

PRESS RELEASE

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Parliamentarians blast ‘abject failure’ Business Banking Resolution Service

Today, Tuesday 11th July, a Westminster Hall Debate was held in parliament on the Business Banking Resolution Service (BBRS).

The BBRS was created and funded as a voluntary initiative by banks in response to a long list of banking misconduct issues that had adversely impacted many businesses. It followed the publication of the [Walker Review](#) which identified a gap in dispute resolution and recommended action to deal with legacy disputes and contemporary complaints.

However, it has since become clear that the BBRS has failed to close this gap, leading Will Wragg MP, Co-Chair of the APPG on Fair Business Banking, to call for the establishment of an accessible, independent and inexpensive financial services tribunal.

During the debate, Will Wragg MP made the following comments:

Empowering businesses to borrow with confidence can only be good news for our economy. A healthy SME lending market depends on trust and confidence that things will be put right if they go wrong.

The power imbalance between SMEs and banks and other large financial firms leaves small businesses vulnerable to poor treatment. It is therefore vital that SMEs have access to independent and effective dispute resolution services when they are in dispute with their lenders.

The BBRS has been an abject failure and has certainly not given UK SMEs the confidence to engage with financial service providers.

As an alternative, the financial services tribunal proposal endorsed by the Treasury Select Committee and APPG on Fair Business Banking must be seriously considered. We owe it to the brilliant SMEs in each of our constituencies to create a lending environment in which they can thrive and drive our national economy forwards.

Andrew Griffith MP, Economic Secretary to the Treasury, responded for the Government:

Given that we know BBRS is effectively headed for the exit in all circumstances, that is rather moot. The question of how individuals and businesses get redress is not. And that, I absolutely accept, is the responsibility of the treasury.

Stewart Hosie MP, SNP Treasury Spokesperson, made the following observations about the lack of faith in the BBRS from the SME community:

...if the perception among SMEs is that the service put in place to resolve their disputes is actually being used for contrary purposes that alone is a huge problem for the BBRS.

BBRS Background

- It was estimated that more than 60,000 cases would be eligible for review.
- According to BBRS' figures, as of June 2023, only 28 cases (both historic and contemporary) directly adjudicated by the BBRS have resulted in financial awards being made. An additional 56 cases have been settled between complainants and Banks, with BBRS involvement, and have resulted in financial awards being made;
- The highest known award for a standard historical complaint is £1200 and the total value of awards materially lower than £2 million;
- The BBRS SME Liaison Panel was unilaterally dissolved by the BBRS executive in March 2023 after having numerous proposals for expanding eligibility criteria rejected, removing the independent and unified voice of SMEs giving feedback to the BBRS;
- The BBRS has cost more than £40m to date and has been involved, directly or indirectly, in only 84 financial awards;
- In 2019, the then Chancellor of the Exchequer, Phillip Hammond MP, stated that if the envisaged scheme did not bring resolution to a meaningful number of cases, he would expect further discussions around the scope and eligibility of the scheme

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