, the Information Commissioner's Office (ICO) will be strengthened and made more accountable to Parliament and the public and there will be enhanced use of aggregated data to drive medical and scientific discovery

How could consumers benefit?

- A new consumer data regime could drive the creation of innovative, customer-centric new products and services in the financial services sector; but it could also enable harms (see following section);
- An improved ICO would be a valuable tool in reducing the inequality of arms between financial services consumers and firms and statutory bodies in the sector. In particular, the FCA has an appalling record for delayed, incomplete or non-compliance with Freedom of Information ('FoI') Act requests and Data Subject Access Requests ('DSARs'); while the ICO does periodically intervene by instructing the FCA to comply, there has never to our knowledge been a systemic investigation into the organisation's levels of compliance, let alone any penalties issued; an obligation on the ICO to identify and deter 'serial offenders' would be a huge step forward in making transparency the norm

How could consumers lose out?

- A poorly constructed new data regime could enable financial services firms to target vulnerable consumers for mistreatment or improperly to use aggregated data to impose pricing based on demographic/geographic as opposed to individual risk factors;
- Consumer rights to obtain information and data from firms and statutory bodies via FoI and DSAR, or the powers of the ICO, could be weakened

How could the Bill be amended to best serve consumers?

- Genuine consumer representatives could be consulted on the drafting of the appropriate sections of the Bill, and their feedback weighed appropriately when considering amendments

Bill of Rights

What's expected?

At first glance, a Bill unrelated to financial services, in that it aims to codify the rights citizens can expect, without reliance on the European Court of Human Rights (ECHR) case law and striking a clearer balance between rights and responsibilities. However, the existing Human Rights Act does include (Part II, The First Protocol, Article 1) a right to the protection of property[130]. If the Bill of Rights codifies this, then the way in which it does so could have implications (positive or negative, depending on how it's drafted) for consumers' rights in relation to financial services

How could consumers benefit?

- Currently, UK courts relying on a mix of Strasbourg precedents, and second-guessing that court's stance tend to hold that any human rights-based case should be brought within days or weeks of the act or omission in question; a delay of even a few months in bringing an otherwise viable claim can result in it failing. This can be a barrier to bringing human rights-based claims *ex post*, where the act or omission - perhaps alleged misconduct by a firm, or regulatory failure by the FCA - occurs a long while before the loss crystallises. It can also frustrate claims backed by crowd or litigation-funders, where even if the causative act is identified immediately, claimants may take some time to raise the resources needed to proceed

How could consumers lose out?

- It is theoretically possible (though unlikely) that the Bill of Rights could codify citizens' rights in relation to the protection of property in a way that lessens their rights in respect of the peaceful possession of their assets and hence makes it harder to pursue remedies against financial services firms or regulators

How could the Bill be amended to best protect and serve consumers?

- The Bill could be drafted in a way that explicitly aligns the period within which a claim may be brought with the Limitation Act[131] (normally six years from the later of the act or omission and discovery thereof)

[130] https://www.legislation.gov.uk/ukpga/1998/42/schedule/1
[131] https://www.legislation.gov.uk/ukpga/1980/58/contents

Online Safety Bill

What's expected?

Progression[132] of the 2021-2 Bill intended principally to strike an optimal balance between freedom of expression and protection of individuals from online harms. Throughout this Bill's evolution, a key debate has been *whether* and if so *how* it should deal with the publication by online services of paid-for advertisements that are fraudulent or otherwise illegal, and especially those that promote financial services in breach of the regulations that prohibit the publication of misleading promotions or promotions not issued or approved by FCA-authorised firms.

Currently, the Bill *does* prohibit such advertisements, though there are concerns about the efficacy with which it does so. Platforms are described as having a *duty of care* to prevent such advertisements from appearing, but it has not been stated explicitly that this duty is owed to *users* of their services, and not just to OFCOM. As a result, our lay reading of the draft legislation is that any breaches might not be civilly actionable by those harmed by them.

How could consumers benefit?

- The imposition of a duty of care on online services to take reasonable steps to prevent the publication of illegal or misleading advertisements for financial services, and especially those breaching FCA regulations (for instance, those not issued or approved by authorised firms) has the potential to create a powerful incentive for those platforms to use technology and intelligence from the FCA and consumers to block the publication of such advertisements by making them civilly liable for the losses sustained by consumers who transact having seen such promotions, while also providing a route to financial redress for the victims

How could consumers lose out?

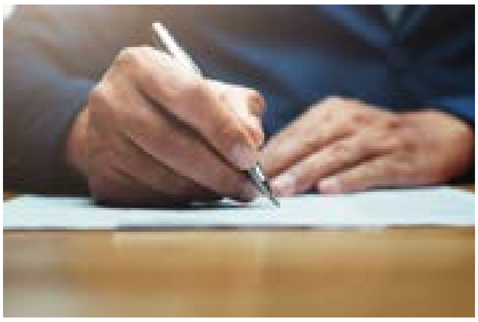
- Lobbying by Big Tech could result in the Bill receiving Royal Assent without a clear route to redress for consumers, one not dependent on regulatory action or limited by the financial means of the instigator of the illegal or misleading advertisements

How could the Bill be amended to best serve consumers?

- Wording could be included to clarify that online services' duty to prevent the publication of fraudulent or illegal advertising in financial services is owed to consumers (and not just to The Office of Communications, Ofcom) and hence that consumers are entitled to financial redress from those online services in the event of breach of that duty

[132] https://bills.parliament.uk/bills/3137

Consultation exercises



The regulators have entered a quiet phase for the issuance of new public consultations, following an unprecedentedly busy Q1. This, and the announcement of a new Financial Services and Markets Bill presents an opportunity to focus on two recent consultations that together address head-on two crucial issues for the protection of consumers that have been unresolved since the passing of the original Financial Services and Markets Act[133] (FSMA), 22 years ago.

1. Should authorised firms owe a duty of care to consumers?

- When Parliament passed FSMA, its view appears to have been 'probably': the default position in the legislation is that they should, but provision was made[134] for the regulators to disapply the right for consumers to litigate to recover losses in respect of specific rules;
- For clarity, a *duty of care* is an obligation on party A (in this case, a firm authorised by the FCA) to avoid causing reasonably foreseeable harm to party B (a consumer, as defined by FSMA), breach of which gives rise to an obligation on A to pay damages to B, enforceable via civil litigation by B;
- The FCA (and FSA before it) has made extensive use of its right to disapply this duty of care, resulting in many attempts by consumer groups and Parliamentarians since the Act came into effect in 2002 to introduce an overarching duty of care in financial services;
- Last year, the Financial Services Act 2021 was amended to include obligations[135] on the FCA to consult on a duty of care and bring forward rules based on the responses by specified dates;
- In the view of many consumer advocates, the FCA is in breach (see, for example, here[136] and here[137]). Key concerns are:
    - The FCA consulted[138] on what it termed a 'consumer duty', rather than a 'duty of care';
    - It misdirected respondents by advising them that the term duty of care can have a number of meanings, whereas in fact its meaning in law is established and uncontested, and claimed that its consumer duty amounted to a duty of care;
    - The principal difference between the two is that while a duty of care intrinsically and by definition includes a right to damages for breach, enforceable by civil litigation, the FCA's proposed consumer duty need not include a Private Right of Action ('PRoA');

[133] https://www.legislation.gov.uk/ukpga/2000/8/contents
[134] https://www.legislation.gov.uk/ukpga/2000/8/section/138D
[135] https://www.legislation.gov.uk/ukpga/2021/22/crossheading/rules-about-level-of-care-provided-by-authorised-persons/enacted
[136] https://www.transparencytaskforce.org/wp-content/uploads/2021/07/TTF-Response-to-the-FCAs-Consultation-on-Consumer-Duty.pdf
[137] https://www.transparencytaskforce.org/wp-content/uploads/2022/02/TTF-Response-to_-A-new-Consumer-Duty-Feedback-to-CP21_13-and-further-consultation.pdf
[138] https://www.fca.org.uk/publications/consultation-papers/cp21-13-new-consumer-duty

