

Ranking of banks according to 16 non-financial criteria

Evidence Base

**Ethical Consumer Research Association
for
Move Your Money
July 2013**

Introduction

This survey looks at banks serving UK consumers and ranks them in five broad categories:

- Honesty
- Customer Service
- Culture
- Supporting the Economy
- Ethical Lending

The ranking for each of these broad criteria is created by looking at a range of narrow criteria or subcategories. The table below shows which subcategories contribute to the score in each broad area,

Category	Subcategory
A Honesty	A1 Criminal activity and fines
	A2 Tax havens
	A3 Political lobbying
	A4 Misleading advertising
B Customer service	B1 Customer complaints
	B2 Mis-selling
	B3 Ombudsman referrals
	B Which? Customer satisfaction survey
C Culture	C1 Customer power
	C2 Excessive directors' remuneration
	C3 Bonuses policy
	C4 Women on the Board
D Supporting the economy	D1 Too big to fail
	D2 Risky behaviour
	D3 Supports the real economy
E Ethical Lending	E1 Ethical Consumer's Ethiscore

Methodology

For each subcategory we have tried to decide what constitutes best, middle and worst behaviour. We explain our methodology or 'category definitions' in the first section of this document below - for each subcategory in turn in the order in which they appear in the table above.

Individual company rankings

Following the methodology, we show the evidence behind each ranking decision for each bank in alphabetical order. Each bank entry shows each subcategory in order and states how the bank has scored.

Where no evidence of poor performance (e.g. a fine) has been found, a company will receive a best rating. Where evidence is found a source will be given (often an Annual Report) and more detailed information will be provided.

Underlined text indicates a hyperlink to an external web-based evidence source.

Company Groups

Please note that when a named bank is a subsidiary of a larger company it has been ranked according to the ethical score of its parent group.

With the exception of the ethiscore (which is deliberately based on wider company group policy) rankings in all other categories have tried to focus only on banking group activity where possible (e.g. Tesco, Sainsbury's, The Co-operative Group and Virgin).

Where mergers and takeovers occur, the parent company assumes the ethical liabilities of its subsidiaries.

Currency

Exchange rates for currency other than Sterling were those valid on 16/07/13 and sourced from xe.com.

- US \$1 = £0.66188
- €1 = £0.86796
- AS \$1 = £0.61152
- DKK 1 = £0.11642
- SEK 1 = £0.09981
- QAR 1 = £0.18171
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Comments and queries

We welcome comments on, and criticisms of, the rankings. Please contact enquiries @ethicalconsumer.org

Methodology

A: Honesty

A.1. Criminal activity and fines

Ranking: All the major banks in this study – Barclays, Citibank, Lloyds, RBS, Santander and HBSC - have accrued fines or made court settlements of well over £1m. They are also subject to multiple ongoing investigations and court cases in numerous jurisdictions over issues such as LIBOR and EURIBOR manipulation and fallout from the 2008 financial crisis and sub prime mortgage crisis. Yorkshire Bank has also been held liable for fines of over £1m through the actions of companies which it subsequently bought - notably Norwich & Peterborough Building Society, fined in 2011 for financial advice mis-selling.

Other banks have also faced fines but at lower magnitudes, for example the Bank of Ireland's €120,000 fine for credit transaction breaches or the Co-op's forfeiture of £113,000 for failure to handle PPI complaints promptly. To capture this difference in scale we have ranked banks according to the following criteria:

- Worst = over £1m bank related fines or settlements since 2007.
- Middle = fewer than £1m fines or settlements since 2007.
- Best = No fines or settlements since 2007.

This gives the following rankings:

Worst: Bank of Ireland, Barclays, Citibank, Clydesdale Bank (National Australia Bank), HSBC, Lloyds, RBS, Santander, Yorkshire Bank.

Middle: Handelsbanken, Islamic Bank of Britain (Qatar International Islamic Bank), Northern Bank (Danske Bank), Nationwide, The Co-operative Bank.

The cut off date for fines being accounted for in ECRA rankings is 2007.

A.2. Tax havens

Methodology

ECRA's 'ethiscore' rankings use a list of tax havens derived from the FSI with an additional population filter

www.ethicalconsumer.org/ethicalcampaigns/taxjusticecampaign/taxhavenlist.aspx. We then assess whether companies registered there are high, medium or low risk of being used for tax avoidance purposes.

Low risk (best score, no marks lost): No activity in territories on our list of tax havens, or subsidiaries in these regions are likely to be conducting legitimate trading activity in territory. For example, building societies serving local populations.

Medium risk (middle score, half mark lost): Companies have two or more subsidiaries in territories on the list, but no information on the type of company could be found or they were not the types of companies recognised as high risk.

High risk (worst score, full mark lost): Companies have two or more subsidiaries in territories on the list, and these are Ultimate Holding Company (UHC), Holding Company, Trust, Nominee Company, Limited Liability Partnership, intellectual property company, internal finance company, insurance subsidiary, management services company.

Text outputs in this section are directly from ECRA's main company database.

A.3. Political lobbying

Methodology

ECRA's 'ethiscore' rankings already track political donations via the Electoral Commission website which provides details of donations to British political parties and www.opensecrets.org has information on political donations in the USA.

We also track lobbying via news reports and meetings with Ministers - recorded on www.gov.uk and <http://whoslobbying.com>.

Given the opposition of the BBA to a proper retail/investment banking split we have also included membership of the British Bankers' Association as lobbying activity. For more information on why we choose to take membership of BBA as 'lobbying' please see Appendix I.

ECRA also tracks membership of other lobby groups and information also appears on this where available.

A.4. Misleading advertising

Ranking: Between 1 July and 26 July 2013 the Advertising Standards Authority (ASA) website was searched for public rulings on adverts by the companies involved in this study to uncover a consistent, legally robust standard for assessing the truthfulness of their marketing campaigns. A record was made of the number of adverts which were challenged by members of the public or rival companies, and which of those challenges were upheld.

Banks have been given a "best" ranking if there have been no complaints received or upheld by the ASA and a "worst" ranking if complaints have been upheld by the ASA within the past five years. Please note that companies have been evaluated according to the marketing of their banking activities and not according to other aspects of their business (for example supermarket adverts are frequently the subject of challenges but have not been included in this study). The findings also apply to consumers in Britain only, as the

ASA does not consider other jurisdictions.

Worst: Barclays, HSBC, Lloyds, RBS.

B. Customer Service

B.1. Customer complaints

Complaints reported by the regulators over the last two years were taken from the FCA/FSA website and totalled for the banking subsidiaries and brand names by parent company group for each six monthly period reported by the regulators over the last two years. These six monthly periods were then in turn aggregated to reach a final total number of complaints per banking group.

These totals then appear under each company name below.

In order to weight the complaints data by size of bank, we initially tried ranking complaints against assets. However this was thought to be biased against providers whose main business was in providing retail services to customers, such as building societies, and a bias in favour of large banks such as Barclays who make large proportions of their income from trading financial assets. To correct for this the eventual ranking was taken against the asset value of their loans to customers (denominated in millions of pounds) because it provided a more accurate sense of the number of banking complaints relative to the volume of providers' dealings with customers.

We then selected a metric based on the groupings that resulted in the data. Examination of a scatterplot of the resulting complaints/loans ratios revealed that while several banks had small levels of complaints, the spread of data points increased rapidly after 0.1 complaints per million pounds worth of loans. Selecting 0.1 as the boundary between the “middle” and “worst” boundaries therefore enabled the ability to distinguish between banks which had low volume of complaints relative to their size from banks with a high volume of complaints relative to their size.

- **Worst** = more than 1.0
- **Middle** = 0 – 1.0
- **Best** = 0

B.2. Mis-selling

Figures showing the number of new PPI financial mis-selling cases were taken from the Financial Ombudsman website from January 2011 to December 2012. Figures for earlier years were requested but FOS advised that they were unable to provide these as PPI

cases per bank were not distinguished separately from general insurance cases until the sharp rise in PPI cases in 2010/11.

The number of new cases per banking subsidiary and brand name were totalled for each six monthly period by company group, and then the total complaints over each six monthly reporting period were aggregated to provide a final figure. These totals appear under each company name below.

In order to rank the number of new cases brought relative to the size of the bank we at first considered ranking PPI cases against total bank assets. It was then realised that this would bias the results in favour of banks which make large proportions of their incomes from traded financial instruments, and against banks which earn their income through providing retail services to customers through loans and loan related products. To provide a more accurate indicator of the volume of PPI issues we ranked the number of new PPI cases brought against the asset value of their loans to customers (denominated in millions of pounds sterling).

We then selected a metric based on the groupings that resulted in the data. Examination of a scatterplot of the resulting complaints/loans ratios indicated that the majority of new PPI complaints per bank loan for those banks which had cases brought against them were clustered around 0.004 cases per million pounds of loans and 0.05 cases per million pounds of loans. The magnitude of new cases appeared to spread at levels higher than 0.01 complaints per million pounds of loans, so 0.01 was therefore chosen as the boundary figure between banks ranked as “worst” and banks ranked as “middle” in order to reflect the relative differences in the extent of potential misconduct.

- **Worst** = more than 0.01
- **Middle** = 0 – 0.01
- **Best** = 0

B.3. Ombudsman referrals

The number of new Ombudsman cases for all categories were taken from the Financial Ombudsman Service website. Figures date from January 2009 to December 2012 and are provided by six monthly reporting periods. The number of new cases per banking group were calculated by totalling the number of new cases brought against each banking brand and subsidiary belonging to a wider group, then aggregating the complaints for each six monthly period to reach a final figure reported under each company name below.

In order to rank the number of new cases brought relative to the size of the bank we at first considered ranking new Ombudsman cases received against total bank assets. It was realised however that this would bias in favour of banks which make large proportions of their incomes from traded financial instruments, and against banks which earn their income through providing retail services to customers through loans and loan related products.

We therefore calculated a ratio of the number of new Ombudsman cases received against the asset value of the providers' loan books (denominated in millions of pounds sterling) to provide a more accurate assessment of the new cases brought per bank.

An additional indicator of the proportion of new banking complaints as a proportion of Ombudsman complaints in order to provide an assessment of customers' experiences in resolving problematic solutions with their banks was also considered but ultimately rejected as the proportion of complaints appeared to reflect the nature of each providers' core business rather than their customers experiences of their services.

We then selected a metric ranking between best, middle and worst based on three relative groupings based on visual inspection of a resulting scatterplot diagram of the ratios of new Ombudsman cases per million pounds worth of loans. Most providers had no reported cases and were therefore ranked as best.

New cases that were brought against banks were largely clustered between 0 and 0.1 cases for every million pounds worth of loans, with the spread widening after around 0.05 complaints against loans. The boundary between the best and the worst ranked providers was then selected at 0.05 complaints per million pounds of loans to reflect the increasing volume of complaints after that level.

- **Worst** = more than 0.05
- **Middle** = between 0 and 0.05
- **Best** = 0

B.4. Which? customer satisfaction survey

On the Which? website there are two customer satisfaction surveys under: which.co.uk/money

One was for current accounts and the other for saving accounts. The table below combines, and averages where applicable, the total 'customer score' (a percentage) for each product type.

Not all the MYM companies feature on this list. Therefore the only practical option for use in a ranking would be to take low scoring companies and give them a worst rating in "customer satisfaction" - all other and non-rated companies scoring best.

The seven companies scoring 53 and below seem to form an identifiable grouping, and it is proposed that they get a poor ranking in this area. They are greyed out on the table on the next page.

It is clear that all the saving accounts scores tend be lower than those of the current accounts, but only one of the worst scoring seven (Tesco with a 50% ranking) is ranked solely in this list. A satisfaction score of only 50% would suggest that something is less than perfect in this regard.

This is not the most wide ranging dataset, and it was therefore given it a low weighting in the overall score.

	Current Accounts	Savings Accounts	Total	Average
Smile	78		78	78
First Direct	85	68	153	76.5
The One Account	75		75	75
Norwich and Peterborough	71		71	71
Coventry		67	67	67
Yorkshire Bank	64	67	131	65.5
The Co-operative Bank	73	53	126	63
Cahoot	62		62	62
Nationwide	67	56	123	61.5
Post Office		61	61	61
Intelligent Finance	59		59	59
NatWest	61	54	115	57.5
ING Direct		57	57	57
Virgin Money		57	57	57
Clydesdale	64	48	112	56
HSBC	59	51	110	55
Lloyds TSB	56	54	110	55
Danske (northern)	55		55	55
Halifax	61	48	109	54.5
Barclays	54	52	106	53
Santander	51	51	102	51
RBS	53	48	101	50.5
Tesco		50	50	50
Bank Of Scotland	50	40	90	45
Ulster Bank	45		45	45
Bank of Ireland	41		41	41

C. Culture

C1 Customer Power

This section essentially asks the question, “is the provider a mutual organisation which customers can join and vote on policy or product direction if they so wish?”

A simple criteria easy to apply as follows:

- **Best** = organisation is fully mutual
- **Middle** = some elements of mutuality
- **Worst** = ordinary business limited by shares

All the following building societies were full mutual and scored best:

Cambridge Building Society
Coventry Building Society
Cumberland Building Society
Darlington Building Society
Dudley Building Society
Ecology Building Society
Furness Building Society
Hanley Economic Building Society
Hinckley & Rugby Building Society
Ipswich Building Society
Leeds Building Society
Leek United Building Society
Loughborough Building Society
Manchester Building Society
Mansfield Building Society
Market Harborough Building Society
Marsden Building Society
Melton Mowbray Building Society
Monmouthshire Building Society
National Counties Building Society
Nationwide Building Society
Newbury Building Society
Newcastle Building Society
Nottingham Building Society
Principality Building Society
Progressive Building Society
Saffron Building Society
Scottish Building Society
Skipton Building Society
Tipton & Coseley Building Society
West Bromwich Building Society
Yorkshire Building Society

The following companies had some elements of mutuality and scored middle:

Kent Reliance Provident Society Limited

Company is a mutual organisation (July 2013)

A search of Kent Reliance Provident Society Limited website, www.krps.com, by Ethical Consumer in July 2013, found that it was a mutual society. The company stated that it was owned and operated for its members and not for the benefit of external shareholders. Kent Reliance Provident Society Limited owned 60% of the One Savings Bank with investment from OSB Holdco Limited.

The Co-operative Banking Group

Mutual structure (2012)

According to the Co-operative Group website, co-operative.coop, searched in August 2012, "Because we're owned by our members, we give you the chance to have a say in how the business is run." The Bank is, however, a PLC with all the shares owned by the Co-operative Group. Individuals can, however, become members of the Co-operative Group.

Unity Trust Bank

Unity Trust Bank is owned by trade unions (73.23% of share capital) and the Co-operative Group (26.66%), according to page 2 of its 2012 Annual Report. The Co-operative Group is considered its ultimate parent company (page 57 of 2012 Annual Report) and Unity Trust has therefore been given the same mutuality ranking as the Co-op.

C.2. Excessive directors' remuneration

Ranking: All information on the level of directors' remuneration has been sourced from the most recent set of annual reports which were publicly available from 1 July – 12 July 2013. The firms in this study have been ranked by the emoluments (including pension contributions, bonuses and company benefits) of the directors of its most senior parent group irrespective of turnover according to the following criteria:

- **Best** = no directors earning over £500,000
- **Middle** = at least one director earns between £500,000 and £1 million
- **Worst** = At least one director earning over £1 million.

This gives the following rankings for middle and worst.

Worst: Barclays, Citibank, Clydesdale/National Australia Bank, Danske Bank, Handelsbanken, HSBC, Lloyds, Nationwide, RBS, Salisbury's, Santander, Tesco, The Co-operative Banking Group.

Middle: Bank of Ireland, Coventry Building Society, Leeds Building Society, Metrobank, Skipton Building Society, the Virgin Money Group.

Please note that the Virgin Money Group discloses limited information on directors' pay but does not disclose the pay of the most senior directors of the wider Virgin brand, who are likely to receive amounts over £1m.

Qatar International Islamic Bank does not list directors' remuneration in its annual report and has therefore been given a worst rating due to lack of disclosure.

