

Rt Hon Nicky Morgan  
Chair of the Treasury Select Committee  
House of Commons  
Committee Office  
London  
SW1A 0AA

13<sup>th</sup> June 2018

Dear Mrs. Morgan

### **TSB Integration Shambles**

TBU is the largest independent trade union in TSB representing over 4,000 members of staff.

In your letter to Mr Richard Meddings, Chairman of TSB, you say “The manifold problems at TSB have been exacerbated by its public communication since 23 April. These have often been complacent and misleading, and have failed to acknowledge the specific problems faced by customers. In this regard, the tone has been set from the top, by your Chief Executive. Whether intentionally or not, he has not been straight with the Committee, and more importantly TSB’s customers, about the scale, nature and severity of the problems at TSB....”.

In respect of the charge of providing misleading information and not being straight with customers, I should like to draw your attention to what happened at the time the original migration date, the weekend of 4<sup>th</sup> and 5<sup>th</sup> November was postponed. When announcing that delay, Mr Pester, TSB Managing Director, said that it was because of the likelihood of an interest rate rise that was due to be announced by the Bank of England on 2<sup>nd</sup> November 2017.

On 29<sup>th</sup> September the Financial Times said: “Paul Pester...told the FT that “the main reason” for the delay in moving customers was the likelihood interests rates will rise in November. He said the bank therefore needed to remain with its existing system over the weekend of the planned migration. “our systems would’ve effectively been offline, so we wouldn’t be able to give mortgage quotes, or do faster payments,” he said. However, he conceded that there were some ‘defects’ in the new system, but he was still “confident” it would be completed by November.....”

The Times reported; “Mr. Pester said yesterday that the IT migration was a “replanning” rather than a “delay”. He said that it was down to the increased likelihood that the Bank of England would raise the base rate days before the IT move had been planned for the weekend of November 4<sup>th</sup> and 5<sup>th</sup>”.

We now know that the only reason for the delay in migrating customers onto the new IT platform in November had nothing to do with interest rates, that was just a convenient smokescreen: it was that the new system was not ready. In his letter to you dated 30<sup>th</sup> May 2018, Mr. Andrew Bailey said: “TSB took the decision to delay migration from November to April because it assessed that there were unacceptable levels of risk to customers and its operating model.” In his testimony to your Committee on 2<sup>nd</sup> May, Mr. Montes, Chief Operating Officer, Sabadell, said: “Back in summer 2017, TSB realised that this was not going to be possible for several reasons, and the management was requested to produce a new plan”.

Instead of trying to hide the real reason for the delay in migrating customers onto the new system, Mr. Pester should have been more open and honest with customers about the problems with the new platform. Seeking to downplay problems and mislead customers has been a recurring theme in the IT shambles that is still engulfing TSB. I will leave it up to the Treasury Select Committee to decide whether Mr. Pester's comments about the reasons for delaying the migration in November were the start of a pattern of dissembling.

If the Committee requires any further information from TBU please do not hesitate to contact me.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Mark V Brown', with a long horizontal flourish extending to the right.

Mark V Brown  
General Secretary