    - The FCA compounded this by concluding[139], despite overwhelming support from consumer groups for the attachment of a PRoA to the proposed consumer duty, that a PRoA was not needed;
    - Without a PRoA, the proposed consumer duty is only as valuable to consumers as the FCA is assertive in enforcing against breaches thereof with restitution orders and redress schemes (under Sections 382, 384 and 404 of FSMA). Unfortunately the regulator's track record for using these powers is poor, having most recently been criticised by John Swift QC in his independent review[140] into the regulator's redress scheme for SMEs affected by the mis-selling of Interest Rate Hedging Products ('IRHPs'), a matter that has subsequently given rise to a judicial review initiated by the APPG on Fair Business Banking[141]
- The FCA's response to the second-stage consultation, which will include the publication of new rules, is expected by 31 July[142]. Consumer groups do not expect the regulator to implement a PRoA, still less to pivot back to a genuine duty of care;
- We urge that Parliamentarians amend the forthcoming Financial Services and Markets Bill to include an unambiguous obligation on the FCA to introduce a PRoA to accompany the consumer duty. If not, we and many other consumer advocates fear that the FCA will claim that it has fulfilled its obligations under the 2021 Act and the issue will fall away for some years, thereby having wasted a potent opportunity to introduce what would have been a consumer protection measure of strategic significance

2. Should statutory financial regulators compensate consumers who lose money through regulatory failure?

- The view of Parliamentarians who passed FSMA 2,000 appears to have been, 'Probably, though largely not through the courts.' To this end they granted the regulators exemption from civil liability[143], except in cases where they act in bad faith or breach human rights. But they also mandated the creation of a complaints scheme (updated somewhat in the Financial Services Act 2012[144]), underpinned by 'an investigator', to handle complaints about the regulators and where appropriate recommend the payment of redress. No constraint was placed on the grounds on which compensation should be payable, nor on the quantum;
- With the benefit of hindsight, the legislation might be criticised for allowing the regulators to draft the rules of the complaints scheme (which deals with complaints about the FCA, Prudential Regulatory Authority (PRA) and the Bank of England, though more than 90 percent of complaints relate to the first of these) and appoint the investigator (known as the Complaints Commissioner) and for the Commissioner's recommended awards being non-binding on the regulators; over the years, the scheme has become, in the view of

139 https://www.fca.org.uk/publications/consultation-papers/cp21-36-new-consumer-duty-feedback-cp21-13-further-consultation

140 https://www.fca.org.uk/publication/corporate/independent-review-of-interest-rate-hedging-products-final-report.pdf

141 https://www.appgbanking.org.uk/

142 https://www.fca.org.uk/publications/consultation-papers/cp21-36-new-consumer-duty-feedback-cp21-13-further-consultation

143 https://www.legislation.gov.uk/ukpga/2000/8/section/291

144 https://www.legislation.gov.uk/ukpga/2012/21/part/6/enacted

consumer advocates, progressively less effective as a route to redress, and there have been calls for change;

- In July 2020, during the early stages of the Covid-19 pandemic and during the summer holidays, the regulators announced a consultation[145] on proposed changes to the complaints scheme, the principal aims of which were to codify into the Scheme[146] restrictions that had evolved over time through individual case decisions limiting the quantum of compensation to *de minimis* sums and ruling out the payment of redress where regulatory failure is the underlying cause of loss, but not the sole or principal one. Unusually, the exercise was not publicised, the FCA's own Consumer Network was not approached and the consultation was open for only eight weeks, instead of the usual 12 (a matter remedied through campaigning with which we were heavily involved and the consequential intervention[147] of the Treasury Committee);
- Working in difficult circumstances, consumer groups joined forces and agreed all to submit responses, loosely based on that produced[148] by the Transparency Task Force. We believe that if the regulators subsequently brought forth proposals that fairly reflected the responses they received to the consultation exercise, they would have to put forward a Scheme broadly reflective of these consumer inputs;
- Since then, the date for publication of a summary of the consultation responses and proposed new rules has been extended at least three times; as of April 2022 there is no longer an indicative publication date on the consultation homepage[149]. Moreover, its periodic regulatory initiatives grid[150], which shows upcoming consultations and new rule announcements and implementation timeframes, makes no mention of it, despite covering a timeframe as far ahead as late 2023;
- Meanwhile, the issue has been brought to a head by a public disagreement between the Complaints Commissioner and the FCA about whether the regulator should compensate victims of the London Capital & Finance plc (LCF) scandal, where the role of extensive regulatory failure[151] as a significant causative factor in consumers' losses is accepted[152] by the FCA, as is the fact that the Treasury redress scheme[153] does not remedy the totality of consumers' losses. The Complaints Commissioner believes that the FCA should pay

145 https://www.fca.org.uk/publications/consultation-papers/cp20-11-complaints-against-regulators-fca-pra-boe
146 https://www.fca.org.uk/publication/corporate/complaints-scheme.pdf
147 https://committees.parliament.uk/committee/158/treasury-committee/news/117491/financial-regulators-should-urgently-consider-extending-complaints-scheme-consultation/
148 https://www.transparencytaskforce.org/wp-content/uploads/2020/10/Complaints-agains-the-Regulators-CP2011-1.pdf
149 https://www.fca.org.uk/publications/consultation-papers/cp20-11-complaints-against-regulators-fca-pra-boe
150 https://drive.google.com/file/d/1QH-jckmPn-pFkHLSAnx3j5_q2nJdeX6V/view?usp=sharing
151 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/945247/Gloster_Report_FINAL.pdf
152 https://www.fca.org.uk/publication/corporate/lcf-independent-investigation-response.pdf
153 https://www.gov.uk/government/publications/london-capital-finance-compensation-scheme

compensation[154], in this and in other cases where regulatory failure is *a* or *the* underlying cause of loss, because in practice it is unlikely ever to be the 'sole or primary' one, which is the test the FCA has unilaterally adopted, presumably for reasons of self-interest, because regulatory failings do not in themselves result in loss; rather, they create the environment in which an authorised firm is able to act in a way that causes such harms (par 114). The FCA rejected[155] the Commissioner's recommendation that it compensate LCF victims, barring a tiny number wrongly given incorrect information about the regulatory status of the firm's products having made direct contact with the regulator's call centre;

- There therefore exists a stand-off between the UK's financial conduct regulator (and, potentially, its central bank and prudential regulator) and a statutory Complaints Commissioner about a central point of law: should financial regulators compensate consumers when there's proven regulatory failure? With no end date in sight for the regulators' consultation on the issue - now almost two years old - it feels like the intervention of Parliament is required to clarify matters;
- Consumer campaigners believe that the interests of natural justice require that negligence and worse on the part of statutory bodies should not be allowed to cause serious financial harm to consumers without the latter being provided with an effective means for achieving redress. We believe that the regulators' statutory exemption from civil liability should be removed and that they should be prohibited from relying on the Limitation Act for the first six years thereafter, in order that victims of legacy regulatory failure cases can seek redress;
- We further believe that the regulators should be required to revise the Complaints Scheme so it explicitly provides a first-line route to redress without the need for litigation (though the latter is needed as a back-up), that the Commissioner should be selected by consumer groups rather than the regulators and that his/her recommendations in respect of monetary redress should be binding on the regulators instead of advisory;
- Given that both the statutory exemption from civil liability and the Complaints Scheme originate in FSMA 2000, we believe that the new Financial Services and Markets Bill could be the optimal vehicle for introducing these measures. It may be that Government has this in mind; if not, we urge that such provisions could be dealt with through amendments

154 https://frccommissioner.org.uk/wp-content/uploads/The-Complaints-Commissioner-Final-Report-LCF-15.02.2022.pdf

155 https://www.fca.org.uk/publication/corporate/response-to-complaints-commissioner-final-report-fca-oversight-lcf-15-march-2022.pdf

Part 2: Help and support after the event

It needs to be understood that many victims of financial crime and malpractice, malfeasance, misconduct and mis-selling by the financial industry are extremely hurt and damaged as a consequence of what happened to them, especially if they feel let down by 'the system' such as those who suffered harm as a direct consequence of chronic and catastrophic regulatory failure.

In short, many victims find themselves experiencing what amounts to post-traumatic stress disorder (PTSD) - their lives are violently shaken and the consequences can be very long term, even permanent. They are desperate to get justice and compensation, not just for financial reasons but also because they cannot achieve closure without it.

Given that harsh reality, and our aspirations to be a civilised and caring society, we must ask the obvious question:

"What more could and should be done to support the victims?"

There is clearly great merit in tapping into the experiences and insights of those best placed to answer that question - the victims themselves.