C.3. Bonuses policy

Comments: while subject to intense media scrutiny and common practice across all sizes of financial providers, an in-depth examination of bonuses policy as utilised by investor groups such as Share Action proved difficult to standardise due to discrepancies on how remuneration policies were reported in annual reports. An alternative indicator was therefore selected measuring the size of providers' chief executive officers' total variable remuneration relative to their base salary, not including pension contributions or company benefits.

It should be noted that some large institutions which have faced intense media scrutiny over bonuses policy, in particular Barclays, RBS and Tesco, have chief executives who publicly waived their official bonuses in 2012. However, they were still awarded significant deferred share options in these years through Long Term Incentive Plans (LTIPs), so we have therefore included the value of these plans in calculating their total variable remuneration.

Ordinary shares held by executives which are not part of specific incentive schemes have not been included in the calculation of variable remuneration. The participation of Handelsbanken's CEO Pär Boman in that provider's "Oktogonen" profit sharing scheme has also been discounted as the scheme is open to all staff on the same terms and conditions and not part of a specific remuneration package.

Small amounts of bonuses are common practice across the industry for providers of all sizes. In ranking the data however there was a significant increase in the value of bonuses once they rose in value higher than 50% of the CEO's base salary, providing a good indicator of the ethical distinction between bonuses used as a supplementary incentive policy and those approaching major levels of income for senior executives. The following rankings have therefore been used:

- **Worst** = bonuses greater in size than 50% of CEO salary
- **Best** = Bonuses ranging from 0 – 50% of CEO salary in size

C.4. Women on the Board

Annual reports provided straightforward data on the gender diversity of directors' boards. An initial proposed ranking of worst = no women and middle = 25% and under was rejected as while the great majority of boards had few women directors, they frequently had at least one woman non-executive director. This resulted in a ranking system in which almost all banks received a "middle" rating. To enable greater relative ranking, banks with between 0 – 10% of their board made up of women received a worst rating and banks with at least 25% received a best rating.

Of all providers only the Progressive Building Society had a women chief executive. Santander UK's chief executive is a woman (Ana Botín), and the CEO of Virgin Money is

also female, but these are both subsidiary organisations.

- **Worst** = Board of Directors 0 – 10% women
- **Middle** = Board of Directors 11% - 24% women
- **Best** = Over 25% women on the Board of Directors

D Supporting the economy

D.1. Too big to fail

Given that a well resourced third party (the Financial Stability Board) has already produced a list of such institutions, it is proposed that for the MYM ranking we use this research.

“The FSB has been established to coordinate at the international level the work of national financial authorities and international standard setting bodies and to develop and promote the implementation of effective regulatory, supervisory and other financial sector policies in the interest of financial stability. It brings together national authorities responsible for financial stability in 24 countries and jurisdictions, international financial institutions, sector-specific international groupings of regulators and supervisors, and committees of central bank experts.

The FSB’s Secretariat is located in Basel, Switzerland, and hosted by the Bank for International Settlements.”

“At recent Summits, G20 Leaders asked the FSB to develop a policy framework to address the systemic and moral hazard risks associated with systemically important financial institutions (SIFIs).” On November 4, 2011, the FSB delivered a report naming 29 global financial institutions as 'systemically important' – or in other words “too big to fail”. The report summary is here:

http://www.financialstabilityboard.org/publications/r_111104bb.pdf

The institutions listed are as follows. Those featuring in the current MYM research are marked with a star.

Bank of America

Bank of China

Bank of New York Mellon

Banque Populaire CdE

Barclays *

BNP Paribas

Citigroup *

Commerzbank

Credit Suisse

Deutsche Bank

Dexia

Goldman Sachs

Group Crédit Agricole
 HSBC *
 ING Bank
 JP Morgan Chase
 Lloyds Banking Group *
 Mitsubishi UFJ FG
 Mizuho FG
 Morgan Stanley
 Nordea
 Royal Bank of Scotland *
 Santander *
 Société Générale
 State Street
 Sumitomo Mitsui FG
 UBS
 Unicredit Group
 Wells Fargo

The six banking groups on this list should be given a worst ranking in this category.

Feedback on an early draft of this ranking pointed out that, as the Bank of Ireland had received an actual 'bailout' (recapitalisation of 3.5bn Euro from the taxpayer), it should be added to this list. It therefore also receives the worst ranking in this category.

D.2. Risky behaviour

Comments: Following a similar methodology used by the New Economics Foundation in their recent report “The Seven Deadly Sins of Banking”, the proportion of a providers' total assets accounted for by derivative financial instruments was used as an indicator for exposure to systematic risk. The values for derivatives were sourced from banks' annual reports which were typically reported in their consolidated statement of accounts. The exception was Citibank, which reported the size of its derivatives trading portfolio in the notes to their accounts on page 243 of their annual report.

Many smaller building societies in this study used derivatives as hedging instruments to cover their mortgage portfolios against changes in interest rates, and stated that they did not use derivatives for trading purposes. To account for the low number of cases where such banks' interest rate swaps were recorded in their accounts as having a small positive market value, banks which only had derivatives worth up to 5% of their total asset value were ranked as “best” so that they were not penalised for their relatively legitimate use of the instruments.

Banks which derived small amounts of their income from trading derivative assets (e.g. Lloyds) typically had between 5 and 10% of their total assets made up of derivatives and were therefore given a “Middle” ranking to distinguish them from banks which derived

increasingly large amounts of their income from the instruments.

- **Worst** = total assets over 10% derivatives
- **Middle** = total assets between 5% and 10% derivatives
- **Best** = total assets from 0% to 5% derivatives.

D.3. Supports the real economy

Utilising a similar methodology to the New Economic Foundation's "Seven Deadly Sins of Banking" report we used net loans to customers as a proportion of the providers' total assets as an indicator to what proportion of the providers' activity consisted on providing financial support to individual and non-financial business customers. The consolidated asset sheet provided in the annual reports and accounts provided a consistent and standardised indicator of this variable with the exception of Qatar International Islamic Bank, which operates according to principles of Islamic financing. However, "financing assets" perform a similar function in this form of financing as "loans to customers" and was therefore used as a comparable indicator.

Inspection of the results revealed the providers' falling into three clear clusters, with many mutual building societies having over 70% of their assets consisting of loans, retail-oriented banks falling between 50% and 70% and many of the larger banks falling into the low 30s. The boundaries between worst, middle and best were therefore chosen to reflect these distinctions.

- **Worst** = Below 50% loans/total assets
- **Middle** = 50% to 70% loans/total assets
- **Best** = Over 70% loans/total assets

Main Spreadsheet column M.

E Ethical lending

E1 Ethical Consumer's ethiscore

Ethical Consumer's ethiscore is a company group rating out of 15 compiled by assessing performance against 15 human rights, environmental, animal welfare and political activity criteria. It is more fully explained on the Ethical Consumer website at www.ethicalconsumer.org

When rating banks we pay particular attention to assessing whether they are supporting damaging or controversial activities in their lending.

Some criteria used in the wider MYM ranking also appear in a normal ethiscore. So to avoid double counting we stripped out of the ethiscore the following elements:

- Anti-social finance – covers mis-selling, directors' pay, fines etc
- Political activity – covers lobbying/donations
- Company ethos – covers mutuality
- Product sustainability – not applicable

This gave a bespoke ethiscore out of 12. In order to include this ranking on the main spreadsheet, we converted each ethiscore to a value out of 100 – with 100 being 12. A separate spreadsheet, available on request, shows how each score was calculated for this research.

To see text evidence for each element of this score, find the relevant banking group on the Ethical Consumer website at www.ethicalconsumer.org (looking under product guides for current or savings accounts will help). Click on the company/brand name of the main score tables and more detail will be revealed. On some occasions you may need to be logged in to see this data. Please contact Ethical Consumer if this is a problem for you.

Individual company rankings

Banco Santander

A. Honesty

A.1. Criminal activity and fines (2012 Santander UK plc annual report page 266)

Ranking: Worst

Fines/settlements: £8.5m

- Alliance and Leicester fined **£7m in 2008** for PPI mis-selling.
- Fined **£1.5m by FSA in 2012** for not advising customers that their investments were not covered by the official deposit insurance scheme.
- May be fined in future as result of [FSA 2013 mystery shopper investigation](#) into poor customer service.

A.2. Tax Havens

Ranking: Worst ECRA rating for likely use of tax avoidance strategies (July 2013)

In July 2013 the Banco Santander SA family tree was downloaded from the Hoovers website, www.hoovers.com. This listed a number of subsidiaries in territories considered by Ethical Consumer to be tax havens at the time of writing, and which were thought to be at risk of being used for tax avoidance purposes.

- **High risk:** Three holding companies in Bermuda, two in Cayman Islands, one in Luxembourg; and a management investment company in Switzerland.
- **Medium risk:** A management consulting services company in Switzerland.
- **Low risk (likely to be performing commercial function for other entity):** Banks in Hong Kong, the Bahamas and Switzerland and a real estate agent in Switzerland.

A.3. Political Lobbying

Ranking: Worst

Member of British Bankers' Association (July 2013)

In July 2013 Ethical Consumer viewed the British Bankers' Association (BBA) website, www.bba.org.uk, for its membership list. Santander UK was listed as a member. The BBA was a trade association for the UK banking and financial services sector and was considered by Ethical Consumer to have lobbied against effective banking regulation in the UK and the EU. In particular it had been opposed to an effective retail and investment banking split, which campaigners argued was essential to protect the economy from further banking collapses.

Political donations (2008)

According to the Open Secrets website (www.opensecrets.org), viewed by Ethical Consumer in January 2012, in 2008 Santander Securities had made a contribution of \$7,168 to a Puerto Rico District election candidate in 2008. The donation was made either through a political action committee sponsored by the organisation, or individuals connected with the organisation contributed directly to the candidate.

A.4. Misleading Advertising

Ranking: Best

B. Culture

B.1. Customer complaints

Ranking: Worst

- Complaints opened Jan 2010 – Dec 2012: 1,450,813
- Assets reported as loans to customers: £605,301.417m
- Complaints to the FCA per £ million loans to customers: 2.4

B.2. Mis-selling

Ranking: Middle

- PPI referrals to FOS from Jan 2011 – Dec 2012: 10,826
- Assets reported as loans to customers: £605,301.417m
- PPI referrals to FOS per £ million loans to customers: 0.018

B.3. Ombudsman referrals

Ranking: Middle

- Ombudsman referrals to FOS from Jan 2009 – Dec 2012: 55,727
- Assets reported as loans to customers: £605,301.417m
- Ombudsman referrals to FOS per £ million loans to customers: 0.092

B.4. Which? Customer satisfaction survey

Ranking: Worst

C. Culture

C.1. Customer power

Ranking: Worst

Provider is an ordinary business limited by shares.

C.2. Excessive directors' remuneration (2012 report of the remuneration and appointments committee pages 16-17)

Ranking: Worst

Number of Directors: 16

Executive Directors: 5 (Executive Chairman Emilio Botin-Sanz de Sautuola y Garcia de los Rios, CEO Alfredo Saenz Abad, Third Vice Chairman Matias Rodriguez Inciarte, CEO Santander UK plc Ana Patricia Botin-Sanz de Sautuola y O'Shea, Executive Vice-President Juan Rodriguez Inciarte.)

£500,000 - £1m: 1

Over £1m: 5

Details: Emilio Botin remuneration € 3.061m 2012 (€4.505m in 2011).

Afredo Abad remuneration € 8,237m 2012 (€ 11.604m in 2011).

Matias Rodriguez Inciarte € 5.154m in 2012 (€ 6.015m in 2011).

Ana Patricia Botin €5.140m in 2012 (€5.010m in 2011).

Juan Rodriguez Inciarte €2.937m in 2012 (€3.413m in 2011).

C.3. Bonuses Policy (2012 report of the remuneration and appointments committee page 17)

Ranking: Worst

- Executive: Former CEO Alfredo Saenz Abad (stepped down in April 2013 and replaced by Javier Marín)
- Total bonuses: €3,510 (= €1,053m + €1.053m + €702m + €702m)
- Base salary: €3,703m
- Bonus as percentage of base salary: 94.8%

C.4. Women on the Board

Ranking: Middle

- Number of directors: 16
- Number of women directors: 3
- Percentage of directors who are women: 19%

D. Supporting the economy

D.1. Too big to fail

Ranking: Worst

D.2. Risky Behaviour

Ranking: Middle

- Assets: £1,101,986.319m
- Derivatives: £95,752.479m
- Ratio derivatives to assets: 8.7%

D.3. Supports the real economy

Ranking: Middle

- Assets: £1,101,986.319m
- Net loans to customers: £605,301.417m
- Ratio loans to customers/assets: 54.9%

Bank of Ireland

A. Honesty

A.1. Criminal activity and fines (2012 annual report page 91)

Ranking: Middle

Fines/settlements: €2,150,000 (£1,866,114)

- Fined €120,000 by Central Bank of Ireland for breach of credit transaction asset regulations.
- Fined [€30,000 for gender bias](#) by equalities tribunal.
- The Bank of Ireland paid €2 million to Ireland's Department of Finance in 2011¹ for misleading regulators. This payment seems to have been a voluntary payment to the regulators rather than as a result of a fine or a court settlement.
- Fined [£375,000 in 2004](#) for assisting Scottish business executive in tax avoidance (not counted in main total as pre-2007).

A.2. Tax Havens

Ranking: Worst ECRA rating for likely use of tax avoidance strategies (2013)

In July 2013 a Bank of Ireland family tree was downloaded from the Hoovers website, www.hoovers.com. This listed a number of subsidiaries in territories considered by Ethical Consumer to be tax havens at the time of writing. Ethical Consumer considered that there was a risk that such companies were used for tax avoidance.

- **High risk:** Four holding companies in Luxembourg; two in the Cayman Islands
- **Medium risk:** Nonclassifiable establishments in Hong Kong; N.I.I.B. (I.O.M.) LTD; Real estate agents and managers in Guernsey; Federal and federally sponsored credit in Guernsey; Miscellaneous metalwork in Guernsey
- **Low risk:** Bank in Isle of Man

A.3. Political Lobbying

Ranking: Middle

Member of British Bankers' Association (July 2013).

In July 2013 Ethical Consumer viewed the British Bankers' Association (BBA) website,

¹ <http://www.finance.gov.ie/viewdoc.asp?DocID=6718> (accessed 01/09/13)

www.bba.org.uk, for its membership list. Bank of Ireland was listed as a member. The BBA was a trade association for the UK banking and financial services sector and was considered by Ethical Consumer to have lobbied against effective banking regulation in the UK and the EU. In particular it had been opposed to an effective retail and investment banking split, which campaigners argued was essential to protect the economy from further banking collapses.

Member of international lobby group (December 2011).

A search of the Institute of International Finance website, www.IIF.com, in December 2011, found that the Bank of Ireland was listed as a member. According to the IIF's website:

- it was the only global association of financial institutions
- its mission was to be the most influential global association of financial institutions

Part of the IFF's mission is to advocate regulatory, financial and economic policies which are in the interests of its members.

The IIF was regarded by Ethical Consumer as an international corporate lobby group which exerted the power of commercial interests in a way seen as potentially detrimental to wider society and the environment.

A.4. Misleading Advertising

Ranking: Best

B. Culture

B.1. Customer complaints

Ranking: Worst

- Complaints opened Jan 2010 – Dec 2012: 103,540
- Assets reported as loans to customers: £92,621m
- Complaints to the FCA per £ million loans to customers: 1.12

B.2. Mis-selling

Ranking: Middle

- PPI referrals to FOS from Jan 2011 – Dec 2012: 800
- Assets reported as loans to customers: £92,621m
- PPI referrals to FOS per £ million loans to customers: 0.009

B.3. Ombudsman referrals

Ranking: Middle

- Ombudsman referrals to FOS from Jan 2009 – Dec 2012: 2,908

- Assets reported as loans to customers: £92,621m
- Ombudsman referrals to FOS per £ million loans to customers: 0.031

B.4. Which? Customer satisfaction survey

Ranking: Best

C. Culture

C.1. Customer power

Ranking: Worst

Provider is an ordinary business limited by shares.

