

Claims filed over Clydesdale loans

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A legal action against Clydesdale Bank in relation to the alleged mis-selling of business loans is moving forward with the first set of claims issued.

Papers representing the cases of 148 claimants have been lodged with the Chancery Division of the High Court in London.

RGL Management, a company which specialises in bringing forward complex litigation, has been working on the action for several months.

CYBG is the London-listed banking group that owns Clydesdale, Yorkshire Bank and Virgin Money. It operates more than 230 branches and is the sixth largest retail bank in the UK.

It is alleged that the conduct of Clydesdale and its owner at the time, National Australia Bank, was poor when selling loans to some small and medium enterprise owners between 2001 and 2012. RGL said the particulars of the claim involve reckless misrepresentation of break costs relating to the early termination of a loan and the deliberate addition of hidden margins into interest charges on fixed rate lending.

RGL said it is continuing to assess the merits of hundreds of other claims and expects to file more papers as the year goes on.

It has hired solicitors from Michelmores for England and MBM Commercial in Scotland as well as QCs in both countries.

Augusta Ventures, the UK's largest litigation funder, is providing the financial backing for the case.

James Hayward, 60, chief executive of RGL, hopes to recover “hundreds of millions of pounds” from the bank. He said: “Clydesdale’s conduct towards its customers has been utterly disgraceful. We are resourced to prosecute this matter to a successful outcome for the claimants.

“This is just the beginning. With a claim group in the thousands and growing, the bank will find itself facing successive waves of claims”.

Garbhan Shanks, 43, a partner at Michelmores, said: “We are confident this action will secure substantial compensation for the claimant group.”

CYBG declined to comment. It has previously pointed out the substantial time and effort it has put in over recent years to resolve historic conduct matters and said it would defend itself if legal action relating to tailored business loans went ahead.