Here's what some of our interviewees think - their ideas, cynicism, frustrations, understandable anger and excoriating criticisms of the existing framework are all worth paying attention to:

By 'Helen'

A centralised, adequately funded organisation, would certainly be helpful in pointing people in the right direction. It would almost be like a Citizen's Advice Bureau (CAB). But what would be the point if there is no way, like now, to hold regulators or government to account, nor sufficient funds nor legal framework to permit commencing criminal prosecutions?

So many pension scammers, for example, operate transnationally and keep their assets offshore or declare bankruptcy to avoid loss of assets. Any advice to enable redress requires major change in legislation but then that brings us full circle back to preventing crime in the first place. Any legal redress would be complex, costly and lengthy so I have no idea how it could be funded. Short term economic support seems feeble and almost a waste of time to me. Regulator input again is a waste of time if the same old barriers to accountability are put up as we have seen time and again from the FCA and government.

By Mark Bishop

I doubt most people know the distinctions between the FCA, FOS, FSCS, TPR, SFO, NCA, Action Fraud and local police services, nor when and in what order they should be contacted. And when they do try, in the main the results are fruitless.

So I don't know whether yet another organisation is the solution, more that what we've got needs fixing. That said, there could be a case for a government-funded, voluntary organisation, perhaps an extension of the Money and Pensions Service[156], that counsels financial service misconduct victims and (perhaps) whistleblowers, both on practical matters (such as dealing with the quagmire above) and emotionally. But, I doubt the Government would create such an entity, because it would end up being a vocal advocate for the very obvious and very desperate need for reform of the entities that should be protecting and compensating consumers, but largely fail to do so.

By Mark Hambling

1) One port of call for advice and help might be useful, provided it can also act as a distribution centre for Financial Services Compensation Scheme (FSCS) claims, Financial Ombudsman Service (FOS) claims, Pensions Ombudsman Service (POS) claims etc...possibly giving guidance on each and a smooth introduction...otherwise it is merely just another quango. This body could also act as a portal for self help groups (like the Transparency Task Force) and each group could, perhaps, have a page setting out what is known, what is being done etc.... perhaps act as a focal point for action groups or even preliminary steps to group litigation.

2) Pressure could be brought to bear on the FSCS to take litigation action against wrongdoers as they stand in the shoes of claimants where they have paid compensation. I am trying to persuade them to do this regarding Dolphin. If miscreant IFAs knew they would be pursued by a government body they might think twice about selling toxic investments in the first place.

3) Pressure could be brought to bear on FOS and POS and FCA in a similar vein. There are plenty of regulated entities at fault in the Dolphin case. Most investors cannot bring a "free" case against them but the authorities could, on behalf of investors. Fines and recovery of proceeds (commissions) could

[156] https://maps.org.uk/

then be pooled to provide a benefit fund and a fighting fund for those needing it. Around half of Dolphin investors have no real hope of redress without unaffordable litigation.

4) Provide funding for litigation against unregulated advisors. There have been numerous barristers saying cases could be taken but no one can afford to do it.

5) Provide some compensation where investors have been defrauded. Fraud is a crime, just like assault but there is no compensation fund.

By Sue Flood

I think there needs to be a single government body that is set up to provide victims of financial fraud with the relevant support, be it financial assistance, legal advice, counselling, etc. But this new body will not work if it doesn't have teeth and sufficient access to data relating to past and current 'financial scams/fraud' regardless of whether they have been prosecuted or formally investigated, otherwise how is this new body going to know how best to support the victims who come to them and assess what help would be appropriate?

The new body needs to have embedded in its 'constitution' a Code of Conduct that enables it to take action against other regulators should they be found to have failed in their regulatory duties. A good example of the need for this is the way that HMRC has lacked a duty of care towards people they deal with who are innocent victims of financial crime relating to pension scams, yet HMRC deems it appropriate to mercilessly hound those victims for penalty fine payments over periods of 10yrs plus. Another good example is the way the FCA has consistently failed to give clear information and warnings to 'Joe Public' on the FCA Register part of their website, as to who has permissions to give what type of advice, what jurisdictional issues may prevail, which individuals are rogue IFAs and so on.

To my mind, there's a very long list of improvements that can be made to help and support victims. I've been living this nightmare for over ten years now, trying to get justice and redress for myself and the other victims I have got to know over the years. I'm absolutely convinced that none of what needs to happen is rocket science. The only missing ingredient is the political will to make it all happen, and of course that includes the political will to face the facts and admit the inconvenient truth - the system is broken.

By 'Dominic'

From my experience, these pension scams operate over two or three jurisdictions, making it extremely difficult to find any form of justice or even assistance. My experience has been that each jurisdiction will tell you that you need to contact one of the other jurisdictions, i.e. they'll say "Oh, you'll need to contact the trustees in Guernsey, who will then pass you back to the advisors in the UK or Spain who will then pass you back on to the trustees in Guernsey. It becomes a buck passing-exercise, while all the time these bodies concerned are informing each other of your enquiries.

It's also a matter of finding an authority in a jurisdiction that will take the time to listen to you. My experience has shown, after two expensive hearings in Guernsey, that you can present hard evidence of forged signatures, application forms being altered between point of signature and submission, etc, and regulators, Ombudsmen, or even the courts, tending to have an indifferent attitude towards it; they simply don't seem to care. I have even presented hard copy evidence of a meeting that an advisor supposedly had with a client, 3 days after the client was actually cremated. Inexplicably, the documentation from that meeting carried the dead client's signature. I know the case well, because the client was my wife's father.

My feelings are that unless there is some international authority that covers various jurisdictions that can investigate claims across those jurisdictions, or a regulator in one country is taken seriously in another, and those regulators can exchange evidence across jurisdictions, it's difficult to say how to help victims. Legal action is out of the question for most people because it's so costly.

It needs to start from the top. We need an Ombudsman and regulators that are well funded and not toothless tigers. After all, people take out pension plans so they can be a bit more comfortable in their retirement and don't need to rely on public funded pensions, so it's in a country's best interests to stop these scams, otherwise those people will be relying on a government funded pension.

By Peter O'Donnell

As Joseph Stalin said, "one death is a tragedy and one million deaths a statistic".

It is well known that hundreds of thousands of people in the UK have been directly affected by financial crime and have lost money. Financial crime is enabled and growing through digital communications and public mistrust in clever marketing. However, the authorities are incapable of stopping it and those affected mostly accept it as one of life's unfortunate outcomes.

Although this is an accepted fact, by far most victims of financial crime become deeply affected by the sense of helplessness and vulnerability because they have no idea who to turn to for advice and guidance. Potentially helpful organisations with acronyms for names and quasi-commercial titles are hardly trusted and almost impossible to engage.

FCA, FOS, POS, FSCS, PRA, SFO, Treasury Select Committee, Action Fraud, The Complaints Commissioner, The Insolvency Service, the Police etc. do not provide a friendly face and are inherently bureaucratic. It is hard enough to speak to someone at one's gas and electricity provider or bank, let alone having to contemplate finding out who to contact about losing a pension investment.

Victims need an internet information portal, available to everyone, overseen by an independent body, with no agenda, free from interference, paid for by the government or a levy on financial services, where questions and answers can be dealt with. It must be the one stop shop, friendly, informative, and up to date. Friendly and easy to navigate are the most essential ingredients.

It should not be a forum for people to share experiences as that is what Facebook is for. These can easily be subverted and abused. I believe it should be a place that signposts people as where to go only.

By Guy Dresser

I would like the UK government to stop tinkering with important financial products like pensions without first consulting widely and thinking through the potential consequences. Creating QROPS[157] without thinking through what might happen has cost thousands of Britons a great deal of money, by opening up their pensions to unregulated offshore 'advisers' who have filleted their policies. The government decision to clamp down on QROPS and tighten up procedures was a sign that it recognized it had made a serious mistake. But the Britons impoverished by their great scheme remain seriously out of pocket while the offshore 'advisers' who benefited from QROPS commissions continue to trawl around for new victims.

The support I would therefore like for victims is to provide them with a route to redress if they are harmed through no fault of their own due to catastrophic policy and/or regulatory failure.

By David Laity

There are many failings in the current framework and the organisations that are meant to support and deal with the victims of financial crime and misconduct. There is huge need for reform but to my mind the first stage should be about getting the existing agencies to work as they are supposed to; many of them perform appallingly and excuse the bluntness but they are not fit for purpose.