C.2. Excessive directors' remuneration (2012 annual report page 137)

Ranking: Middle

Number of directors: 13

Executive directors: 2 (Group CEO Richie Boucher, Chief Financial Officer Andrew Keating. Governor Archie Kane.)

Directors paid £500,000 - £1m: 1

Directors paid over £1m: None

Group CEO Richie Boucher received €843k in 2012 (€831k in 2011). Salary € 690k, no bonus, € 34k benefits, € 186k pension contributions, waived €67k.

Chief Financial Officer Andrew Keating received €418k in 2012 (appointed Feb 2012 so earned € 358k salary that year). Salary €390k, € 28k benefits, € 32k pensions.

Archie Kane: received € 262k in 2012 (appointed June 2012). Annual salary €394k plus €59k annual fee. Benefits €37k.

C.3. Bonuses Policy

Ranking: Best

C.4. Women on the Board

Ranking: Worst

- Number of directors: 13
- Number of women directors: 0
- Percentage of directors who are women: 0

D. Supporting the economy

2012 annual report page 105

D.1. Too big to fail

Ranking: Worst

The Bank of Ireland received a recapitalisation of €3.5 bn (£3.0bn) from the taxpayer and therefore receives a worst ranking for this category.

D.2. Risky Behaviour

Ranking: Best

D.3. Supports the real economy

Ranking: Middle

- Assets: £148,146m
- Net loans to customers: £92,621m
- Ratio assets/loans to customers: 62.5%

Barclays

A. Honesty

A.1. Criminal activity and fines (2012 annual report pages 287 - 289)

Ranking: Worst

Fines/settlements: £600m.

- Fined a total of [£290m for LIBOR manipulation](#) by FSA and US regulators in June 2012.
- Fined [£309m for energy price manipulation](#) from 2006 to 2008 by US regulators in July 2013.

PPI:

- £2.6bn total PPI provision by Dec 2012, redress £1.6bn. 39% claims upheld.

Interest Rate Hedging Products

- Only £36m of hedging product redress for SMEs used as of Dec 2012, mostly for admin costs.

US Mortgage Activities

- Facing repurchase requests and other financial impacts related to US mortgage market but “not practicable” to provide estimate of financial impact.

Legal Proceedings

- Sued on grounds of selling misleading American Depositary Shares to investors, case ongoing, no estimate of potential costs.
- Sued by FHFA on behalf of Fannie Mae and Freddie Mac – potential costs unclear, could be around \$1.1bn (see head of page 283 in annual report).
- Sued by Devonshire Trust for credit default swap dispute, facing loss of \$500m but appealing decision.
- 5 class action lawsuits ongoing against Barclays relating to LIBOR manipulation but no estimate of potential costs.

Investigations

- OFT investigating Visa and Mastercard for debit interchange rates, no estimate of financial impact.

- FSA and serious Fraud Office investigating former and current senior executives re: capital raisings in Qatar Dec 2008.
- US DOJ and CFTC investigation into attempts to win business.

A.2. Tax Havens

Ranking: Worst

Forced to admit 'shocking' low UK tax payments (February 2011)

According to an article on The Guardian website, www.guardian.co.uk, dated February 18th 2011, Barclays was forced to admit it paid just £113m in corporation tax in 2009 despite profits of £11.6bn. Barclay's chief executive Bob Diamond, admitted the figure, just 1% of its profits and described as “shocking”, in a letter to Labour MP Chuka Umunna who had lobbied for the information. He also confirmed that the bank had 30 subsidiary companies in the Isle of Man, 38 in Jersey and 181 in the Cayman Islands, territories on Ethical Consumer's list of tax havens at the time of writing. The bank had previously quoted a figure of £2bn, but it later became clear that this had included, and mainly consisted of, payroll tax - i.e. tax paid by the bank on behalf of its staff.

According to former City minister Lord Myners, “the combination of tax avoidance strategies with subsidiary companies together with losses brought forward means that banks will be not be making a meaningful contribution to corporate tax for some years.” Barclays said it complied with tax laws in the UK and all the countries where it operated and that in 2010 it paid over £2.8bn in taxes in the UK and £6.1bn globally. The £2.8bn UK bill again included payroll taxes.

The bank said: “The corporate tax affairs of an organisation with the global footprint of Barclays are complex and not reducible to simplistic comparisons. Any link between Barclays Group profits and the amount of tax paid to the UK government is inappropriate - there is no direct correlation between the two.”

The Bank had come to the attention of campaign group UK Uncut which was putting pressure on companies linked to tax evasion in light of government cuts to public services. In one incident campaigners had occupied a London branch of the bank and turned it into a library.

Ethical Consumer viewed the list of Barclays subsidiaries on the corporate information site www.hoovers.com in May 2013.

The list included a number of subsidiaries Ethical Consumer considered to be at high risk of being used for tax avoidance purposes due to the company type and the fact that they were located in jurisdictions considered by Ethical Consumer to be tax havens at the time of writing, including the following:

- Barclays Capital Japan Holdings Limited (Cayman Islands)
- Crescendo Investment Holdings Limited (British Virgin Islands)
- Barclaytrust (Suisse) SA (Switzerland)

- BARCLAYS PRIVATE BANK & TRUST GIBRALTAR LTD (Gibraltar)
- Barclays Private Bank & Trust (Cayman) Limited (Cayman Islands)
- BARCLAYS PRIVATE BANK & TRUST (ISLE OF MAN) LTD (Isle of Man)
- Condor Nominees Limited (British Virgin Islands)
- BARCLAYTRUST (NOMINEES) ISLE OF MAN LTD (Isle of Man)
- Eagle Holdings Ltd (Cayman Islands)
- BARCLAYS WEALTH ADVISORY HOLDINGS (GUERNSEY) Ltd (Channel Islands)
- Barclays Wealth Trustees (Hong Kong) Limited (Hong Kong)

It was therefore considered highly likely that Barclays was applying tax avoidance strategies and the company received Ethical Consumer's worst rating in the category.

A.3. Political Lobbying

Ranking: Worst

Meetings with DBERR officials (August 2008)

In March 2009 the World Development Movement (WDM) published a report 'Taking the credit – how financial services liberalisation fails the poor' which assessed the role that UK, European and US banks play in developing countries, especially following trade deals which lock in financial services regulation.

According to the report, information had been released to WDM under Freedom of Information rules regarding two meetings held between Barclays and officials at the Department for Business, Enterprise and Regulatory Reform in October 2007 and August 2008. The first meeting also included minister Gareth Thomas.

An email from an unnamed DBERR official to Barclays which was sent on August 7th 2008 said: "It was great to catch up with you and your team yesterday... I'd like to explore further Barclays trade policy priorities (key markets/barriers). I'm pleased to note that a lot of what you said yesterday reaffirmed my understanding. However, it's always good to have more examples/background to ensure that the UK is well placed to continue to argue that financial services should remain at the top of the Commission's priority list in terms of negotiating trade agreements... I also hope that Barclays can begin to raise its profile in fora such as the BBA, IFSL and the ESF."

The tone and content of this email and others seen by WDM, the report said, implied a real "meeting of minds" between UK government officials and Barclays, so much so that the official actively encourages Barclays to support further lobbying activities via industry groups. This was of great concern, the report continued, not least because the official was doing so at a time, summer 2008, when the activities of the global financial sector were about to bring the world economy to its knees.

Political lobbying (2011)

Ethical Consumer searched for information on the political activities of Barclays on the

Open Secrets database, www.opensecrets.org, in January 2012. It was reported that the company had spent \$2,480,000 on lobbying in 2011.

Disproportionate power over global economy (October 2011)

New Scientist ran an article 'Revealed – the capitalist network that runs the world' published on its website, www.newscientist.com, October 24th 2011, which detailed research conducted by the Swiss Federal Institute of Technology in Zurich involving an analysis of the relationships between 43,000 transnational corporations. The research identified a relatively small group of companies, mainly banks, with disproportionate power over the global economy.

The researchers looked at the 43,060 TNCs and the share ownerships linking them and from that constructed a model of which companies controlled others through shareholding networks, coupled with each company's operating revenues, to map the structure of economic power. The research revealed a core of 1318 companies with interlocking ownerships. The researchers further untangled the web of ownership and found much of it tracked back to a "super-entity" of 147 even more tightly linked companies which controlled 40 per cent of the total wealth in the network. They found that less than 1% of the companies were able to control 40% of the entire network. Most were financial institutions. Barclays was ranked top of the list.

A.4. Misleading Advertising

Ranking: Worst

- Adverts challenged: 4.
- Challenges upheld: 1.

Complaint upheld: an advert for gadget insurance implied unlimited insurance when actual amount offered was for up to £500. 24/09/08
(http://www.asa.org.uk/Rulings/Adjudications/2008/9/Barclays-Bank-plc/TF_ADJ_45038.aspx)

B. Culture

B.1. Customer complaints

Ranking: Worst

- Complaints opened Jan 2010 – Dec 2012: 1,989,845
- Loans to customers: £326,956m
- Complaints to the FCA per £ million loans to customers: 6.09

B.2. Mis-selling

Ranking: Worst

- PPI referrals to FOS from Jan 2011 – Dec 2012: 79,420
- Loans to customers: £326,956m
- PPI referrals to FOS per £ million loans to customers: 0.243

B.3. Ombudsman referrals

Ranking: Middle

- Ombudsman referrals to FOS from Jan 2009 – Dec 2012: 138,731
- Loans to customers: £326,956m
- Ombudsman referrals to FOS per £ million loans to customers: 0.424

B.4. Which? Customer satisfaction survey

Ranking: Worst

C. Culture

C.1. Customer power

Ranking: Worst

Provider is an ordinary business limited by shares.

C.2. Excessive directors' remuneration

Ranking: worst.

Number of directors: 13

Executive directors: 2 (CEO Antony Jenkins and Finance Director Chris Lucas, plus former CEO Bob Diamond. Chair David Walker.)

£500k - £1m: 1

Over £1m: 3

Details: Group chief executive Antony Jenkins received total £1.84m remuneration in 2012, with finance director Chris Lucas receiving £1.867m (down from £3.933m in 2011). Both voluntarily forfeited bonus due to the bank settling with the authorities after the LIBOR scandal.

Jenkins is entitled to £1.46m Long Term Incentive Reward (LTIP) share plan covering 2013-2015 and Lucas is entitled to £1.067m LTIP over 2013-2015 (both accounted for in total remuneration).

Jenkins's annual salary is £1.1m (became executive director 20 August 2012) and receives cash in lieu of pension (due to UK taxation of pension contributions) at 33% of salary. Chris Lucas receives cash in lieu of pension at 25% of salary (£200k). Jenkins was entitled to £19,000 company benefits (health/life insurance, private health care, company car and driver) in 2012, Lucas £34,000.

Jenkins's predecessor Bob Diamond received £685,000 in 2012 (£6.3m in 2011), despite having stepped down, as he is entitled to 12 months notice. In total he is entitled to receive his annual salary of £1.35m and his pension cash entitlement of £675,000 in lump sums at the end of his notice period (2 July 2013) and is entitled to company benefits worth £262,000.

Chair David Walker receives £750,000 fees a year. Paid £167,000 in 2012 because appointed 01/09/12.

Staff: 428 employees received over £1m remuneration in 2012 (473 in 2011). 910 received £500k - £1m in 2012 (942 in 2011). Barclays was the only company to disclose this staff data.

C.3. Bonuses Policy

Ranking: Worst

- Executive: CEO Anthony Jenkins
- Total bonuses: £1.467m
- Base salary: £1.100m
- Bonus as percentage of base salary: 133.4%

C.4. Women on the Board

Ranking:

- Number of directors: 13
- Number of women directors: 2
- Percentage of directors who are women: 15

D. Supporting the economy

2012 annual report page 123

D.1. Too big to fail

Ranking: Worst

D.2. Risky Behaviour

Ranking: Worst

- Assets: £1,429,663m
- Derivatives: £469,146m
- Ratio derivatives/assets: 32.8%

D.3. Supports the real economy

Ranking: Worst

- Assets: £1,429,663m
- Net loans to customers: £326,956m
- Ratio loans/assets to customers: 22.9%

Cambridge Building Society

A. Honesty

A.1. Criminal activity and fines

Ranking: Best

A.2. Tax Havens

Ranking: Best

A.3. Political Lobbying

Ranking: Best

A.4. Misleading Advertising

Ranking: Best

B. Culture

B.1. Customer complaints

Ranking: Best

B.2. Mis-selling

Ranking: Best

B.3. Ombudsman referrals

Ranking: Best

B.4. Which? Customer satisfaction survey

Ranking: Best

C. Culture

C.1. Customer power

Ranking: Best

C.2. Excessive directors' remuneration

Ranking: Best

C.3. Bonuses Policy

Ranking: Best

- Executive: CEO Stephen Mitcham
- Total bonuses: £25,993
- Base salary: £113,711
- Bonus as percentage of base salary: 19.4%

C.4. Women on the Board

Ranking: Worst

- Number of directors: 10
- Number of women directors: 1
- Percentage of directors who are women: 10%

D. Supporting the economy

2012 annual report pages 23, 42 - 44

D.1. Too big to fail

Ranking: Best

D.2. Risky Behaviour

Ranking: Best

- Assets: £1,141.34m
- Derivatives: £0.29m
- Percentage derivatives/assets: 0%

D.3. Supports the real economy

Ranking: Best

- Assets: £1,141.34m
- Net loans to customers: £883.776m
- Percentage loans/assets to customers: 77.4%

Charity Bank

A. Honesty

A.1. Criminal activity and fines

Ranking: Best

A.2. Tax Havens

Ranking: Best

A.3. Political Lobbying

Ranking: Middle

Member of British Bankers' Association. (July 2013)

In July 2013 Ethical Consumer viewed the British Bankers' Association (BBA) website, www.bba.org.uk, for its membership list. Charity Bank was listed as a member. The BBA was a trade association for the UK banking and financial services sector and was considered by Ethical Consumer to have lobbied against effective banking regulation in the UK and the EU. In particular it had been opposed to an effective retail and investment banking split, which campaigners argued was essential to protect the economy from further banking collapses.

A.4. Misleading Advertising

Ranking: Best

B. Culture

B.1. Customer complaints

Ranking: Best

B.2. Mis-selling

Ranking: Best

B.3. Ombudsman referrals

Ranking: Best

B.4. Which? Customer satisfaction survey

Ranking: Best

C. Culture

C.1. Customer power

Ranking: Worst

Provider is not a mutual.

C.2. Excessive directors' remuneration (2012 annual report page 27)

Ranking: Best

C.3. Bonuses Policy (2012 annual report page 27)

Ranking: Best

C.4. Women on the Board

Ranking: Best

- Number of directors: 12
- Number of women directors: 4
- Percentage of directors who are women: 33%

D. Supporting the economy 2012 annual report page 22

D.1. Too big to fail

Ranking: Best

D.2. Risky Behaviour

Ranking: Best

- Assets: £93.367m
- Derivatives: £0
- Percentage derivatives/assets: 0%

D.3. Supports the real economy

Ranking: Middle

- Assets: £93.367m
- Net loans to customers: £60.691m
- Percentage loans/assets to customers: 66%%

Citibank

A. Honesty

A.1. Criminal activity and fines

(2012 annual report page 281 – 287 unless otherwise indicated)

Ranking: Worst

Fines/settlements: at least \$2.448bn (£1.6bn).

