



HOUSE OF LORDS
Committee Office

House of Lords
London
SW1A 0PW

Tel: 020 7219 5358
Fax: 020 7219 4931
economicaffairs@parliament.uk
www.parliament.uk/lords

Douglas Flint CBE
Chairman, HSBC Holdings plc
8 Canada Square
London E14 5HQ

21 July 2015

Dear Douglas,

As you may already be aware, the House of Lords Economic Affairs Committee has recently held two one-off evidence sessions, on structural regulation of banks in the United Kingdom and banking standards and culture. The Committee does not intend to conduct an inquiry into these subjects and will instead publish the transcripts of the sessions with no further comment. I enclose copies of the draft transcripts.

The Committee heard from Lord Green of Hurstpierpoint at the second of these sessions, and although the main focus was on issues across the banking sector, understandably some time was spent on matters which arose during Lord Green's time at HSBC. Given this, I think it fair if I offer you, as Lord Green's successor, the opportunity of a right of reply. To this end, we would publish any response that you wish to make to the matters that arose in the evidence session on 14 July.

I would be grateful if any response could also touch on one issue that we did not have time to explore in more detail. This relates to retail banking where, separate to the aggressive sales culture there did appear to be a culture in many banks and financial institutions of adding fees and charges which while not illegal have frequently been retrospectively struck out by courts as being unreasonable and unfair. This practice also extended to the legal firms and debt collection organisations employed by financial institutions to recover debts from consumers, often vulnerable or with a poorer credit history, who had fallen behind with their repayments. The Committee would be interested to know whether you are confident that the culture which led to such behaviour towards consumers has been not only eradicated but also prevented from returning in the future.

I look forward to hearing from you.

Yours sincerely

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Chairman, Economic Affairs Committee