[157] A QROPS is a Qualifying Recognised Overseas Pension Scheme

My thoughts on the problems:

- The FOS is heavily populated with bankers and ex-bankers. They are often required to investigate previous or current "colleagues" which is questionable as it points to potential conflicts of interest. In my case the FOS screener was contacted by a very senior banker and pressured to drop my case (I have this in writing). My case was not investigated, giving that same senior manager a clear path to claim no wrongdoing by the bank and thereby instigate possession litigation. I recently discovered that the same FOS screener was also, *at the same time*, a Lloyds bank manager.
- FCA - very similar situation to FOS. These are what I call "transitional bankers" who have taken a post at the FCA while they wait for a more senior "promotion" to the City banks or similar. As such, they have conflicted priorities and tend not to help victims as much as they could. There is so much wrong with the FCA that it would need a report all of its own. Reading the Gloster Report[158] gives a good indication of the deep, cultural problems that it has, and it helps to explain why it performs so badly as far as victims like me are concerned.
- The National Crime Agency and Serious Fraud Office - both are completely out of their depth regarding fraud, I would challenge pretty much every decision they make. They are made up of people from previous senior posts i.e. individuals that are managers of people and not seasoned investigators. They tend to follow the government and the establishment's narrative which is controlled or at the very least heavily influenced by the City anyway, i.e. the banks.
- Action(less) Fraud has been very heavily criticised by victims and the media[159]. It is manned by 16 year old upwards kids with zero knowledge of fraud. There was a job application on Indeed for this that wanted people with NO previous fraud skills, to answer the phone to individuals and businesses reporting fraud and advise them. £20k+ per annum and about 2 weeks on the job training working from home! Action(less) Fraud is used universally by all police forces to divert crimes (therefore work commitment and costs) away from themselves. It is impossible to get any police force to record a fraud without being referred to Action(less) Fraud where nothing is done at all, and they know this! Action(less) Fraud was intended to deal with cyber fraud - the type of fraud that one sees regularly where someone's credit card has been cloned/used to buy goods online, where someone is tricked into transferring money online or simple ID theft. Whilst these crimes are harmful to the individual, the

158 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/945247/Gloster_Report_FINAL.pdf

159 https://www.which.co.uk/news/article/exclusive-scam-victims-ignored-by-police-fraud-reporting-system-avxU06T4Hclz

consequences are rarely life changing. Losing a £1,000 or two this way is bad but is recoverable over time. Losing a house and business is NOT! The establishment makes sure that all fraud is directed to Action(less) Fraud in the secure knowledge that no serious fraud (banking/mortgage fraud with life changing sums involved) ever gets investigated. The bankers know this very well which is why the entire system is designed to fail.

- Business Banking Resolution Service (BBRS) was set up to fail; designed to delay matters beyond the 6 year statute of limitations so victims had no chance of redress, that is if they could afford to take on the case. It has also been very heavily criticised by the victims of bank mis-selling, Parliamentarians and others[160]. It is not fit for purpose.
- I believe that the judiciary is constantly disregarding the Rule of Law and there have been numerous cases of judges blatantly disregarding lawful process and court rules, short circuiting matters and always ruling for the bank. I and others have evidence that shows this. A litigant in person stands no chance whatsoever when the judges are openly and blatantly biassed towards the banks.
- There needs to be a total separation of cyber fraud and serious fraud. Serious fraud, white collar fraud, bank fraud or whatever one calls it, needs an entirely separate category; without such, nothing will ever change. Serious frauds carry hefty fines: those fines should go to the police force(s) investigating and prosecuting. At present there is a very strong reluctance for police to investigate any fraud as it is extremely costly and the costs come out of their ordinary operational budget. A very good example is what happened when Thames Valley Police Force prosecuted criminal bankers in the famous HBOS Reading cases. Criminal bankers were convicted and jailed. That was a great success, and the banks involved were ordered to pay substantial fines, which they did. However the investigation cost £Millions; Thames Valley Police were not reimbursed the costs by the Treasury who got the fines paid by the banks. That and many cases like it must be an enormous disincentive to the proper investigation and prosecution of financial crime. That is why police forces around the country are so happy to fob victims off to Action(less) Fraud, and why such little money is spent by the police in dealing with fraud. Just fixing the police's resourcing problem will make a huge difference[161], it's as obvious as it can be.

It is a well-established view that the UK is a major centre of corruption and illicit money flows[162]. We have an enormous dirty money problem, as the recent publicity about Russian

[160] https://smallbusiness.co.uk/mp-calls-for-banking-dispute-service-to-be-scrapped-2561434/
[161] https://www.smf.co.uk/commentary_podcasts/fraud-is-britains-dominant-crime/
[162] https://www.theguardian.com/books/2016/may/29/roberto-saviano-london-is-heart-of-global-financial-corruption

kleptocrats[163] has shown. It is a harsh reality that banks are the heaviest and most frequent fine payers[164]; and the body of evidence that they and their auditors[165] see fines for misconduct as merely a "cost of doing business," is growing fast. There is clearly extensive recidivism in the UK's financial ecosystem and that will continue unless root and branch, radical reform is undertaken.

163 https://www.theguardian.com/commentisfree/2022/mar/04/london-russian-money-topple-putin-uk-oligarchs
164 https://violationtrackeruk.goodjobsfirst.org/?agency_code%5B%5D=UK-FCA
165 https://violationtrackeruk.goodjobsfirst.org/?agency_code%5B%5D=UK-FRC

Statements of Support for this Paper

We want this paper to make a difference and we know that will only happen if there is sufficient support for its message about the desperate need for reform. We are therefore very pleased that the insights and ideas within this paper resonate with a wide range of stakeholders, including those that have kindly stepped forward to provide a statement of support, as shown below.

We are very grateful to everybody that has already shown their support and we actively encourage anybody that finds themselves agreeing with the general thrust of what we are articulating in to do the same, regardless of when you read this paper - please contact us[166] with your thoughts and we will share them online.

By Rt Hon Sir Stephen Timms MP, Chair, Work and Pensions Select Committee

I greatly appreciate the work of the Transparency Task Force, in particular in supporting the victims of pension scams who have suffered such devastating losses. TTF drew their plight to the attention of the Select Committee, leading to our inquiry on this subject and our report 'Protecting pension savers- five years on from the pension freedoms: Pension scams[167]' published on 28 March 2021.

By Kim Leadbeater MP

"The British public need and deserve a financial sector that it has good reason to have trust and confidence in. However, the amount of financial crime, scams and scandals that are taking place shows that there is ample justification for the concerns that many people have, that the regulatory framework is failing to provide sufficient consumer protection.

This paper does a first-class job in raising awareness of the terrible plight that victims of financial crime and malpractice face. It is clear that more could and should be done to reduce the chance of

[166] https://www.transparencytaskforce.org/contact-us/
[167] https://committees.parliament.uk/publications/5322/documents/53036/default/

people falling prey to criminals, and to support them if they unfortunately do. I, and many Parliamentarians will be keen to help drive through the kind of reforms the paper is calling for."

By David Pitt-Watson, Fellow, Judge Business School

"Financial fraud is a blight on our economy, on our society, and on our country. But financial fraud and malpractice also has a huge human cost. As this paper shows, it destroys innocent people's lives. Britain should be proud of its financial services industry which provides vital services and well paid jobs. Instead it is viewed as corrupt[168]. That should be, and is of concern to so many honest people who work in the industry. They don't understand why, when fraud represents 40% of crime, it receives less than 2% of police resources[169]. That even our most reputable financial institutions receive fines for misconduct. That fraudsters can set up companies, fleece their customers, go bankrupt and start the process again. This is a profoundly serious problem in plain sight. An ugly elephant in the room. We can and must do so much better. If you don't believe that, read this report."

By John Howard, Chair of Transparency Task Force's Advisory Group; and formerly: Chair of the Financial Services Consumer Panel, Non Executive Director of the Financial Ombudsman Service, presenter of the daily Radio 4 Consumer Programme 'You and Yours' and Non Executive Director of Ofgem

"We are all the victims of financial crime. We may not have suffered the devastating personal effects of it, so clearly explained in this white paper but every crime must be paid for and we all end up paying for it. The massive amounts paid out as compensation by our major banks for malpractice, listed in the Violation Tracker, are paid for by every customer through increased costs and charges; the customers of financial firms that go bust are compensated by the Financial Services Compensation Scheme from a levy on every other firm, the good paying for the bad. This society wide 'theft' has reached unacceptable proportions and this white paper provides the groundwork for real and lasting action to be taken."