- Agreed to settle [\\$590m lawsuit in August 2012](#) with investors who claim the bank hid its exposure to the collateralised debt obligation market to prop up its share price (NB: Citibank [agreed \\$590m settlement received official court approval from US District Judge Sidney S. Stein in August 2013](#)).
- Settled [\\$730m with bondholders in March 2013](#), pending court approval, who claim they were misled by the bank over its exposure to the sub prime mortgage market between 2006 and 2008 (NB: \$730m lawsuit with bondholders [also approved by judge Sidney S. Stein in Manhattan](#) in August 2013).
- Agreed to settle for [\\$968m with Fannie Mae](#) in July 2013 for leaving the mortgage provider responsible for loans which the mortgage provider would not have knowingly guaranteed.
- Paid [\\$158m to settle charges](#) that Citi defrauded the Federal Housing Administration by inaccurately claiming that some mortgages were eligible for government insurance.
- Fined [\\$2m and dismissed head internet analyst](#) for improperly disclosing information on Facebook and other tech companies in October 2012.
- Jan 2013: independent foreclosure review, paid \$305m settlement fund, offered \$487m mortgage assistance to borrowers.
- [Enforcement action \(but not fine\) by Federal Reserve](#) over money laundering.

US mortgage activities

- In November 2011 tried to settle with Securities and Exchange Commission (SEC) over CDO activities (disgorge \$160m, pay \$30 prejudgement interest, plus \$90m penalty). Court refused to approve settlement 28 November 2011, trial began June 2012 ongoing as of Feb 2013.
- Being sued by investors (including Fannie Mae/Freddie Mac) who bought \$10.8bn in CDOs on grounds of lack of disclosure. Investors who bought a further \$6.4bn of CDOs are threatening litigation.

Legal Proceedings

- Being sued by Abu Dhabi Investment Authority for \$4bn, court found in favour of Citi but Abu Dhabi appealing.
- Under investigation by SEC and New York Attorney General relating to investment funds including ASTA/MAT and Falcon.
- October 2012 sued for \$400m by investors in Corporate Special Opportunities Ltd (fund managed by Citigroup).
- Sued by shareholders and purchasers or issuers of Auction Rate Securities in March 2008, most dismissed or settled but no monetary figures given.
- Paid \$28.5m damages to Korean export firms by Dec 2012, is appealing.
- Named in 17 LIBOR actions by banks, savings & loans and credit unions, holders of adjustable-rate mortgages tied to LIBOR and individual or municipal purchasers of linked products, Californian counties, municipalities and public sector entities, plus additional case by County of Nassau (Long Island) Nov 27 2012 and sued re trades in Euroyen futures April 30 2012;
- Dec 2009 sued by two private equity funds alleging fraud over EMI sell-off, judge found in favour of Citigroup Nov 2010 but plaintiffs have appealed.
- Seven Norwegian municipalities suing for \$120m plus damages for buying fund-linked notes from Terra Securities (which in turn bought the notes from Citigroup) - ongoing.
- Sued over \$11bn leveraged buyout of (now seemingly bankrupt) Tribune Company in 2007, cases pending in Southern District of New York.
- Allied Irish bank suing Citibank N.A. and Bank of America N.A. for \$500m due to fraudulent currency trades, settled with Bank of America for undisclosed amount but still pursuing Citibank N.A.

Lehman Brothers bankruptcy and related prosecutions

- Criminal convictions against former employees in Belgium relating to Lehman Structured Notes dismissed but Belgian prosecutors appealing (other civil actions mentioned but Citi say they've been resolved).
- March 18 2011 sued to recover \$1bn deposit Lehman placed with Citibank, settled but unclear what resolution was.
- Feb 8 2012 sued to recover £2bn deposited by Lehman with Citibank, ongoing.

Investigations

- Under investigation by regulators in US, UK, Japan, Canada, Switzerland and Singapore for LIBOR manipulation;
- Citigroup and related parties settled \$6.05bn for Mastercard and Visa interchange fees July 13th 2012, final approval hearing 12 Sept 2013;
- US regulators investigating "add-on products (e.g. payment protection);
- Italian regulators unsuccessfully sued Citigroup over fraud by Parmalat after company went into administration, court cases rejected, Citigroup employee acquitted 18 April 2011 of market -rigging practices but Italian prosecutors appealing. If successful can sue Citigroup. Milan prosecutors seeking €70m

disgorgement and € 900,000 fine, Parmalat administrators seeking € 14 billion damages, Parmalat institutional investors suing Citigroup and other investment banks € 130 million.

A.2. Tax Havens

Ranking: Worst

In July 2013 a Citigroup Inc family tree was downloaded from the Hoovers website, www.hoovers.com. This listed a number of subsidiaries in territories considered by Ethical Consumer to be tax havens at the time of writing, many of which were considered to be of high or medium risk of being used for tax avoidance purposes.

- **High risk:** Three holding companies in Luxembourg and one in Bermuda; nearly all of 194 companies in Singapore; holding companies and investment management companies in Switzerland.
- **Medium risk:** A business services company in Hong Kong and one in Delaware.
- **Low risk companies** included branches in Switzerland and a commercial bank in the United Arab Emirates.

Criticised for tax avoidance, then benefitting from bail out (April 2012)

In April 2012 the US Public Interest Research Group (US PRIG) published “Picking Up the Tab: Average Citizens and Small Businesses Pay the Price for Offshore Tax Havens”. This stated that congressional studies had concluded that tax haven abuse cost the United States approximately \$100 billion in tax revenues every year, \$60 billion of which could be attributed to multinational corporations and the rest individuals. Furthermore, that as of 2008, 83 of the 100 largest publicly traded U.S. companies held revenues in offshore tax haven countries.

Citigroup was said to have been one of the banks most responsible for the economic collapse of 2008. It was reported to have been bailed out by \$45 billion by federal taxpayers. However, a Government Accountability Office report in 2008 was reported to have found that the company had 427 subsidiaries located in tax havens, more than any other company in America, and therefore had avoided paying many federal taxes.

A.3. Political Lobbying

Ranking: Worst

Lobbying against Employee Free Choice Act (March 2009)

According to an article which appeared on the Business & Human Rights Resource Centre website, www.business-humanrights.org, on 12 March 2009, Citigroup had been accused of attempting to build opposition to the Employee Free Choice Act. It had allegedly hosted a private conference call on the previous day, which was led by a senior executive at the U.S. Chamber of Commerce who was an ardent EFCA opponent. The article stated that the call represented a growing effort on Citi's behalf to spur concerns about the bill, which

would make it easier for employees to organise. A Citi spokesman said that the company had a responsibility to advise clients on pertinent legislative matters. After the story was published, Smith sent another statement emphasising that the firm "has taken no position" on EFCA.

Political lobbying (2011)

Ethical Consumer searched for information on the political activities of Citi Group Inc on the Open Secrets database, www.opensecrets.org, in January 2012. It was reported that the company had spent \$4,100,000 on lobbying in 2011.

Member of British Bankers' Association (July 2013)

In July 2013 Ethical Consumer viewed the British Bankers' Association (BBA) website, www.bba.org.uk, for its membership list. Citibank N.A. was listed as a member. The BBA was a trade association for the UK banking and financial services sector and was considered by Ethical Consumer to have lobbied against effective banking regulation in the UK and the EU. In particular it had been opposed to an effective retail and investment banking split, which campaigners argued was essential to protect the economy from further banking collapses.

A.4. Misleading Advertising

Ranking: Best

B. Culture

B.1. Customer complaints

Ranking: Middle

- Complaints opened Jan 2010 – Dec 2012: 114,622
- Loans to customers: £416,984m
- Complaints to the FCA per £ million loans to customers: 0.27

B.2. Mis-selling

Ranking: Middle

- PPI referrals to FOS from Jan 2011 – Dec 2012: 5,103
- Loans to customers: £416,984m
- PPI referrals to FOS per £ million loans to customers: 0.012

B.3. Ombudsman referrals

Ranking: Middle

- Ombudsman referrals to FOS from Jan 2009 – Dec 2012: 13,455
- Loans to customers: £416,984m
- Ombudsman referrals to FOS per £ million loans to customers: 0.032

B.4. Which? Customer satisfaction survey

Ranking: Best

C. Culture

C.1. Customer power

Ranking: Worst

Provider is an ordinary business limited by shares.

C.2. Excessive directors' remuneration 2012 proxy report page 52

Ranking: Worst

Number of directors: 12

Executive directors: 1 (CEO Michael L. Corbat)

£500k - £1m: 0

Over £1m: 1

Details: CEO Michael Corbat's remuneration was \$11.5m in 2012 (£7.6m) in 2012 and \$8m (£5.3m) in 2011 (see page 48). Salary \$1m (£0.66m), Cash bonus \$4.2m (£2.8m), deferred stock \$3.1m (£2.1m), performance shares \$3.1m (£2.1m), zero deferred cash award.

C.3. Bonuses Policy 2012 proxy report page 52

Ranking: Worst

- Executive: Michael Corbat
- Total bonuses: \$10,450,812 (\$4,180,324 + \$3,135,244 + \$3,135,244)
- Base salary: \$1,049,188

- Bonus as percentage of base salary: 996.1%

C.4. Women on the Board

Ranking: Best

- Number of directors: 12
- Number of women directors: 3
- Percentage of directors who are women: 25%

D. Supporting the economy **2012 annual report pages 37, 243**

D.1. Too big to fail

Ranking: Worst

D.2. Risky Behaviour

Ranking: Worst

- Assets: £1,234,406.2m
- Derivatives: £704,491.173m
- Percentage derivatives/assets: 57.1%

D.3. Supports the real economy

Ranking: Worst

- Assets: £1,234,406.2m
- Net loans to customers: £416,984.4m
- Percentage loans/assets to customers: 33.8%

Clydesdale Bank/National Australia Bank

A. Honesty

A.1. Criminal activity and fines 2012 annual report page 118

Ranking: Worst

Fines/settlements: AS \$115m (£69m).

- National Australia Bank agreed to settle with shareholders for [AS\\$115m class action suit](#) in November 2012 relating to failure to disclose the bank's true exposure to sub prime mortgage assets, subject to approval by Supreme Court of Victoria (NB. Fine now approved by courts [according to law firm Jones Day](#)).
- Fined [AS\\$100,000 by US authorities in 2007](#) for sanction violations with Cuba, Sudan and Burma.

Legal Proceedings

- Sued by Steven Farey and others for payment of exception fees, amount not identified in annual report.

PPI mis-selling

- Made provision of AS\$186m (£108m) in 2012 for PPI mis-selling in UK by Clydesdale.

Interest rate hedging products

Made provision of AS\$75m (£48m) in 2012 for FSA investigation into Clydesdale mis-selling hedging products for SMEs.

A.2. Tax Havens

Ranking: Middle

The family tree for National Australia Bank Limited was viewed on the Hoovers website, www.hoovers.com, in July 2013. It listed a number of subsidiaries in territories considered by Ethical Consumer to be tax havens at the time of writing. A holding company in Jersey was considered to be of high risk of being used for tax avoidance purposes, whilst one company in the Cayman Islands, two in Hong Kong and one in Singapore were considered medium risk. Overall the company received Ethical Consumer's middle ranking for likely use of tax avoidance strategies.

A.3. Political Lobbying

Ranking: Best

A.4. Misleading Advertising

Ranking: Best

B. Culture

B.1. Customer complaints

Ranking: Middle

- Complaints opened Jan 2010 – Dec 2012: 151,184
- Loans to customers: £241,388.347m
- Complaints to the FCA per £ million loans to customers: 0.63

B.2. Mis-selling

Ranking: Worst

- PPI referrals to FOS from Jan 2011 – Dec 2012: 10,191
- Loans to customers: £241,388.347m
- PPI referrals to FOS per £ million loans to customers: 0.042

B.3. Ombudsman referrals

Ranking: Middle

- Ombudsman referrals to FOS from Jan 2009 – Dec 2012: 19,110
- Loans to customers: £241,388.347m
- Ombudsman referrals to FOS per £ million loans to customers: 0.079

B.4. Which? Customer satisfaction survey

Ranking: Best

C. Culture

C.1. Customer power

Ranking: Worst

Provider is an ordinary business limited by shares.

C.2. Excessive directors' remuneration

2012 Annual report pages 26, 34

Ranking: Worst

Number of directors: 12

Executive Directors: 2 (CEO Cameron Clyne and Finance Director Mark Joiner. Chair of the Board Michael Chaney)

£500k - £1m: 2

Over £1m: 2

Details: CEO Cameron Clyne's remuneration is AS \$8.8m (AS\$8.7m in 2011) including AS\$2.4m salary, AS\$1.2m bonus, AS\$3.2m shares and AS\$1.9m options.

Finance director Mark Joiner received AS\$3.7m remuneration (AS\$4.4m in 2012) including AS\$1.1m salary, AS\$540,000 bonus, \$1.2m shares and AS\$740,000 options.

Chair Michael Chaney AS\$770,000 board fees/pension (same in 2011).

Staff: Ten other senior executives had remunerations of over AS\$1m with the exception of DJ Thorburn who was only paid for part of the year.

C.3. Bonuses Policy

2012 Annual report pages 26

Ranking: Worst

- Executive: CEO Cameron Clyne
- Total bonuses: AS\$6,277,227 (= AS\$1,215,000 + AS\$3,181,043 + AS\$1,881,184)
- Base salary: AS\$2,367,146
- Bonus as percentage of base salary: 265.2%

C.4. Women on the Board

Ranking: Middle

- Number of directors: 12
- Number of women directors: 2

- Percentage of directors who are women: 17%

D. Supporting the economy

2012 annual report page 56

D.1. Too big to fail

Ranking: Best

D.2. Risky Behaviour

Ranking: Middle

- Assets: £466,644.797m
- Derivatives: £25,010.556m
- Percentage derivatives/assets: 5.4%

D.3. Supports the real economy

Ranking: Middle

- Assets: £466,644.797m
- Net loans to customers: £241,388.347m
- Percentage loans/assets to customers: 51.7%

Coventry Building Society

A. Honesty

A.1. Criminal activity and fines

Ranking: Best

A.2. Tax Havens

Ranking: Best

A.3. Political Lobbying

Ranking: Best

A.4. Misleading Advertising

Ranking: Best

B. Culture

B.1. Customer complaints

Ranking: Middle

- Complaints opened Jan 2010 – Dec 2012: 11,660
- Loans to customers: £22,018.9m
- Complaints to the FCA per £ million loans to customers: 0.53

B.2. Mis-selling

Ranking: Middle

- PPI referrals to FOS from Jan 2011 – Dec 2012: 200
- Loans to customers: £22,018.9m
- PPI referrals to FOS per £ million loans to customers: 0.009

B.3. Ombudsman referrals

Ranking: Middle

- Ombudsman referrals to FOS from Jan 2009 – Dec 2012: 229
- Loans to customers: £22,018.9m
- Ombudsman referrals to FOS per £ million loans to customers: 0.01

B.4. Which? Customer satisfaction survey

Ranking: Best

C. Culture

C.1. Customer power

Ranking: Best

Provider is fully mutual.

C.2. Excessive directors' remuneration **Annual report 2012 pages 74-75**

Ranking: Middle

Number of directors: 11

Executive Directors: 4 (Chief Executive David Stewart, Finance Director John Lowe, Marketing Director Colin Franklin, Chief Operating Officer Peter Frost. Chair of the Board Ian Pickering)

£500k - £1m: 1

Over £1m: None

Details: Chief Executive David Stewart received £661,000 in 2012, up from £525k in 2011 (although donated 2012 annual bonus of £47,000 to the Coventry Building Society Charitable Foundation). Figure includes salary £377k, LTIP of £124k and pension contributions of £33k.

Other executive directors John Lowe, Colin Franklin and Peter Frost (appointed 01/11/12) received £389k, £266k and £49k respectively.

Chair Ian Pickering appointed 01/01/13 but received £62k in 2012. Predecessor David Harving received £100k in 2012 (£78k in 2011).