By Margaret Snowdon OBE, Chair, Pension Scams Industry Group

"As someone who has been at the forefront of efforts to protect pension scheme members from the dire impact of scams, I believe it is essential that various government departments and authorities

168 https://www.bankofengland.co.uk/-/media/boe/files/speech/2016/the-great-divide.pdf?la=en&hash=D44B91D2A6F39A4333ED3B92CB6870DD45E40306

169 https://www.policingreview.org.uk/only-fundamental-reform-can-reverse-the-crisis-of-confidence-in-policing-says-chair-of-the-strategic-review-of-policing/

should be laser focused on the harm to individuals and the wider economy from the scourge of pension and investment scams.

They must be united in a commitment to recognise and tackle the issues in a joined up way. They should also work with victims and the industry to make it harder for scammers to operate and be more supportive of victims. HMRC practices could be said to have enabled some scam arrangements, while at the same time they vigorously pursue tax penalties against those who fall victim to those arrangements. It is simply not good enough to harbour institutional views that victims have only themselves to blame. There are moves and ambitions in the right direction, but many are yet to bear fruit. I am hopeful, but it is hard work."

By Nicholas Shaxson, co-founder, Balanced Economy Project, and author of the books *Treasure Islands* and *The Finance Curse*

"This paper does a good job in pointing out the systemic failure of regulators and the government in protecting the public from the many and varied bad actors in finance. There is a clear tension between those who want to promote the 'international competitiveness' of UK finance - in other words, the interests of large UK financial institutions with global operations - against those who want to protect UK consumers and small businesses from often predatory activities by people and institutions in UK finance. It is high time for UK regulators and politicians to swing the pendulum back and start prioritising UK citizens, small businesses and consumers again."

By Baroness Thornton

"Financial Crime is not victimless, but often the victims are the most vulnerable and the least able to defend themselves and get redress, which is why providing and enacting "an appropriate degree of consumer protection," is vital and still lacking. And why this initiative is so important and has my support."

By Greg LeRoy, Executive Director at Good Jobs First, the publishers of Violation Tracker UK[170]

"Despite their devastating human harms, financial crimes get far too little policing attention, in no small part because their prevalence has not been well documented. At Transparency Task Force's urging, we created Violation Tracker UK and it reveals that the UK's financial sector is head and shoulders the most-penalized sector of business. Now, TTF marries that data with wrenching case studies of earnest businesspeople and retirement savers having their lives upended by systemic criminality.

170 Violation Tracker UK: https://violationtrackeruk.goodjobsfirst.org/

What more could Parliament ask for to decide to crack down on financial abuses? "

By Sarah Olney MP

"My primary responsibility is and always will be to do the best job I can to care for the interests of all the constituents of Richmond Park. It therefore follows that any genuine effort to help reduce the chance that my constituents might become a victim of financial crime, fraud, misconduct and scams; and to better support them if they do become a victim, is something I instinctively want to back.

I am pleased that the Transparency Task Force has produced this discussion paper, not only because it brings into sharp focus the awful experience that so many victims of financial crime have had to endure, but also because it points towards the very real possibility that us Parliamentarians can make a difference by introducing purposeful reforms in this Parliamentary session.

As protecting the public from financial harm is not in any way a party-political issue, I hope and expect that many other Parliamentarians will join me in supporting this excellent initiative."

By Andrew Gwynne MP

"I am delighted that the Transparency Task Force has produced this report, because the UK's financial sector is of strategic importance to our economy, and it ought to be doing a decent job serving the interests of all our citizens, but it clearly isn't.

The report shouts out the terrible impact on victims of financial crime and misconduct and provides extensive evidence suggesting that the financial regulatory framework is not yet effective in providing adequate consumer protection. The central thrust of the paper is that Parliamentarians now have an opportunity to bring about reforms during this Parliamentary session that will mitigate the risk of consumers being harmed, and also provide meaningful support to those that do become victims.

I wholeheartedly agree, and I will be doing my bit to support such reforms wherever and whenever I can – my own constituents are not immune from scams and mis-selling, and I want to do all I can to help protect their interests."

By Jesse Grifiths, CEO, Finance Innovation Lab

"The financial system should support people, communities and the planet to thrive, but too often it does the opposite. This research shines a light into the way victims of financial crime - of which there are far too many - are deeply affected and badly treated by the system. Only fundamental, systemic reform can rectify this and the many other failings of the financial system."

By Baroness Bennett of Manor Castle

"Financial crime and mismanagement is sometimes dismissed as 'victimless', but of course it is far from that. We all suffer collectively from the fraud and greed, but some people's lives are torn apart by it.

We live under the dictatorship of the Treasury, with the assumption being that we are all here to serve the economy, rather than the economy serving people and planet. Practical regulation can prevent further individual victimisation, but more, we need a huge revamp of our approach to financial governance."

By Alan Campbell, Founder, DebtHacker

"This report is as shocking as it is heart-rending. It brings victims' terrifying and visceral experiences directly into our lives, provoking sadness, empathy and anger in a way that statistics alone can't.

It presents the unavoidable fact that financial crime and malpractice is rife because bad and criminal actors ignore, break and exploit rules, and their victims are left to suffer the consequences alone.

Politicians and policymakers should judge financial regulations based on outcomes, rather than the quality of the draughtsmanship of the rules. The FCA currently relies on firms to put procedures in place "to ensure a fair outcome" and, under its "general supervisory approach," makes no periodic independent periodic checks that firms are complying with its regulations.

This laissez-faire supervision policy allows bad and criminal actors to take advantage and this report shows the appalling consequences: havoc, distress and even premature death. We must change the system now."

By Paul Birch, QROPS scam victim

"As just one victim of many thousands of members and beneficiaries of HMRC registered QROPS Pension Trustee Schemes, who has suffered huge financial and emotional issues as a result of the abject failures of the totally misnamed and misguided regulators and law enforcement agencies, which are meant to act to protect us from the rampant financial crimes from which we have suffered and continue to suffer, I give my wholehearted support to the efforts of those fighting on our behalf to bring about the changes needed.

I have thousands of pages of documents accumulated since the summer of 2016 which I will gladly share, and which will irrefutably demonstrate the scale of the problem and the failures of the *agencies designated to protect us to address them. It is clear to me that the reforms proposed in this paper, if enacted, would make the kind of difference that is so desperately needed."*

By Tom Schuller, Author; Social and Educational Researcher

"The UK's bloated finance sector presents many problems. The issues highlighted here are urgent; the report does an excellent job in highlighting them and proposing ways forward."

By Jon Williams, Professor of Finance, Surrey Business School, Surrey University

"A vibrant financial services sector is an essential facilitator of economic growth. History teaches that if left unchecked, markets can produce unintended outcomes often with devastating effects. This fact is the basis for financial regulation and its objectives of maintaining stability and protecting consumers and investors. Properly designed regulations can help financial firms and financial markets to function more effectively. As one of the world's leading financial centres, the UK should be setting an example and designing a best practice regulatory framework which would be robust enough to meet future challenges whilst better serving the interests of society."

By Clive May, Director Briar Grove Developments Ltd

"As a victim of financial crime committed by a state sponsored bank and included in this report as a case study, I'd like to thank Andy and all those at the TTF for taking the time to listen to our stories. Having spoken to many victims it's heart-breaking to see the continuing effects that the banking financial crash has had on its victims.

When a bank instructs its staff to send out victory emails each and every time they seize its SME customer assets in a policy and procedure manual, then the financial sector has hit rock bottom."

By Robert Winsor, Victim of Financial Crime

"I lost my home and livelihood as a direct result of an unlawful bankruptcy and collusion between the Ministry of Justice and the Insolvency Service. I can't begin to succinctly describe the horrendous impact this has had on me. I support all genuine attempts to shine a light on the issues that are causing such high levels of fraud and financial crime in our country, and as such I am very supportive of this Paper."

By James Gent, PhD Research Scholar at Staffordshire University

37.5% of all crime in England and Wales in the year ending March 2020 fell into the category of fraud with a total of 4.4 million incidents. Despite this, less than 3% of fraud that is reported to police leads to a positive outcome such as a caution, community resolution, or summons.

Financial crime is not victimless, and it leads to a cost-of-living increase for everyone. The government has a responsibility and duty to protect the public from fraud.

By Michelle Nicholas, Consumer Research Director, Michelle Nicholas & Co

I've worked in the Financial Sector in Marketing Director and Consumer market leadership throughout my career. I know very well that many issues from the 2008 crash remain unresolved, same mistakes often made over - same people and processes associated are still in place and so we get to see repeats.

Personal experience suggests that the UK regulatory system is overly set to impunity with disinformation on their capabilities and resources reported by the SFO, and therefore limited recourse. SFO actually has a vast network and access to matrix resources and funds – FCA, City of London Police, Met Police, full remaining UK police forces and structures, civil servants, military, security services and many private businesses. And same in international links. SFO chooses what to report, which is a fraction of what can be resolved. We could easily have a more balanced economy.

However, as one security person said to me 'we don't like whistle blowers' and as a PC committed in a report to me 'people who report are very often subject to surveillance'.

That means the only true way to preserve consumer rights – including family income and pensions – is to rethink balance of risk and reputation and therefore rules in applying security law and underlying practices and processes associated.

How the 'private' courts are removed from reach, as the key security enabler, is a more difficult issue and I'm not sure what the answer is right now. But again, this probably means a review of purpose – are we slaves to the economy, or does it serve us?

For these reasons I am wholly supportive of the TTF's efforts to shine a light on the harms caused by the financial sector, this report does an excellent job to do just that.

By Richard Emery, Bank Fraud Investigator at 4KEYS International

"I welcome the opportunity to share my insights and actively support the overall intent behind this paper and the overall initiative that it is part of.

If I could design a new technological development it would be one that allowed me to make a box of tissues and a loving arm appear out of a bank fraud victim's phone. I cannot count the number of phone calls that I have received where people have been in tears because of what has happened to them.

Every phone call brings at least some level of distress but some will always be remembered.

The elderly lady who had money set aside for her funeral, desperately upset that her family will now have to find the money to pay for it.

The mother who had saved for years to provide a fund for her daughter to train in her chosen career - the career opportunity has gone because the investment was a fraud.

The young husband who believed that it was the bank who was calling to tell him that his account was under attack from fraudsters and that he needed to move his money, the money that he and his wife had saved for the deposit on their first proper home - now they would have to bring up their young family in rented accommodation.

The couple who had received an inheritance and planned to use it to buy a home for their disabled daughter - a specially adapted home that she would not now have.

In addition to the general feelings of 'foolishness' and 'how could I have not realised it was fraud', one of the most serious issues is the sense of personal responsibility for the hugely negative impact on their spouse, their partner, their children and grandchildren. Very few of us have money that is ours and ours alone; money that will not be used to benefit others. It is the loss of this money, the loss of our ability to provide for others, that brings about the greatest level of anguish following a bank fraud.

People in these situations need a great deal of reassurance. "You are the victim of organised criminality". "This type of fraud is very common, and amounted to £xm every day last year". The figures almost always shock people, but they also realise that the fraudsters are very professional, which is why they became victims.

We need the Banks, and other services such as Action Fraud, to

- adopt a more caring and understanding approach to the victims

- be clearer in their approach to reimbursement

- explain the timetable for their investigation, and then keep to it

- be effective at sign-posting victims to organisations that can help."

As explained earlier, we want this paper to make a difference and we know that will only happen if there is sufficient support for its message about the desperate need for reform. We actively encourage everybody that finds themselves agreeing with the general thrust of our rationale for reform to get in touch[171] with your thoughts, so that you can

Show your support!

[171] https://www.transparencytaskforce.org/contact-us/

Conclusion

The Transparency Task Force is a fast-growing community of ethically and progressively-minded citizens that care; people from all walks of life who are committed to the cause and are willing and able to "do their little bit" to help make a difference.

We know that the challenges we face are enormous, because the inertia, vested interests and asymmetries of power and influence are all stacked very heavily against us.

However, the enormity of the challenge is dwarfed by the obvious and desperate need for change; and that's why we are not deterred by the obstacles in our way. We *know we are righ*t and we'll keep explaining why to whoever will listen, until sooner or later the establishment gets the message that the status quo is unacceptable, that there is no need for it to be the way it is, and that

there are real opportunities in this Parliamentary session,

…to make a meaningful difference, for example through the Economic Crime Bill and the Financial Services and Markets Bill, to change the rules that govern the way the financial sector functions.

We produced this discussion paper in order to provide a platform for some of those who have been subject to financial crime, fraud and malpractice, malfeasance, misconduct and mis-selling to tell their stories.

By doing so, it is hoped to have achieved two things:

i) to have provided a voice to those harmed by the financial services industry, also contributing to breaking down the stigma associated with being a financial crime victim;

ii) to have stimulated discussion around the solutions to some of the defects within the financial industry highlighted in the case studies, as well as potential avenues of support for those affected by such defects

A review of the prevalent themes within the relevant academic and grey literature helped to inform and shape the subsequent design of the interviews undertaken for the purposes of this research. It was identified that while the subject of financial crime has not been given the due attention and significance it deserves, the existing knowledge highlights that individuals can be harmed in a multitude of ways on top of the financial impact they suffer. Indeed, the cost of human suffering can touch every aspect of a person's life, including fundamental issues of trust, their physical and emotional health and wellbeing, as well as their relationships and social interactions.

As seen in the interview summaries themselves, as well as the themes from the analysis, the impact on individuals as a result of financial misconduct affects almost all areas of life, in some cases with great intensity. The interview summaries have highlighted the personal, specific and extremely painful human experience that many have gone through with little help and support. The themes identified in the analysis have shed light on the range of possibilities for damage to be done to individuals, as well as highlight the significance of some experiences, such as the real prevalence of stress, frustration and a lowered quality of life.

Our report raises the question as to whether parts of the financial sector and parts of the financial regulatory framework that govern it are fit for purpose. We know they are not - [the mountain of evidence that is accessible to anybody](https://appgonpersonalbankingandfairerfinancialservices.org/call-for-evidence-about-the-fca/videos-and-testimonies)[172] really could not be interpreted in any other way.

Progress begins with realism and the reality is that the system is broken. Until that harsh reality is accepted by those with the power and position to make a difference, the misery and heartache that the thousands of victims of financial crime, fraud

172 https://appgonpersonalbankingandfairerfinancialservices.org/call-for-evidence-about-the-fca/videos-and-testimonies

and misconduct have already experienced, is destined to become the fate of thousands more innocent victims in the future.

Those unnecessary victims will be mums and dads, brothers and sisters, aunts and uncles, sons and daughters, friends and loved ones, neighbours and sad-looking strangers we walk past in the street.

Surely that's not what a modern, civilised society wants? Surely that's not what *you* want?

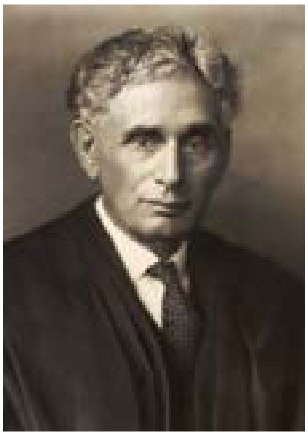
And surely, we must find the courage to face up to the fact that our society is being let down, terribly, and that it needs and deserves better; and that it's our collective responsibility to fix what's wrong in financial services, the most violating of all industry sectors[173]by a disturbingly long way.

We'll repeat the point made earlier

...progress begins with realism

…and the reality is that the violations record of the financial sector is an ugly, festering sore on the face of what is meant to be the "jewel in the crown" of our economy.

If you wish to contribute to the conversation about how to build a better financial sector that works in the interests of every member of society, the Transparency Task Force would love to hear from you. We have many campaigns on the go, all designed to raise awareness of the issues that really matter, so please get in touch[174] and become part of the collaborative, campaigning community that is working hard and effectively to drive the kind of positive, progressive and purposeful reform that is so desperately needed.



"Publicity is justly commended as a remedy for social and industrial diseases. Sunlight is said to be the best of disinfectants; electric light the most efficient policeman."

- Justice Louis D. Brandeis

[173] https://violationtrackeruk.goodjobsfirst.org/top-industries
[174] https://www.transparencytaskforce.org/contact-us/

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The Transparency Task Force first encountered Funding for Social Change Ltd through its connection with the Network for Social Change[175] which has kindly supported the creation of Violation Tracker UK[176], data from which has been used for this Paper. Violation Tracker UK is the first wide-ranging database of enforcement actions brought against companies by government regulators in England, Scotland, Wales and Northern Ireland.