C.3. Bonuses Policy

Ranking: Best

- Executive: CEO David Stewart
- Total bonuses: £171,000 (£47,000 + £124,000)
- Base salary: £377,000
- Bonus as percentage of base salary: 45.4%

C.4. Women on the Board

Ranking: Best

- Number of directors: 11
- Number of women directors: 3
- Percentage of directors who are women: 27%

D. Supporting the economy **2012 annual report page 57**

D.1. Too big to fail

Ranking: Best

D.2. Risky Behaviour

Ranking: Best

- Assets: £26,933.8m
- Derivatives: £279.6m
- Percentage derivatives/assets: 1.0%

D.3. Supports the real economy

Ranking: Best

- Assets: £26,933.8m
- Net loans to customers: £22,018.9m
- Percentage loans/assets to customers: 81.8%

Cumberland Building Society

A. Honesty

A.1. Criminal activity and fines

Ranking: Best

A.2. Tax Havens

Ranking: Best

A.3. Political Lobbying

Ranking: Best

A.4. Misleading Advertising

Ranking: Best

B. Culture

B.1. Customer complaints

Ranking: Middle

- Complaints opened Jan 2010 – Dec 2012: 814
- Loans to customers: £1,251.076m
- Complaints to the FCA per £ million loans to customers: 0.65

B.2. Mis-selling

Ranking: Best

- PPI referrals to FOS from Jan 2011 – Dec 2012: 0
- Loans to customers: £1,251.076m
- PPI referrals to FOS per £ million loans to customers: 0

B.3. Ombudsman referrals

Ranking: Best

- Ombudsman referrals to FOS from Jan 2009 – Dec 2012: 0
- Loans to customers: £1,251.076m
- Ombudsman referrals to FOS per £ million loans to customers: 0

B.4. Which? Customer satisfaction survey

Ranking: Best

C. Culture

C.1. Customer power

Ranking: Best

Provider is fully mutual.

C.2. Excessive directors' remuneration

Ranking: Best

C.3. Bonuses Policy **2013 annual report page 19**

Ranking: Best

- Executive: Kevin Parr
- Total bonuses: £9,000
- Base salary: £191,000
- Bonus as percentage of base salary: 4.7%

C.4. Women on the Board

Ranking: Worst

- Number of directors: 10
- Number of women directors: 1
- Percentage of directors who are women: 10%

D. Supporting the economy **2012 Annual report page 15**

D.1. Too big to fail

Ranking: Best

D.2. Risky Behaviour

Ranking: Best

- Assets: £1,553.34m
- Derivatives: £0
- Percentage derivatives/assets: 0%

D.3. Supports the real economy

Ranking: Best

- Assets: £1,553.34m
- Net loans to customers: £1,251.076m
- Percentage loans/assets to customers: 80.5%

Danske Bank (Northern Bank)

A. Honesty

A.1. Criminal activity and fines

Ranking: Middle

Fines/settlements: £17,000

- Danske bank fined [EUR 20,000 in 2008](#) (£17,000) for breach of Finnish stock exchange rules.

A.2. Tax Havens

Ranking: Worst

In July 2013 the Danske Bank Annual Report was downloaded from the company's website, www.danskebank.com. This listed subsidiaries in territories considered by Ethical Consumer to be tax havens at the time of writing. A credit institution in Luxembourg and two companies based in Delaware were thought to be of medium risk of being used for tax avoidance purposes, whilst an asset trust based in Delaware was thought to be of high risk.

The Hoovers family tree for Danske Bank listed three subsidiaries in Luxembourg, one of which was a holding company and therefore considered high risk of being used for tax avoidance purposes. Overall the company received Ethical Consumer's worst ranking for likely use of tax avoidance strategies.

A.3. Political Lobbying

Ranking: Middle

Membership of ICC lobby group (December 2011)

The website of the International Chamber of Commerce, www.iccwbo.org, viewed in December 2011, listed Danske Bank as a member. According to the ICC, it had “direct access to national governments all over the world through its national committees”; “speaks for world business when governments take up such issues as intellectual property rights, transport policy, trade law or the environment”; “At UN summits on sustainable development, financing for development and the information society, ICC spearheads the business contribution.” ECRA noted that the activity of lobby groups such as the ICC often meant that business interests were protected at the expense of the environment and human rights.

A.4. Misleading Advertising

Ranking: Best

B. Culture

B.1. Customer complaints

Ranking: Middle

- Complaints opened Jan 2010 – Dec 2012: 13,642
- Loans to customers: £194,932.484m
- Complaints to the FCA per £ million loans to customers: 0.07

B.2. Mis-selling

Ranking: Best

- PPI referrals to FOS from Jan 2011 – Dec 2012: 746
- Loans to customers: £194,932.484m
- PPI referrals to FOS per £ million loans to customers: 0.004

B.3. Ombudsman referrals

Ranking: Middle

- Ombudsman referrals to FOS from Jan 2009 – Dec 2012:
- Loans to customers: £194,932.484m
- Ombudsman referrals to FOS per £ million loans to customers: 0.006

B.4. Which? Customer satisfaction survey

Ranking: Best

C. Culture

C.1. Customer power

Ranking: Worst

Provider is an ordinary business limited by shares.

C.2. Excessive directors' remuneration

Ranking: Worst

Number of directors: 12

Executive directors: 0

Danske Bank's governance is organised with an Executive Board alongside but separate to the Directors' Board. Below figures apply to Executive board only (no Directors' Board member is remunerated by over £500,000).

Executive board members: 6

£500 - £1m: 2

Over £1m: 2

CEO Eivind Kolding. Entitled to remuneration of DKK 13.4m (£1.56m) in 2012 and paid DKK 11.8m (£1.4m). Salary DKK 11.8m (£1.37m), pension contribution zero, cash bonus DKK 1.2m (£0.14m), share bonus DKK 0.4m (£0.05m).

Head of Group Finance Henrik Ramlau-Hansen. Entitled to remuneration of DKK 8.7m in 2012 (£1m) and paid DKK 8.4m (£1m). Salary of DKK 6.9m (£0.8m), pension contribution DKK 1.1m (£0.1m), cash bonus DKK 0.5m (£0.1m), share bonus DKK 0.2m (£0.02m).

Chair of the board Ole Anderson received DKK 1.958m in 2012 (£0.23m) and DKK 1.205m in 2011 (£0.14m).

C.3. Bonuses Policy

Ranking: Best

- Executive: CEO Eivind Kolding
- Total bonuses: DKK 1.6m (= DKK 1.2m + DKK 0.4m)
- Base salary: DKK 11.8m
- Bonus as percentage of base salary: 13.6%

C.4. Women on the Board

Ranking: Best

- Number of directors: 13
- Number of women directors: 4
- Percentage of directors who are women: 31

D. Supporting the economy

2012 annual report pages 9, 110

D.1. Too big to fail

Ranking: Best

D.2. Risky Behaviour

Ranking: Worst

- Assets: £405,744.772m
- Derivatives: £47,614.616m
- Percentage derivatives/assets: 11.7%

D.3. Supports the real economy

Ranking: Worst

- Assets: £405,744.772m
- Net loans to customers: £194,932.484m
- Percentage loans/assets to customers: 48.0%

Darlington Building Society

A. Honesty

A.1. Criminal activity and fines

Ranking: Best

A.2. Tax Havens

Ranking: Best

A.3. Political Lobbying

Ranking: Best

A.4. Misleading Advertising

Ranking: Best

B. Culture

B.1. Customer complaints

Ranking: Best

B.2. Mis-selling

Ranking: Best

B.3. Ombudsman referrals

Ranking: Best

B.4. Which? Customer satisfaction survey

Ranking: Best

C. Culture

C.1. Customer power

Ranking: Best

Provider is fully mutual.

C.2. Excessive directors' remuneration

Ranking: Best

C.3. Bonuses Policy **2012 annual report page 36**

Ranking: Best

- Executive: David Dodd
- Total bonuses: £2,800
- Base salary: £142,127
- Bonus as percentage of base salary: 2%

C.4. Women on the Board

Ranking: Best

- Number of directors: 9
- Number of women directors: 4
- Percentage of directors who are women: 44%

D. Supporting the economy **2012 annual report pages 29, 33, 52**

D.1. Too big to fail

Ranking: Best

D.2. Risky Behaviour

Ranking: Best

- Assets: £511.242m
- Derivatives: £22.433m
- Percentage derivatives/assets: 4.4%

D.3. Supports the real economy

Ranking: Best

- Assets: £511.242m
- Net loans to customers: £389.467m
- Percentage loans/assets to customers: 76.2%

Dudley Building Society

A. Honesty

A.1. Criminal activity and fines

Ranking: Best

A.2. Tax Havens

Ranking: Best

A.3. Political Lobbying

Ranking: Best

A.4. Misleading Advertising

Ranking: Best

B. Culture

B.1. Customer complaints

Ranking: Best

B.2. Mis-selling

Ranking: Best

B.3. Ombudsman referrals

Ranking: Best

B.4. Which? Customer satisfaction survey

Ranking: Best

C. Culture

C.1. Customer power

Ranking: Best

Provider is fully mutual.

C.2. Excessive directors' remuneration

Ranking: Best

C.3. Bonuses Policy

Ranking: Best

- Executive: CEO Geoff Caves (has since resigned in 2012, current CEO is Jeremy Wood. Figures below are for Caves in 2011).
- Total bonuses: £300
- Base salary: £88,350
- Bonus as percentage of base salary: 0.3%

C.4. Women on the Board

Ranking: Middle

- Number of directors: 9
- Number of women directors: 1
- Percentage of directors who are women: 11%

D. Supporting the economy

2012 annual report pages 21, 35, 52 - 53

D.1. Too big to fail

Ranking: Best

D.2. Risky Behaviour

Ranking: Best

- Assets: £320.629m
- Derivatives: 0
- Percentage derivatives/assets: 0

D.3. Supports the real economy

Ranking: Best

- Assets: £320.629m
- Net loans to customers: £237.798m
- Percentage loans/assets to customers: 74.2%

Ecology Building Society

A. Honesty

A.1. Criminal activity and fines

Ranking: Best

A.2. Tax Havens

Ranking: Best

A.3. Political Lobbying

Ranking: Best

A.4. Misleading Advertising

Ranking: Best

B. Culture

B.1. Customer complaints

Ranking: Best

B.2. Mis-selling

Ranking: Best

B.3. Ombudsman referrals

Ranking: Best

B.4. Which? Customer satisfaction survey

Ranking: Best

C. Culture

C.1. Customer power

Ranking: Best

Provider is fully mutual.

C.2. Excessive directors' remuneration

Ranking: Best

C.3. Bonuses Policy

Ranking: Best

- Executive: Paul Ellis
- Total bonuses: £3,000
- Base salary: £72,000
- Bonus as percentage of base salary: 4.2%

C.4. Women on the Board

Ranking: Best

- Number of directors: 8
- Number of women directors: 2
- Percentage of directors who are women: 25%

D. Supporting the economy

2012 annual report page 22

D.1. Too big to fail

Ranking: Best

D.2. Risky Behaviour

Ranking: Best

- Assets: £109.731m
- Derivatives: 0
- Percentage derivatives/assets: 0

D.3. Supports the real economy

Ranking: Best

- Assets: £109.731m
- Net loans to customers: £77.339m
- Percentage loans/assets to customers: 70.5%

Furness Building Society

A. Honesty

A.1. Criminal activity and fines

Ranking: Best

A.2. Tax Havens

Ranking: Best

A.3. Political Lobbying

Ranking: Best

A.4. Misleading Advertising

Ranking: Best

B. Culture

B.1. Customer complaints

Ranking: Best

B.2. Mis-selling

Ranking: Best

B.3. Ombudsman referrals

Ranking: Best

B.4. Which? Customer satisfaction survey

Ranking: Best

C. Culture

C.1. Customer power

Ranking: Best

Provider is fully mutual.

C.2. Excessive directors' remuneration

Ranking: Best

C.3. Bonuses Policy **2012 annual report page 23**

Ranking: Best

- Executive: Nigel Quinton
- Total bonuses: £14,571
- Base salary: £153,375
- Bonus as percentage of base salary: 9.5%

C.4. Women on the Board

Ranking: Middle

- Number of directors: 11
- Number of women directors: 2
- Percentage of directors who are women: 18

D. Supporting the economy **2012 annual report pages 26, 42**

D.1. Too big to fail

Ranking: Best

D.2. Risky Behaviour

Ranking: Best

- Assets: £837.169m
- Derivatives: £0.825m
- Percentage derivatives/assets: 0.1%

D.3. Supports the real economy

Ranking: Best

- Assets: £837.169m
- Net loans to customers: £628.043m
- Percentage loans/assets to customers: 75%

Handelsbanken

A. Honesty

A.1. Criminal activity and fines 2012 annual report page 169

Ranking: Middle

Fines/settlements: £700,640

- Fined [SKK 3.5m \(£0.35m\) by Swedish Stock Exchange](#) for failing to control asset funds.
- Fined [SKR 3m \(c£300,000\)](#) by Stockholm Stock Exchange for early publishing of third quarter results in 2007.
- Fined NOK 400,000 (£46,300) for uncovered short selling in 2011 by Norway Crime Unit
- Fined [EUR 5,000 \(£4,340\)](#) by Finland Financial Supervisory Authority in 2010 for violation of mutual fund limits.

Legal Proceedings

Provision for civil actions SEK20m (£2m), group anticipates they will win action.

A.2. Tax Havens

Ranking: Middle

In July 2013 the Handelsbanken Annual Report 2012 was downloaded from the company's website, www.handelsbanken.se and its family tree was viewed on the Hoovers website, www.hoovers.com. Both contained information on the company's subsidiaries, a few of which were in territories Ethical Consumer considered to be tax havens at the time of writing.

According to Hoovers the company had three subsidiaries in Luxembourg, two of which were mentioned in the Annual Report and one of which was said to be a credit institution. 83 employees were said to be employed in Luxembourg, indicating that legitimate trading activity was taking place there. However, no information could be found on the other two subsidiaries, which were considered to be of medium risk of being used for tax avoidance purposes.

In its Annual Report the company was said to have branches and 32 employees in Hong Kong, though no subsidiaries were listed there. Hoovers listed one, which was considered to be of low risk of being used for tax avoidance purposes and therefore did not generate a

negative rating.

36 people were said to be employed in Singapore, though again no subsidiaries were listed there in the Annual Report. Hoovers listed one subsidiary there, which was also considered to be of low risk of being used for tax avoidance purposes.

According to the Annual Report, the company had one subsidiary in Delaware, about which no information was found. This was considered of medium risk of being used for tax avoidance purposes.

Overall the company scored Ethical Consumer's medium risk rating for tax avoidance.

A.3. Political Lobbying

Ranking: Middle

Membership of ICC lobby group (2011).

The website of the International Chamber of Commerce, www.iccwbo.org, viewed on December 2011, listed Svenska Handelsbanken as a member. According to the ICC, it had “direct access to national governments all over the world through its national committees”; “speaks for world business when governments take up such issues as intellectual property rights, transport policy, trade law or the environment”; “At UN summits on sustainable development, financing for development and the information society, ICC spearheads the business contribution.” Ethical Consumer noted that the activity of lobby groups such as the ICC often meant that business interests were protected at the expense of the environment and human rights.

A.4. Misleading Advertising

Ranking: Best

B. Culture

B.1. Customer complaints

Ranking: Best

B.2. Mis-selling

Ranking: Best

B.3. Ombudsman referrals

Ranking: Best

B.4. Which? Customer satisfaction survey

Ranking: Best

C. Culture

C.1. Customer power

Ranking: Worst

Provider is an ordinary business limited by shares.

C.2. Excessive directors' remuneration **2012 Annual report page 109**

Ranking: Worst

CEO Pär Boman on SEK 10.9m (£1.1m) salary plus SEK 0.4m (£0.04m) other salary benefits.

C.3. Bonuses Policy

Ranking: Best

No bonus or variable pay awards but takes part in Oktogonen staff profit sharing scheme, classed as a non-defined benefit plan and on the same terms as all other employees.