The database is free to use and contains more than 68,000 cases involving issues such as financial misconduct[177], workplace abuses[178], environmental offences[179] and anti-competitive practices[180]. As such, it is a powerful tool that highlights which organisations are the greatest violators and thereby helps to drive improvements in corporate governance and market conduct. Its Advisory Group is Chaired by the Founder of the Transparency Task Force.

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[175] Network for Social Change: https://www.thenetworkforsocialchange.org.uk/about-us.html
[176] Violation Tracker UK: https://violationtrackeruk.goodjobsfirst.org
[177] Violation Tracker UK/Financial Misconduct: https://violationtrackeruk.goodjobsfirst.org/?offence_group=financial+offences

[178] Violation Tracker UK/Workplace Abuses: https://violationtrackeruk.goodjobsfirst.org/?offence_group=employment-related+offences
[179] Violation Tracker UK/Environmental Offences: https://violationtrackeruk.goodjobsfirst.org/?offence_group=environment-related+offences

[180] Violation Tracker UK/Anti-Competitive Practices: https://violationtrackeruk.goodjobsfirst.org/?offence_group=competition-related+offences

We are also very grateful to the report's Principal Authors:

Ceridwen Clark

Ceridwen undertook a virtual internship with the TTF during July 2021 and continued to volunteer to conduct the research and analysis for this report. She is an undergraduate student at the University of Birmingham studying BA Sociology, and is currently taking a year to work professionally as part of a technical marketing PR firm.

Her areas of academic interest are conflict, corruption and power within society, with a focus on sustainable social development and social policy in a globalised world. Her sociological background has been key to her approach to working with the TTF and has influenced her method for further understanding the influence of malpractice within the finance industry.

Robert Lynam

Robert volunteered as an intern for the TTF in July 2021, during which he worked on conducting the research contained within this report. He has a BA International Relations with Spanish from the University of Birmingham, where he is currently working towards an MA Social Research. His research interests are interdisciplinary, which include the politics of environmental issues, discourses surrounding sustainability and climate change, and environmental attitudes and behaviours. Before working with the TTF, he was previously unaware of the sheer extent of the systemic problems and malpractices taking place within the financial industry, as well as the devastating human cost that continues to arise as a result. He shares the TTF's belief that the financial services industry can be a force for good in society and hopes that this report contributes to the case for much needed reform.

Mark Bishop

Mark volunteers with the Transparency Task Force leadership team on matters relating to strategy and public affairs. Having entered the world of financial services consumer advocacy in 2012 as de facto leader of the Connaught Action Group and member of the liquidators' committee of the Connaught Income Fund Series 1 (a regulatory failure case that led to the publication of a report highly critical of the FCA), Mark now works with the principals of other action groups and lobbies regulators and politicians to improve consumer protections in financial services. Having worked as a journalist, media company executive, strategy consultant and corporate finance advisor, Mark holds an MBA from Cranfield University School of Management (where he is now a Visiting Fellow) and sits on the Advisory Board of the MBA programme at Sussex University, where he gained his first degree. He is also the author of a business book, The Future of Private Equity – Beyond the Mega Buy-Out. He provided testimony to this report as a scam victim and led on the policy section of the document.

Andy Agathangelou

Andy has worked in the financial sector for pretty much all of his career and he believes the sector is profoundly important to the well-being of society, to economic stability and to political stability too. However, he also believes it is predisposed to rip people off if allowed to do so by the regulatory framework. He is determined to do all he can to help fix financial services and its regulatory framework; a framework that is chronically and catastrophically failing to provide an "appropriate degree of consumer protection" despite that being a requirement set for it by Parliament. Andy created the Transparency Task Force in 2015[181] - its mission is "to promote ongoing reform of the

[181] Corporate Adviser profile of Andy Agathangelou and the Transparency Task Force: Transparency at all Costs: https://corporate-adviser.com/andy-agathangelou-profile-transparency-at-all-costs/

financial sector, so that it serves society better.” The Transparency Task Force became a Certified Social Enterprise in 2019. Its over-arching philosophy is that “Sunlight is the best disinfectant.”

Beyond the four individuals named above, dozens of others have played an important part in the creation of this report, including of course all the interviewees who kindly gave their time to talk about the very distressing experiences that they have been willing to relive and share for us, with the sole intention of helping to minimise the chance of others having to experience what they have been through.

We salute and thank them all; just as we salute and thank you for reading this report.

Thank you!

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Appendices

Appendix A: Interview topic guide

This appendix gives a detailed breakdown of how the interview was conducted and what questions were asked.

Hello [INTERVIEWEE]. It's nice to meet you. Thank you for taking the time to speak with me.

My name is [INTERVIEWER] and I'm an intern for the Transparency Task Force (TTF). I have been working with them over the past few weeks and am going to be interviewing you today on the topic of the human cost of misconduct in the financial industry.

The purpose of this interview is to understand the suffering caused to people by misconduct in financial services, which will be used in a white paper, with the potential to be extended to a book-length publication.

Before we start, I want to reiterate some of the things that were previously sent to you by email about the interview:

- The recording/transcribing/data collection process: to be recorded on zoom with your consent
- You are welcome to have anonymity or a pseudonym
- I want to acknowledge the sensitive nature of this topic and want to assure you that if you need to take a pause or a break if things become too much, that is absolutely fine. I am happy to accommodate what you need
- You have the right to stop the interview at any time
- We cannot guarantee that your story will be used explicitly but it will form part of the data collection process and is both valuable and important
- You are welcome to have someone be present with you during the interview
- You can ask questions whenever you need to

Outline structure and what to expect

- This is obviously a really detailed topic, but due to time limitations this interview will be limited to 30-40 minutes, with 7 questions being 3-4 minutes.

Do you have any questions before we proceed?

Topic question	Possible follow-up questions
Could you tell me about your specific situation regarding any financial misconduct that you've been subject to?	•What was your first experience with the scheme you were involved with? •How did you become aware of it? •How safe did you feel at the beginning? •When did it take place? And how long has it been going on for? •Which organisation(s)/individual(s) caused you

	financial loss? •What was supposed to happen in your specific financial arrangement, and what actually happened/what went wrong, as far as you know?
In terms of being financially impacted, how have you been affected?	•What's been the duration and intensity of your loss? •How has your standard of living changed? •How have you been coping financially? •Have you had any assets repossessed? •If you're happy to mention it, how much money did you invest, and how much of that money do you have left? •If you suffered detriment, or loss of job, what was the impact on your personal income in each of the three years after you blew the whistle, compared to your income in the three years prior to your dismissal?
In terms of any emotional impact, how has your situation made you feel?	•How have you been coping? •If at all, how has your mental health and well-being been affected? •Possible emotional impacts to probe: stress, worry, anger, depression, embarrassment, guilt •What's been the duration and intensity of these effects? •In your opinion, how well, or badly, has the FCA treated you as a whistleblower? How well has it protected your privacy, ensured that your career was not adversely affected and helped to safeguard your mental health? •How has this impacted your trust in the financial sector/FCA/banks? •How do you feel perceived by others and how have you been treated as a consequence? (e.g., victims treated like they're trying to cheat the tax system) •Do you feel as though you've been treated justly?
Has your situation led to any physical impacts at all?	•What has been the duration and intensity of these effects?
In terms of a wider impact on any of your relationships, have they been affected?	•Could you give me any examples of why you think so? •How long have these effects persisted? •How has it impacted your children? (e.g. disruption of their education, social opportunities, school trips, life opportunities, mental health)

	•If at all, how has your social life changed as a consequence?
Have you sought out any support?	•How valuable has that support been? •How do you think your situation would be different if you hadn't received that support? •How important is sharing your story and experience to you?
What's your current situation?	•Financially? •Emotionally? •Physically? •Relationally? •Overall?
And finally, are there any other comments that you would like to make?	
Wrap-up: It's been really informative to listen to your responses and I want to thank you immensely for your participation. The information you've provided is going to be really valuable for the white paper. You have my contact details, as well as those of the TTF, should you wish to ask any questions or get some additional support. I want to thank you once again for your participation.	

Appendix B: Glossary

Listed below are definitions for how key terms are used for the purposes of this report.

Term	Definition
Authorised push payment fraud	A subset of financial fraud where customers are tricked into authorising a payment to another account (UK Finance, 2021a).
Bank scandals	Misconduct, malpractice, corruption and fraud at an institutional scale within banking organisations.
Corporate crime	A type of white-collar crime committed by individuals within their legitimate occupations, for the benefit of their employing organisation. Such individuals generally do not think of themselves as criminals, nor do they consider their activities criminal (Hagan, 2016).
Fake insolvency	Fraudulent claims of owed debts and bankruptcy are used to asset strip individuals. Manufactured and engineered debts are created to create profit for auditors and officials.
Financial crime	Encompasses what is commonly called white-collar crime, but solely for the benefit of financial (as opposed to e.g. political) gain. Examples include investment frauds, scams, bankruptcy frauds, etc. (Deem, 2000). Used interchangeably with white-collar crime.
Financial fraud	The act of a person dishonestly and deliberately deceiving a victim for personal gain of property or money (Elkin, 2021).
Fraudulent investment schemes	Individuals investing in fraudulent schemes, or being deliberately misled about the legitimacy and security of investing money into a specific scheme.
Investment fraud	A subset of financial fraud; the illegal activity of providing false information to someone so that they will invest in something (Graham, 2014).
Malfeasance	Acting in a legally unjustified manner, often having the harmful consequence of violating public trust.

Malpractice	Ignorant or negligent behaviour that fails to meet professional standards, often leading to financial loss.
Misconduct	Improper or unlawful behaviour.
Mis-selling	The selling of a financial product to a customer which is inappropriate for their needs, often used euphemistically to refer to fraudulent or criminal behaviour.
Mortgage prisoners	Mortgage prisoners are homeowners who can't leave their unaffordable mortgage deals, largely due to their inability to pass current affordability tests.
Pension scams	Pension scams occur when individuals are persuaded to transfer their pensions or sign up to products offered that turn out to be fraudulent and can lead to the individual losing all of their pension. Oftentimes pension scam victims are contacted out of the blue, and may be persuaded through fake reviews and fake incentives.
Poor financial advice	Financial advice that is wrong, misleading or reliant on false information.
Scam	A specific instance of financial crime where a malefactor using a pretence deliberately deceives a victim into voluntarily dispensing with something of value for their own personal gain.
White-collar crime	Violations of law to which penalties are attached and that involve the use of a violator's position of significant power, influence, or trust in the legitimate economic or political institutional order for the purpose of illegal gain, or to commit an illegal act for personal or organisational gain (Spalek, 1999). Used interchangeably with financial crime.

Appendix C: Analysis category breakdown

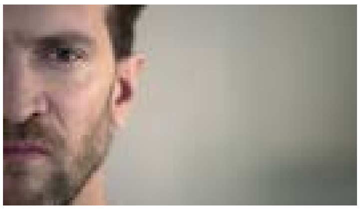
Life area	Theme	Definition
Financial impacts	Debt and/or loss of money	Losing money, e.g. no returns on investments, unexpected charges, going into debt.
	Lower quality of life	Standard of living reduced, inability to afford things, e.g. food, unsatisfactory living conditions, a reduced ability to enjoy life.
	Loss of assets	Losing assets, e.g., having to close a business, home repossession, losing property.
Wellbeing impacts	Anger and frustration	Feelings of anger, resentment, frustration, inability to move on with their lives, often towards the people responsible for them becoming victims, or towards themselves. Anger at the same experience happening to other people. Anger and frustration as a result of being treated as if they were guilty/had done something wrong. Lack of justice and no sense of closure.
	Resilience and fighting	Continuing to fight their innocence/no wrongdoing in courts/other organisations. Working with others to prove malpractice/scandals in banks, membership in groups supporting other victims.
	Stress and anxiety	Feelings of stress, anxiousness, nervousness, fear, worry, breathlessness, night sweats. Emotions experienced at the thought of what had happened and what the future held. Worrying about not being able to afford necessities, losing their homes, inability to protect their children.
	Stigma	Embarrassment, shame, guilt, worrying about being judged. Emotions relating to how others would perceive them – perhaps as stupid, or guilty. Emotions related to their social experience – how they felt telling others, or why they didn't tell others about what had happened to them.
	Reduced trust	Lack of trust in the authorities, rule of law to protect and provide justice. Lack of trust in themselves to make decisions related to finances, or big life decisions in general. Lack of confidence in themselves or authorities to bring justice and make things right. Feeling foolish, poorer self-image, self-esteem.
	'Let down' and disappointment	Disappointment and feelings of being let down by themselves or authorities/government, who were meant to protect them. Particularly expats, who didn't feel protected or accounted for by UK or foreign authorities.
	Depression and low mood	Negative and low emotions, experienced by those related to the money lost, inability to live life how they imagined, and as a result of the ongoing and never-ending experience while their cases were processed. Depressive episodes and feeling depressed at the state of their lives.
	Physical health	Physical health issues as a direct result of the stress, e.g. Alopecia Areata,

	issues	worsening of existing physical health conditions like diabetes, which can then lead to other health issues, e.g., eyes, heart conditions, blood pressure, eating disorders. Worsening of mental health conditions that require medication having physical side effects. Suicide/death.
	Breakdown	Intensity of stress caused by their situation leading to breakdowns/nervous breakdowns. Some require hospitalisation.
	Suicide	Suicidal thoughts, attempts or death by suicide, as a result of their situation.
Social impacts	Social withdrawal	Spending less time with friends/family. Feeling lonely. Feeling unable to participate in their social circles/community e.g. inability to go out for meals as a group/go on holidays/afford to socialise.
	Avoidance	Avoiding telling friends/family about what had happened, lack of understanding, or tired of hearing about it. Making excuses/keeping things secret.
	Strain on relationships and family breakdown	The stress of the situation causes strain and pressure on existing relationships. Family breakdowns, marriage breakdowns. Inability to provide the life they wanted for their children, inability to support their family/children as they wanted to. Having to rely on friends/family for emotional/financial support and feeling guilty/upset with having to do this. Losing contact with family members.
Support	Formal support	Expressed a lack of support from official authority bodies, such as government/courts. Financial and well-being support are unsatisfactory.
	Informal support	Emotional/financial support given by non-official bodies, such as friends/family/extended family.
Other	Increased workload	The work of running support groups, having to take phone calls/time to work with the progression of their case if they're fighting it.

Appendix D: Percentage of participants experiencing individual impacts

Life area	Theme	%
Financial impacts	Debt and/or loss of money	100.00
	Lower quality of life	86.36
	Loss of assets	50.00
Wellbeing impacts	Anger and frustration	77.27
	Resilience and fighting	68.18
	Stress and anxiety	63.64
	Stigma	54.55
	Reduced trust	45.45
	'Let down' and disappointment	40.91
	Depression and low mood	36.36
	Physical health issues	36.36
	Breakdown	31.82
	Thoughts about suicide	27.27
Social impacts	Social withdrawal	54.55
	Avoidance	50.00
	Strain on relationships and family breakdown	50.00
Support	Formal support	63.64
	Informal support	50.00
Other	Increased workload	59.09

NOTES

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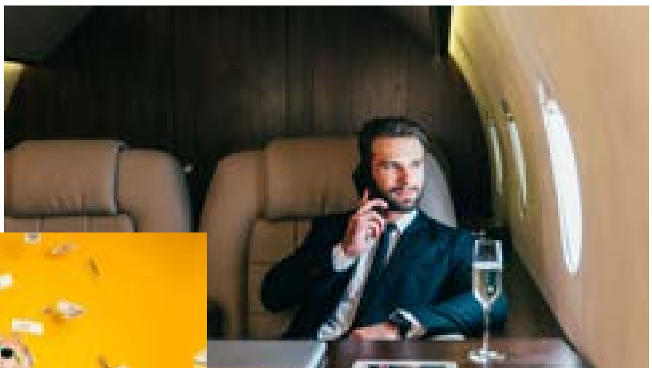

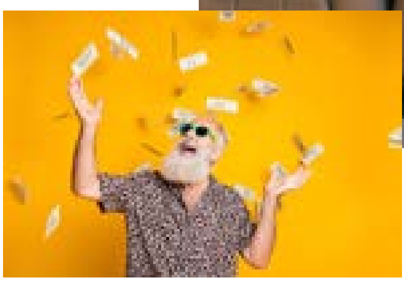







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