C.4. Women on the Board

Ranking: Middle

- Number of directors: 11
- Number of women directors: 2
- Percentage of directors who are women: 18

D. Supporting the economy **2012 annual report page 71**

D.1. Too big to fail

Ranking: Best

D.2. Risky Behaviour

Ranking: Best

- Assets: £238,332.107m
- Derivatives: £11,063.939m
- Percentage derivatives/assets: 4.6%

D.3. Supports the real economy

Ranking: Best

- Assets: £238,332.107m
- Net loans to customers: £167,728.609m
- Percentage loans/assets to customers: 70.4%

Hanley Economic Building Society

A. Honesty

A.1. Criminal activity and fines

Ranking: Best

A.2. Tax Havens

Ranking: Best

A.3. Political Lobbying

Ranking: Best

A.4. Misleading Advertising

Ranking: Best

B. Culture

B.1. Customer complaints

Ranking: Best

B.2. Mis-selling

Ranking: Best

B.3. Ombudsman referrals

Ranking: Best

B.4. Which? Customer satisfaction survey

Ranking: Best

C. Culture

C.1. Customer power

Ranking: Best

Organisation is fully mutual.

C.2. Excessive directors' remuneration

Ranking: Best

C.3. Bonuses Policy

Ranking: Best

- Executive: David Webster
- Total bonuses: 0
- Base salary: £163,000
- Bonus as percentage of base salary: 0%

C.4. Women on the Board

Ranking: Middle

- Number of directors: 7
- Number of women directors: 1
- Percentage of directors who are women: 14%

D. Supporting the economy

2012 annual report pages 22, 35, 38

D.1. Too big to fail

Ranking: Best

D.2. Risky Behaviour

Ranking: Best

- Assets: £331.089m
- Derivatives: 0
- Percentage derivatives/assets: 0%

D.3. Supports the real economy

Ranking: Best

- Assets: £331.089m
- Net loans to customers: £239.246m
- Percentage loans/assets to customers: 72.3%

Hinckley and Rugby Building Society

A. Honesty

A.1. Criminal activity and fines

Ranking: Best

A.2. Tax Havens

Ranking: Best

A.3. Political Lobbying

Ranking: Best

A.4. Misleading Advertising

Ranking: Best

B. Culture

B.1. Customer complaints

Ranking: Best

B.2. Mis-selling

Ranking: Best

B.3. Ombudsman referrals

Ranking: Best

B.4. Which? Customer satisfaction survey

Ranking: Best

C. Culture

C.1. Customer power

Ranking: Best

Organisation is fully mutual.

C.2. Excessive directors' remuneration

Ranking: Best

C.3. Bonuses Policy

Ranking: Best

- Executive: Christopher White
- Total bonuses: £3,000
- Base salary: £174,000
- Bonus as percentage of base salary: 1.7%

C.4. Women on the Board

Ranking: Worst

- Number of directors: 8
- Number of women directors: 0
- Percentage of directors who are women: 0

D. Supporting the economy

2012 annual report 2012

D.1. Too big to fail

Ranking: Best

D.2. Risky Behaviour

Ranking: Best

- Assets: £580.453m
- Derivatives: £0.064m
- Percentage derivatives/assets: 0.01%

D.3. Supports the real economy

Ranking: Best

- Assets: £580.453m
- Net loans to customers: £435.247m
- Percentage loans/assets to customers: 75%

HSBC

A. Honesty

A.1. Criminal activity and fines

Page numbers in this section refer to 2012 annual report unless otherwise indicated

Ranking: Worst

Fines/settlements: Fines/settlements: at least £1.33bn

- Fined \$1.921bn (£1.3bn) by US for non-compliance with American anti-money laundering and sanctions law Dec 2012 relating to money laundering Mexican drug cartel money and allowing funds to cross border with countries facing sanctions including Burma, Cuba and Libya.
- US regulators prohibit HSBC's American branch from engaging in any new types of activities without prior approval (page 133).
- July 2012 HSBC Mexico paid \$28m fine (£18.5m) to Mexican authorities in relation to violation of money laundering regulations (page 506).
- Fined [£10.5m in 2011](#) by FSA for selling inappropriate investment advice to the elderly.
- HSBC settled two claims in Irish High Court relating to Thema International Fund plc in Nov/Dec 2012 for undisclosed amount.
- Agreement with US regulators to pay \$96m into a fund for paying compensation to borrowers who were in foreclosure in 2009/10 (page 506).

PPI

- Cumulative PPI provisions since judicial review ruling in 2011 are \$2,397m, paid out \$957m so far. Expect total complaints to be 25% PPI sold. 78% uphold rate per claim (page 478-479).

Interest Rate Hedging Products

- \$598m provision for redress of mis-selling of interest rate derivatives in UK. \$272m redress payable, \$254m expected bank write off of open derivative contract balances, \$72m project costs (page 478-479).

Legal Proceedings

- \$506m provision for labour and overtime litigations by Brazilian employees after layoff (page 479).

- Class action by investors against Household International (now HSBC finance) re: misleading statements nearing conclusion, payout range \$1.37bn - \$2.17bn. HSBC appealing (page 506).

Bernie Madoff (page 506)

- HSBC sued in several actions relating to Bernie Madoff case, one settlement of \$52.5m - \$62.5m offered to one plaintiff before being rescinded after judge overturned case but plaintiff appealing.
- Madoff trustee suing HSBC and other banks for \$9bn damages and recoveries, case dismissed July 2011 but trustee appealing.
- Three Fairfield funds commencing suits in US Virgin Islands against shareholders including HSBC and others on grounds they made payments based on inflated values due to Madoff's fraud, no estimated figure.

US Mortgage Market (page 506)

- Sued by municipalities and tenants for taking over foreclosed properties, significant bad publicity in US, no figure given.
- Number of actions (including being sued by FHFA on behalf of Freddie Mac and Fannie Mae) for allegedly misleading mortgage backed securities, case dismissed but appeal pending.
- Subpoenaed by SEC relating to issuing of mortgage backed securities.

Investigations

- UK regulators investigating mis-selling of PPI and interest rate products for small businesses (page 133).
- Investigated in relation to Libor and Euribor scandals in US, EU and Asia but potential exposure to LIBOR and PPI fines/settlements not given (page 133).
- US authorities subpoenaed information on HSBC branches in Switzerland and India in relation to US based customers evading tax requirements and broker-dealer regulations (page 511).

A.2. Tax Havens

Ranking: Worst

The family tree for HSBC Holdings plc was downloaded from the Hoovers website, www.hoovers.com, in July 2013. This listed a number of subsidiaries in jurisdictions considered by Ethical Consumer to be tax havens at the time of writing, which were considered to be at high risk of being used for tax avoidance purposes. These included: four holding companies in Bermuda, one in the British Virgin Islands, four in the Cayman Islands, one in Gibraltar, four in Luxembourg, two in Malta and fifty in Singapore.

A.3. Political Lobbying

Ranking: Worst

Political donations (2011)

Ethical Consumer searched for information on the political activities of HSBC Holdings on the Open Secrets database, www.opensecrets.org, in January 2012. It was reported that the company had spent \$1,990,000 on lobbying in 2011.

Member of British Bankers' Association (July 2013)

In July 2013 Ethical Consumer viewed the British Bankers' Association (BBA) website, www.bba.org.uk, for its membership list. HSBC Banking Group was listed as a member. The BBA was a trade association for the UK banking and financial services sector and was considered by Ethical Consumer to have lobbied against effective banking regulation in the UK and the EU. In particular it had been opposed to an effective retail and investment banking split, which campaigners argued was essential to protect the economy from further banking collapses.

A.4. Misleading Advertising

Ranking: Worst

Adverts challenged: 1.

Upheld: 1.

Complaint: International Premier Account Service providing assistance setting up mortgage, credit card and bank account services was implied to extend to more countries than it in fact did. 03/09/08
(http://www.asa.org.uk/Rulings/Adjudications/2012/8/Clydesdale-Bank-plc/SHP_ADJ_198274.aspx)

B. Culture

B.1. Customer complaints

Ranking: Worst

- Complaints opened Jan 2010 – Dec 2012: 866,259
- Loans to customers: £660,306.711m
- Complaints to the FCA per £ million loans to customers: 1.31

B.2. Mis-selling

Ranking: Worst

- PPI referrals to FOS from Jan 2011 – Dec 2012: 37,850
- Loans to customers: £660,306.711m
- PPI referrals to FOS per £ million loans to customers: 0.057

B.3. Ombudsman referrals

Ranking: Middle

- Ombudsman referrals to FOS from Jan 2009 – Dec 2012: 65,913
- Loans to customers: £660,306.711m
- Ombudsman referrals to FOS per £ million loans to customers: 0.1

B.4. Which? Customer satisfaction survey

Ranking: Best

C. Culture

C.1. Customer power

Ranking: Worst

Provider is an ordinary business limited by shares.

C.2. Excessive directors' remuneration 2012 annual report page 361

Ranking: Worst

Number of Directors: 17

Executive Directors: 3 (Chief Executive Stuart Gulliver, Finance Director Iain MacKay. Chair of the Board Douglas Flint.)

£500k-£1m: 1

Over £1m: 5

Details: Group Chair Douglas Flint received £3.719m emoluments in 2012 (£3.402m in 2011) of which £1.5m salary, £750k allowances including cash for private pension arrangements, £105k company benefits and £1.364m prior years deferred annual incentive.

Chief Executive Stuart Gulliver received £8.898m emoluments in 2012 (£6.602m 2011) of

which £1.25 salary, £613k allowances (including pension arrangements), £607k benefits including Hong Kong accommodation, £5.648m released prior year's deferred annual incentive, £780k current year non-deferred annual incentive.

Finance Director Iain MacKay received £1.935m emoluments including £700k salary, £350k allowances (including pension arrangements), £71k benefits, £275k prior years deferred annual incentive £539k current year non-deferred annual incentive.

Sandy Flockhart stepped down as executive director 30 April 2012, remained throughout year as non-executive director (now seems to have left according to company website 17/07/13). Received £1.239m emoluments as executive director in 2012.

Non-executive director John Thornton (stepped down in May 2013, former head of remuneration committee) received £1.092m fees in 2012 (includes fees as chairman of HSBC North America Holdings Inc.). Non-executive director Laura Cha received £548k in 2012 (includes fees as Deputy Chairman[sic] of The Hongkong and Shanghai Banking Corporation).

Staff: Thirteen members of senior management paid over £1m (page 366 of report).

C.3. Bonuses Policy

2012 annual report page 361 emoluments table

Ranking: Worst

- Executive: Stuart Gulliver
- Total bonuses: £6,428,000 (£5,648,000 + £780,000)
- Base salary: £1,250,000
- Bonus as percentage of base salary: 514.2%

C.4. Women on the Board

Ranking: Middle

- Number of directors: 17
- Number of women directors: 4
- Percentage of directors who are women: 24

D. Supporting the economy

2012 annual report page 45

D.1. Too big to fail

Ranking: Worst

D.2. Risky Behaviour

Ranking: Worst

- Assets: £1,782,137.051m
- Derivatives: £660,306.711m
- Percentage derivatives/assets: 13.3%

D.3. Supports the real economy

Ranking: Worst

- Assets: £1,782,137.051m
- Net loans to customers: £660,306.711m
- Percentage loans/assets to customers: 37.1%

Ipswich Building Society

A. Honesty

A.1. Criminal activity and fines

Ranking: Best

A.2. Tax Havens

Ranking: Best

A.3. Political Lobbying

Ranking: Best

A.4. Misleading Advertising

Ranking: Best

B. Culture

B.1. Customer complaints

Ranking: Best

B.2. Mis-selling

Ranking: Best

B.3. Ombudsman referrals

Ranking: Best

B.4. Which? Customer satisfaction survey

Ranking: Best

C. Culture

C.1. Customer power

Ranking: Best

Provider is fully mutual.

C.2. Excessive directors' remuneration

Ranking: Best

C.3. Bonuses Policy

Ranking: Best

- Executive: Paul Winter
- Total bonuses: £37,000 (£20,000 + £10,000 + £7,000)
- Base salary: £140,000
- Bonus as percentage of base salary: 26.4%

C.4. Women on the Board

Ranking: Best

- Number of directors: 8
- Number of women directors: 2
- Percentage of directors who are women: 25

D. Supporting the economy

2012 annual report pages 21, 41

D.1. Too big to fail

Ranking: Best

D.2. Risky Behaviour

Ranking: Best

- Assets: £576.204m
- Derivatives: £0.236m
- Percentage derivatives/assets: 0.04%

D.3. Supports the real economy

Ranking: Best

- Assets: £576.204m
- Net loans to customers: £463.492m
- Percentage loans/assets to customers: 80.4%

Islamic Bank of Britain (Qatar International Islamic Bank)

A. Honesty

A.1. Criminal activity and fines 2012 governance report page 29

Ranking: Middle

Fines/settlements: £167,770

- Fined £151,000 (QAR 818,000) for non-compliance with Qatar Central Bank instructions over money laundering and terrorist financing.
- Fined £14,000 (QAR75700) by Qatar central bank for statement of account fines.
- Fined £2770 (QAR 15,000) by Qatar central bank for credit information centre violation.

A.2. Tax Havens

Ranking: Middle

In July 2013 the Qatar International Islamic Bank 2012 Annual Report was downloaded from the company's website, www.qiib.com.qa. This stated that the principal SPE (presumed to be Special Purpose Entity) of the bank was named QIIB Sukuk Funding Limited and incorporated in the Cayman Islands. US \$700 million was said to have been raised through a financing arrangement which was listed on the Irish stock exchange ("the Sukuk"). The document stated "the bank has transferred certain identified assets ("the Sukuk Assets") to QIIB Sukuk Funding Limited... an entity incorporated in the Cayman Islands, for that purpose."

Qatar International Islamic Bank received Ethical Consumer's middle rating for likely use of tax avoidance mechanisms.

A.3. Political Lobbying

Ranking: Best

A.4. Misleading Advertising

Ranking: Best

B. Culture

B.1. Customer complaints

Ranking: Best

B.2. Mis-selling

Ranking: Best

B.3. Ombudsman referrals

Ranking: Best

B.4. Which? Customer satisfaction survey

Ranking: Best

C. Culture

C.1. Customer power

Ranking: Worst

Provider is an ordinary business limited by shares.

C.2. Excessive directors' remuneration

Ranking: Worst

Director remuneration not disclosed so has been penalised for lack of transparency.

C.3. Bonuses Policy

Ranking: Worst

- Executive: Abdulbasit Ahmad Abdulrahman al-Shaibei.

Director remuneration not disclosed so has been penalised for lack of transparency.

C.4. Women on the Board

Ranking: Worst

- Number of directors: 9
- Number of women directors: 0
- Percentage of directors who are women: 0%

D. Supporting the economy

2012 annual report page 26

D.1. Too big to fail

Ranking: Best

D.2. Risky Behaviour

Ranking: Best

- Assets: £5,189.463m
- Derivatives: 0
- Percentage derivatives/assets: 0

D.3. Supports the real economy

Ranking: Middle

- Assets: £5,189.463m
- Net loans to customers: £2,666.614m
- Percentage loans/assets to customers: 51.4%

Kent Reliance Banking Services

A. Honesty

A.1. Criminal activity and fines

Ranking: Best

A.2. Tax Havens

Ranking: Best

A.3. Political Lobbying

Ranking: Best

A.4. Misleading Advertising

Ranking: Best

B. Culture

B.1. Customer complaints

Ranking: Best

B.2. Mis-selling

Ranking: Best

B.3. Ombudsman referrals

Ranking: Best

B.4. Which? Customer satisfaction survey

Ranking: Best

C. Culture

C.1. Customer power

Ranking: Middle

A search of Kent Reliance Provident Society Limited website, www.krps.com, by Ethical Consumer in July 2013, found that it was a mutual society. The company stated that it was owned and operated for its members and not for the benefit of external shareholders.

Kent Reliance Provident Society Limited owned 60% of the One Savings Bank with investment from OSB Holdco Limited.

C.2. Excessive directors' remuneration

Ranking: Best

C.3. Bonuses Policy

Ranking: Best

- Executive: Andy Golding
- Total bonuses: £115,000
- Base salary: £300,000
- Bonus as percentage of base salary: 38.3%

C.4. Women on the Board

Ranking: Worst

- Number of directors: 10
- Number of women directors: 1
- Percentage of directors who are women: 10

D. Supporting the economy

D.1. Too big to fail

Ranking: Best

D.2. Risky Behaviour

Ranking: Best

- Assets: £3,009.207m
- Derivatives: 0
- Percentage derivatives/assets: 0%

D.3. Supports the real economy

Ranking: Best

- Assets: £3,009.207m
- Net loans to customers: £2,196.05m
- Percentage loans/assets to customers: 73%

Leeds Building Society

A. Honesty

A.1. Criminal activity and fines

Ranking: Best

A.2. Tax Havens

Ranking: Best

A.3. Political Lobbying

Ranking: Best

A.4. Misleading Advertising

Ranking: Best

B. Culture

B.1. Customer complaints

Ranking: Best

B.2. Mis-selling

Ranking: Worst

- PPI referrals to FOS from Jan 2011 – Dec 2012: 464
- Loans to customers: £8,275.3m
- PPI referrals to FOS per £ million loans to customers: 0.056

B.3. Ombudsman referrals

Ranking: Middle

- Ombudsman referrals to FOS from Jan 2009 – Dec 2012: 539
- Loans to customers: £8,275.3m
- Ombudsman referrals to FOS per £ million loans to customers: 0.065

B.4. Which? Customer satisfaction survey

Ranking: Best

C. Culture

C.1. Customer power

Ranking: Best

Provider is fully mutual.

C.2. Excessive directors' remuneration 2012 annual report page 33

Ranking: Middle

Number of Directors: 13

Executive directors: 3 (CEO Peter Hill, Sales and Marketing Director Kim Rebecchi, Finance Director Robin Litten. Chair Robin Ashton (Robin Smith in 2012).

£500k - £1m: 1

Over £1m: 0

Details: Chief Executive Peter Hill received £581,000 emoluments in 2012 (£468k in 2011). Salary £310k, £200k performance related pay (40% of which will be paid in 2014-2016), £36k other pay (including cash contribution to pension), and £35k pension scheme contribution.

Sales and marketing director Kim Rebecchi £315k emoluments, Finance Director Robin Litten £479k emoluments.

Retired Chair Robin Smith received £126k fees in 2012 (£94k 2011).

C.3. Bonuses Policy 2012 annual report page 33

Ranking: Worst

- Executive: Peter Hill
- Total bonuses: £233,000 (£200,000 + £33,000)
- Base salary: £310,000

- Bonus as percentage of base salary: 75.2%

C.4. Women on the Board

Ranking: Middle

- Number of directors: 13
- Number of women directors: 3
- Percentage of directors who are women: 23

D. Supporting the economy **2012 annual report page 17**

D.1. Too big to fail

Ranking: Best

D.2. Risky Behaviour

Ranking: Best

- Assets: £10,315.9m
- Derivatives: £118.9m
- Percentage derivatives/assets: 1.2%

D.3. Supports the real economy

Ranking: Best

- Assets: £10,315.9m
- Net loans to customers: £8,275.3m
- Percentage loans/assets to customers: 80.2%

Leek United Building Society

A. Honesty

A.1. Criminal activity and fines

Ranking: Best

A.2. Tax Havens

Ranking: Best

A.3. Political Lobbying

Ranking: Best

A.4. Misleading Advertising

Ranking: Best

B. Culture

B.1. Customer complaints

Ranking: Best

B.2. Mis-selling

Ranking: Best

B.3. Ombudsman referrals

Ranking: Best

B.4. Which? Customer satisfaction survey

Ranking: Best

C. Culture

C.1. Customer power

Ranking: Best

Provider is fully mutual.

C.2. Excessive directors' remuneration

Ranking: Best

C.3. Bonuses Policy

Ranking: Best

- Executive: Kevin Wilson
- Total bonuses: 0
- Base salary: £175,000
- Bonus as percentage of base salary: 0%

C.4. Women on the Board

Ranking: Middle

- Number of directors: 9
- Number of women directors: 1
- Percentage of directors who are women: 11

D. Supporting the economy

2012 annual report pages 18, 32, 34

D.1. Too big to fail

Ranking: Best

D.2. Risky Behaviour

Ranking: Best

- Assets: £808.375m
- Derivatives: 0
- Percentage derivatives/assets: 0%

D.3. Supports the real economy

Ranking: Best

- Assets: £808.375m
- Net loans to customers: £620.026m
- Percentage loans/assets to customers: 76.7%

Lloyds

A. Honesty

A.1. Criminal activity and fines

Page numbers refer to 2012 annual report unless otherwise indicated

Ranking: Worst

Fines/settlements: £12m

- [£3.5m Bank of Scotland fine](#) for complaints failures (including £17m customer compensation).
- Bank of Scotland [£4.2m fine in 2012](#) for failure to keep accurate mortgage records.
- Fined [£4.315m in 2013](#) for failure to handle PPI complaints properly.

PPI

- Cumulative PPI redress £6,775m provision, £4,344m paid by Dec 2012 (page 278).

Interest Rate Hedging Products

- £400m for interest-rate hedging products mis-selling, £20m used by Dec 2012 (page 278).

Legal Proceedings

- £325m total provisions for claims against Clerical medical in Germany dating back to 1990s – early 2000s (page 278).
- Lloyds and two former directors sued alleging misinformation in HBOS deal, suit dismissed but plaintiff appealing (page 301).

Investigations

- £100m provision for FSA relating to undisclosed retail matter; £37m provision for insolvency of third party insurer exposed to asbestos and pollution claims in US (page 278).
- Appealing European Commission's 2007 ruling that Mastercard violated EU competition law, further investigations by Commission into Mastercard pending and OFT investigation on hold (page 301).
- under investigation for LIBOR violations, some private lawsuits launched, say they're co-operating with authorities (page 301).
- FSA investigating HBOS and Bank of Scotland, no financial penalty against Bank of Scotland but HBOS report forthcoming (page 301).

A.2. Tax Havens

Ranking: Worst

In July 2013 the Lloyds Banking Group Annual Return April 2013 was downloaded from the Companies House website, companieshouse.gov.uk. This indicated that Lloyds Banking Group had 155 subsidiaries in territories considered by Ethical Consumer to be tax havens at the time of writing, namely: the Bahamas, British Virgin Islands, Cayman Islands, Gibraltar, Guernsey, Hong Kong, Isle of Man, Jersey, Luxembourg, Malta, Singapore and Switzerland. The majority of these were 100% owned and number appeared to be company types that Ethical Consumer considered to be at high risk of being used for tax avoidance purposes, such as nominee companies, fund managers, insurance and trust companies and investment companies.

Lloyds Banking Group received Ethical Consumer's worst score for likely use of tax avoidance strategies.

Tax avoidance case brought by treasury (February 2009)

According to the article 'Lloyds faces accusations of tax avoidance', published on The Guardian website, www.guardian.co.uk, dated February 11th 2009, a case was brought against Lloyds by a department of the UK Treasury (HM Revenue & Customs) on the grounds of tax avoidance. Lloyds was accused of pouring hundreds of millions of pounds into transatlantic tax avoidance schemes in the form of loans to American financial institutions.

A.3. Political Lobbying

Ranking: Middle

Member of British Bankers' Association (July 2013)

In July 2013 Ethical Consumer viewed the British Bankers' Association (BBA) website, www.bba.org.uk, for its membership list. Cheltenham & Gloucester plc was listed as a member. The BBA was a trade association for the UK banking and financial services sector and was considered by Ethical Consumer to have lobbied against effective banking regulation in the UK and the EU. In particular it had been opposed to an effective retail and investment banking split, which campaigners argued was essential to protect the economy from further banking collapses.

A.4. Misleading Advertising

Ranking: Worst

Adverts challenged: 2

Upheld: 2

Complaint 1: A money manager service was advertised as available to customers before it was fully launched, meaning many customers could only register for the service in preparation for when it became available. 08/06/11 (http://www.asa.org.uk/Rulings/Adjudications/2011/6/Lloyds-TSB-Bank-plc/TF_ADJ_50630.aspx)

Complaint 2: The advert implied that a Personal Claims Consultant (PCC) would always be allocated to people making a claim under their Home Solutions insurance policy, when in fact allocation is at the discretion of the claims handler and based on criteria such as the value of the claim or whether the policyholder appeared to be distressed or vulnerable. At the time of the ruling only a small minority of Home Solutions claims had been assigned a PCC. 08/06/11 (http://www.asa.org.uk/Rulings/Adjudications/2011/6/Lloyds-TSB-General-Insurance-Ltd/TF_ADJ_50620.aspx)

B. Culture

B.1. Customer complaints

Ranking: Worst

- Complaints opened Jan 2010 – Dec 2012: 2,532,811
- Loans to customers: £517,225m
- Complaints to the FCA per £ million loans to customers: 4.9

B.2. Mis-selling

Ranking: Worst

- PPI referrals to FOS from Jan 2011 – Dec 2012: 146,557
- Loans to customers: £517,225m
- PPI referrals to FOS per £ million loans to customers: 0.283

B.3. Ombudsman referrals

Ranking: Worst

- Ombudsman referrals to FOS from Jan 2009 – Dec 2012: 259,229
- Loans to customers: £517,225m
- Ombudsman referrals to FOS per £ million loans to customers: 0.501

B.4. Which? Customer satisfaction survey

Ranking: Best

C. Culture

C.1. Customer power

Ranking: Worst

Provider is an ordinary business limited by shares.

C.2. Excessive directors' remuneration

Ranking: Worst

Number of Directors: 12

Executive Directors: 2 (CEO António Horta-Osório, Finance Director George Culmer. Chair Sir Winfried Bischoff).

£500k - £1m: 2

Over £1m: 2

Details: Chief Executive António Horta-Osório received £3.379m emoluments in 2012 (£1.765m 2011) including £1.061m salary, £549k pension allowance (amount paid in cash not explicitly given but Lloyds makes £18k contribution to pension scheme), £171k payment to compensate for leaving previous employer, £54k cash benefits and £59k non-cash benefits, £1.485m bonus (paid in shares and conditional on reaching 73.6p share price or Government selling 33% shareholdings at above 61p).

Finance Director George Culmer paid from 16 May 2012 and received £1.168m emoluments including £451k salary, £17k cash benefits and £700k bonus.

Chair director Sir Winfried Bischoff £715k emoluments including £700k salary, £12k other cash benefits, £3k non-cash benefits. Former executive director Truett Tate stepped down February 2012, received £627k emoluments.

C.3. Bonuses Policy

Ranking: Worst

- Executive: António Horta-Osório
- Total bonuses: £1,656,000 (£171,000 + £1,485,000)

- Base salary: £1,061,000
- Bonus as percentage of base salary: 156.1%

C.4. Women on the Board

Ranking: Best

- Number of directors: 12
- Number of women directors: 3
- Percentage of directors who are women: 25

D. Supporting the economy **2012 annual report page 208**

D.1. Too big to fail

Ranking: Worst

D.2. Risky Behaviour

Ranking: Middle

- Assets: £924,552m
- Derivatives: £56,550m
- Percentage derivatives/assets: 6.1%

D.3. Supports the real economy

Ranking: Middle

- Assets: £924,552m
- Net loans to customers: £517,225m
- Percentage loans/assets to customers: 55.9%

Loughborough Building Society

A. Honesty

A.1. Criminal activity and fines

Ranking: Best

A.2. Tax Havens

Ranking: Best

A.3. Political Lobbying

Ranking: Best

A.4. Misleading Advertising

Ranking: Best

B. Culture

B.1. Customer complaints

Ranking: Best

B.2. Mis-selling

Ranking: Best

B.3. Ombudsman referrals

Ranking: Best

B.4. Which? Customer satisfaction survey

Ranking: Best

C. Culture

C.1. Customer power

Ranking: Best

Provider is fully mutual.

C.2. Excessive directors' remuneration

Ranking: Best

C.3. Bonuses Policy **2012 annual report page 12**

Ranking: Best

- Executive: Gary Brebner
- Total bonuses: £30,000 (£12,000 + £18,000)
- Base salary: £130,000
- Bonus as percentage of base salary: 23.1%

C.4. Women on the Board

Ranking: Best

- Number of directors: 8
- Number of women directors: 2
- Percentage of directors who are women: 25

D. Supporting the economy **2012 annual report pages 16, 28, 30**

D.1. Too big to fail

Ranking: Best

D.2. Risky Behaviour

Ranking: Best

- Assets: £275.668m
- Derivatives: 0
- Percentage derivatives/assets: 0%

D.3. Supports the real economy

Ranking: Best

- Assets: £275.668m
- Net loans to customers: £203.851m
- Percentage loans/assets to customers: 73.9%

Manchester Building Society

A. Honesty

A.1. Criminal activity and fines

Ranking: Best

A.2. Tax Havens

Ranking: Best

A.3. Political Lobbying

Ranking: Best

A.4. Misleading Advertising

Ranking: Best

B. Culture

B.1. Customer complaints

Ranking: Best

B.2. Mis-selling

Ranking: Best

B.3. Ombudsman referrals

Ranking: Best

B.4. Which? Customer satisfaction survey

Ranking: Best

C. Culture

C.1. Customer power

Ranking: Best

Provider is fully mutual.

C.2. Excessive directors' remuneration

Ranking: Best

C.3. Bonuses Policy

Ranking: Best

- Executive: David Cowrie
- Total bonuses: 0
- Base salary: £194,000
- Bonus as percentage of base salary: 0%

C.4. Women on the Board

Ranking: Worst

- Number of directors: 10
- Number of women directors: 1
- Percentage of directors who are women: 10%

D. Supporting the economy

2012 annual report page 17

D.1. Too big to fail

Ranking: Best

D.2. Risky Behaviour

Ranking: Best

- Assets: £780.078m
- Derivatives: £1.097m
- Percentage derivatives/assets: 0.1%

D.3. Supports the real economy

Ranking: Best

- Assets: £780.078m
- Net loans to customers: £574.383m
- Percentage loans/assets to customers: 73.6%

Mansfield Building Society

A. Honesty

A.1. Criminal activity and fines

Ranking: Best

A.2. Tax Havens

Ranking: Best

A.3. Political Lobbying

Ranking: Best

A.4. Misleading Advertising

Ranking: Best

B. Culture

B.1. Customer complaints

Ranking: Best

B.2. Mis-selling

Ranking: Best

B.3. Ombudsman referrals

Ranking: Best

B.4. Which? Customer satisfaction survey

Ranking: Best

C. Culture

C.1. Customer power

Ranking: Best

Provider is fully mutual.

C.2. Excessive directors' remuneration

Ranking: Best

C.3. Bonuses Policy **2012 annual report page 12**

Ranking: Best

- Executive: Gev Lynott
- Total bonuses: 0
- Base salary: £112,000
- Bonus as percentage of base salary: 0%

C.4. Women on the Board

Ranking: Middle

- Number of directors: 8
- Number of women directors: 1
- Percentage of directors who are women: 13

D. Supporting the economy **2012 annual report pages 17, 30 - 35**

D.1. Too big to fail

Ranking: Best

D.2. Risky Behaviour

Ranking: Best

- Assets: £281.196m
- Derivatives: 0
- Percentage derivatives/assets: 0%

D.3. Supports the real economy

Ranking: Best

- Assets: £281.196m
- Net loans to customers: £211.385m
- Percentage loans/assets to customers: 75.02%

Market Harborough Building Society

A. Honesty

A.1. Criminal activity and fines

Ranking: Best

A.2. Tax Havens

Ranking: Best

A.3. Political Lobbying

Ranking: Best

A.4. Misleading Advertising

Ranking: Best

B. Culture

B.1. Customer complaints

Ranking: Best

B.2. Mis-selling

Ranking: Best

B.3. Ombudsman referrals

Ranking: Best

B.4. Which? Customer satisfaction survey

Ranking: Best

C. Culture

C.1. Customer power

Ranking: Best

Provider is fully mutual.

C.2. Excessive directors' remuneration

Ranking: Best

C.3. Bonuses Policy

Ranking: Best

- Executive: Mark Robinson
- Total bonuses: 0
- Base salary: £144,703
- Bonus as percentage of base salary: 0%

C.4. Women on the Board

Ranking: Best

- Number of directors: 8
- Number of women directors: 2
- Percentage of directors who are women: 25

D. Supporting the economy

2012 annual report page 23, 37 - 40

D.1. Too big to fail

Ranking: Best

D.2. Risky Behaviour

Ranking: Best

- Assets: £413.614m
- Derivatives: 0
- Percentage derivatives/assets: 0%

D.3. Supports the real economy

Ranking: Best

- Assets: £413.614m
- Net loans to customers: £315.948m
- Percentage loans/assets to customers: 76.4%

Marsden Building Society

A. Honesty

A.1. Criminal activity and fines

Ranking: Best

A.2. Tax Havens

Ranking: Best

A.3. Political Lobbying

Ranking: Best

A.4. Misleading Advertising

Ranking: Best

B. Culture

B.1. Customer complaints

Ranking: Best

B.2. Mis-selling

Ranking: Best

B.3. Ombudsman referrals

Ranking: Best

B.4. Which? Customer satisfaction survey

Ranking: Best

C. Culture

C.1. Customer power

Ranking: Best

Provider is fully mutual.

C.2. Excessive directors' remuneration

Ranking: Best

C.3. Bonuses Policy

Ranking: Best

- Executive: Rob Pheasey
- Total bonuses: £3,750
- Base salary: £118,534
- Bonus as percentage of base salary: 3.2%

C.4. Women on the Board

Ranking: Best

- Number of directors: 6
- Number of women directors: 2
- Percentage of directors who are women: 33%

D. Supporting the economy

2012 annual report pages 19, 30 - 32

D.1. Too big to fail

Ranking: Best

D.2. Risky Behaviour

Ranking: Best

- Assets: £333.786m
- Derivatives: 0
- Percentage derivatives/assets: 0

D.3. Supports the real economy

Ranking: Best

- Assets: £333.786m
- Net loans to customers: £247.201m
- Percentage loans/assets to customers: 74.1%

Melton Mowbray Building Society

A. Honesty

A.1. Criminal activity and fines

Ranking: Best

A.2. Tax Havens

Ranking: Best

A.3. Political Lobbying

Ranking: Best

A.4. Misleading Advertising

Ranking: Best

B. Culture

B.1. Customer complaints

Ranking: Best

B.2. Mis-selling

Ranking: Best

B.3. Ombudsman referrals

Ranking: Best

B.4. Which? Customer satisfaction survey

Ranking: Best

C. Culture

C.1. Customer power

Ranking: Best

Provider is fully mutual.

C.2. Excessive directors' remuneration

Ranking: Best

C.3. Bonuses Policy

Ranking: Best

- Executive: Martin Reason
- Total bonuses: £2,473
- Base salary: £127,967
- Bonus as percentage of base salary: 1.9%

C.4. Women on the Board

Ranking: Worst

- Number of directors: 7
- Number of women directors: 0
- Percentage of directors who are women: 0

D. Supporting the economy

2012 annual report pages 12, 3, 31

D.1. Too big to fail

Ranking: Best

D.2. Risky Behaviour

Ranking: Best

- Assets: £393.653m
- Derivatives: 0
- Percentage derivatives/assets: 0%

D.3. Supports the real economy

Ranking: Best

- Assets: £393.653m
- Net loans to customers: £288.51m
- Percentage loans/assets to customers: 73.3%

Metrobank

A. Honesty

A.1. Criminal activity and fines

Ranking: Best

A.2. Tax Havens

Ranking: Best

A.3. Political Lobbying

Ranking: Best

A.4. Misleading Advertising

Ranking: Best

B. Culture

B.1. Customer complaints

Ranking: Best

B.2. Mis-selling

Ranking: Best

B.3. Ombudsman referrals

Ranking: Best

B.4. Which? Customer satisfaction survey

Ranking: Best

C. Culture

C.1. Customer power

Ranking: Worst

Provider is an ordinary business limited by shares.

C.2. Excessive directors' remuneration

Ranking: Middle

Number of directors: 11

Executive Directors: Craig Donaldson CEO. Vernon Hill Chair. Michael Brierley Chief Financial Officer.

£500k - £1m: 1

Over £1m: None

Details: No annual report on website and directors' remuneration not disclosed. Accounts at Companies House show highest paid director receives £514k emoluments (£318k in 2011) plus 10k share based payment cost and 57k contributions to individual personal pension plan.

Directors' total emoluments, share based payment costs and contributions to personal pension plans are £1.874m (up £1.314m in 2011).

C.3. Bonuses Policy

Ranking: Worst

- Executive: Craig Donaldson
- Total bonuses: Not disclosed
- Base salary: Not disclosed
- Bonus as percentage of base salary: Not disclosed

No annual report on website as of July 2013 so therefore receives worst rating for lack of transparency.

C.4. Women on the Board

Ranking: Best

- Number of directors: 8
- Number of women directors: 3
- Percentage of directors who are women: 38

D. Supporting the economy

Evidenced from page 10 of 2012 accounts plus email correspondence.

D.1. Too big to fail

Ranking: Best

D.2. Risky Behaviour

Ranking: Best

- Assets: £771.151m
- Derivatives: £7m
- Percentage derivatives/assets: 0.9%

D.3. Supports the real economy

Ranking: Worst

- Assets: £771.151m
- Net loans to customers: 167.755m
- Percentage loans/assets to customers: 21.8%

Monmouthshire Building Society

A. Honesty

A.1. Criminal activity and fines

Ranking: Best

A.2. Tax Havens

Ranking: Best

A.3. Political Lobbying

Ranking: Best

A.4. Misleading Advertising

Ranking: Best

B. Culture

B.1. Customer complaints

Ranking: Best

B.2. Mis-selling

Ranking: Best

B.3. Ombudsman referrals

Ranking: Best

B.4. Which? Customer satisfaction survey

Ranking: Best

C. Culture

C.1. Customer power

Ranking: Best

Provider is fully mutual.

C.2. Excessive directors' remuneration

Ranking: Best

C.3. Bonuses Policy

Ranking: Best

- Executive: Andrew Curtis
- Total bonuses: £23,000
- Base salary: £165,000
- Bonus as percentage of base salary: 13.9%

C.4. Women on the Board

Ranking: Worst

- Number of directors: 9
- Number of women directors: 0
- Percentage of directors who are women: 0

D. Supporting the economy

2012 annual report pages 18, 21, 29

D.1. Too big to fail

Ranking: Best

D.2. Risky Behaviour

Ranking: Best

- Assets: £818.65m
- Derivatives: 0
- Percentage derivatives/assets: 0%

D.3. Supports the real economy

Ranking: Best

- Assets: £818.65m
- Net loans to customers: £612.959m
- Percentage loans/assets to customers: 74.9%

National Counties Building Society

A. Honesty

A.1. Criminal activity and fines

Ranking: Best

A.2. Tax Havens

Ranking: Best

A.3. Political Lobbying

Ranking: Best

A.4. Misleading Advertising

Ranking: Best

B. Culture

B.1. Customer complaints

Ranking: Best

B.2. Mis-selling

Ranking: Best

B.3. Ombudsman referrals

Ranking: Best

B.4. Which? Customer satisfaction survey

Ranking: Best

C. Culture

C.1. Customer power

Ranking: Best

Provider is fully mutual.

C.2. Excessive directors' remuneration

Ranking: Best

C.3. Bonuses Policy

Ranking: Best

- Executive: Mark Bogard
- Total bonuses: 0
- Base salary: £137,000
- Bonus as percentage of base salary: 0%

C.4. Women on the Board

Ranking: Middle

- Number of directors: 7
- Number of women directors: 1
- Percentage of directors who are women: 14

D. Supporting the economy

2012 annual report pages 19, 40

D.1. Too big to fail

Ranking: Best

D.2. Risky Behaviour

Ranking: Best

- Assets: £1,321.539m
- Derivatives: £7.065m
- Percentage derivatives/assets: 0.5%

D.3. Supports the real economy

Ranking: Best

- Assets: £1,321.539m
- Net loans to customers: £938.496m
- Percentage loans/assets to customers: 71%

Nationwide

A. Honesty

A.1. Criminal activity and fines

Source in hyperlink

Ranking: Middle

Fines/settlements: £0.98m

- Fined [£0.98m in 2007](#) for information security lapses.

A.2. Tax Havens

Ranking: Best

Likely to be facilitating tax avoidance.

In July 2013 the Nationwide Annual Report and Accounts 2013 were downloaded from the company's website, www.nationwide.co.uk. These stated that the company had one subsidiary in the Isle of Man, which was considered by Ethical Consumer to be a tax haven at the writing. Nationwide International Limited was said to be an “offshore deposit taker”, which suggested that it was likely to be used to facilitate other organisations or individuals to avoid tax.

A.3. Political Lobbying

Ranking: Middle

Member of British Bankers' Association (July 2013)

In July 2013 Ethical Consumer viewed the British Bankers' Association (BBA) website, www.bba.org.uk, for its membership list. Nationwide Building Society was listed as a member. The BBA was a trade association for the UK banking and financial services sector and was considered by Ethical Consumer to have lobbied against effective banking regulation in the UK and the EU. In particular it had been opposed to an effective retail and investment banking split, which campaigners argued was essential to protect the economy from further banking collapses.

A.4. Misleading Advertising

Ranking: Best

B. Culture

B.1. Customer complaints

Ranking: Worst

- Complaints opened Jan 2010 – Dec 2012: 321,304
- Loans to customers: £159,587m
- Complaints to the FCA per £ million loans to customers: 2.01

B.2. Mis-selling

Ranking: Worst

- PPI referrals to FOS from Jan 2011 – Dec 2012: 15,920
- Loans to customers: £159,587m
- PPI referrals to FOS per £ million loans to customers: 0.1

B.3. Ombudsman referrals

Ranking: Middle

- Ombudsman referrals to FOS from Jan 2009 – Dec 2012: 24,435
- Loans to customers: £159,587m
- Ombudsman referrals to FOS per £ million loans to customers: 0.153

B.4. Which? Customer satisfaction survey

Ranking: Best

C. Culture

C.1. Customer power

Ranking: Best

Provider is fully mutual.

C.2. Excessive directors' remuneration

Ranking: Worst

Number of directors: 11

Executive Directors: 4 (CEO Graham Beale, Chief Operating Officer Tony Prestledge, Finance Director Mark Rennison, Retail Director Chris Rhodes. Chair Geoffrey Howe).

£500k - £1m: 0

Over £1m: 5

Details: Chief Executive Graham Beale pay package £2.258m in 2013 (£2.251m 2012) including £875k salary, £127k benefits, £330k pension allowance, £400k annual performance pay and £576k medium term performance pay.

Group chief operating officer Tony Prestledge pay package £1.178m in 2013 (£1.178m in 2012) including £470k salary, £46k benefits, £155k pension allowance, £233k annual performance pay and £274k medium term performance pay.

Finance Director Mark Rennison pay package £1.448m in 2013 (unchanged 2012) including £560k salary, £122k benefits, £185k pension allowance, £250k annual performance pay, £331k Medium Term Performance Pay.

Retail Director Chris Rhodes pay package £1.145m in 2013 (unchanged 2012) including £470k salary, £36k benefits, £155k pension allowance, £210k annual performance pay, £274k medium term performance pay.

Distribution director Matthew Wyles stepped down in 2013, £470k pay package but £1.373m contractual settlement bringing remuneration up to £1.843m.

Chair Geoffrey Howe £300k group fees (unchanged 2012).

C.3. Bonuses Policy

Ranking: Worst

- Executive: Graham Beale
- Total bonuses: £976,000
- Base salary: £825,000
- Bonus as percentage of base salary: 118.3%

C.4. Women on the Board

Ranking: Middle

- Number of directors: 11
- Number of women directors: 2
- Percentage of directors who are women: 18%

D. Supporting the economy

2013 annual report page 133

D.1. Too big to fail

Ranking: Best

D.2. Risky Behaviour

Ranking: Best

- Assets: £190,718m
- Derivatives: £4,212m
- Percentage derivatives/assets: 2.2%

D.3. Supports the real economy

Ranking: Best

- Assets: £190,718m
- Net loans to customers: £159,587m
- Percentage loans/assets to customers: 83.7%

Newbury Building Society

A. Honesty

A.1. Criminal activity and fines

Ranking: Best

A.2. Tax Havens

Ranking: Best

A.3. Political Lobbying

Ranking: Best

A.4. Misleading Advertising

Ranking: Best

B. Culture

B.1. Customer complaints

Ranking: Best

B.2. Mis-selling

Ranking: Best

B.3. Ombudsman referrals

Ranking: Best

B.4. Which? Customer satisfaction survey

Ranking: Best

C. Culture

C.1. Customer power

Ranking: Best

Provider is fully mutual.

C.2. Excessive directors' remuneration

Ranking: Best

C.3. Bonuses Policy 2012 annual report page 26

Ranking: Best

- Executive: Roland Gardner
- Total bonuses: £28,560
- Base salary: £150,240
- Bonus as percentage of base salary: 19%

C.4. Women on the Board

Ranking: Worst

- Number of directors: 9
- Number of women directors: 0
- Percentage of directors who are women: 0

D. Supporting the economy

D.1. Too big to fail

Ranking: Best

D.2. Risky Behaviour

Ranking: Best

- Assets: £731.36m
- Derivatives: 0
- Percentage derivatives/assets: 0

D.3. Supports the real economy

Ranking: Best

- Assets: £731.36m
- Net loans to customers: £563.868m
- Percentage loans/assets to customers: 77.1%

Newcastle Building Society

A. Honesty

A.1. Criminal activity and fines

Ranking: Best

A.2. Tax Havens

Ranking: Best

A.3. Political Lobbying

Ranking: Best

A.4. Misleading Advertising

Ranking: Best

B. Culture

B.1. Customer complaints

Ranking: Worst

- Complaints opened Jan 2010 – Dec 2012: 7806
- Loans to customers: £2,727.6m
- Complaints to the FCA per £ million loans to customers: 2.86

B.2. Mis-selling

Ranking: Worst

- PPI referrals to FOS from Jan 2011 – Dec 2012: 321
- Loans to customers: £2,727.6m
- PPI referrals to FOS per £ million loans to customers: 0.118

B.3. Ombudsman referrals

Ranking: Worst

- Ombudsman referrals to FOS from Jan 2009 – Dec 2012: 498
- Loans to customers: £2,727.6m
- Ombudsman referrals to FOS per £ million loans to customers: 0.183

B.4. Which? Customer satisfaction survey

Ranking: Best

C. Culture

C.1. Customer power

Ranking: Best

Provider is fully mutual.

C.2. Excessive directors' remuneration

Ranking: Best

C.3. Bonuses Policy

Ranking: Best

- Executive: Jim Willens
- Total bonuses: 0
- Base salary: £260,000
- Bonus as percentage of base salary: 0

C.4. Women on the Board

Ranking: Best

- Number of directors: 10
- Number of women directors: 3
- Percentage of directors who are women: 30%

D. Supporting the economy

2012 annual report page 30

D.1. Too big to fail

Ranking: Best

D.2. Risky Behaviour

Ranking: Best

- Assets: £4,040.1m
- Derivatives: £38.1m
- Percentage derivatives/assets: 0.9%

D.3. Supports the real economy

Ranking: Middle

- Assets: £4,040.1m
- Net loans to customers: £2,727.6m
- Percentage loans/assets to customers: 67.5%

Nottingham Building Society

A. Honesty

A.1. Criminal activity and fines

Ranking: Best

A.2. Tax Havens

Ranking: Best

A.3. Political Lobbying

Ranking: Best

A.4. Misleading Advertising

Ranking: Best

B. Culture

B.1. Customer complaints

Ranking: Middle

- Complaints opened Jan 2010 – Dec 2012: 649
- Loans to customers: £2,129.9m
- Complaints to the FCA per £ million loans to customers: 0.3

B.2. Mis-selling

Ranking: Best

B.3. Ombudsman referrals

Ranking: Best

B.4. Which? Customer satisfaction survey

Ranking: Best

C. Culture

C.1. Customer power

Ranking: Best

Provider is fully mutual.

C.2. Excessive directors' remuneration

Ranking: Best

C.3. Bonuses Policy

Ranking: Worst

- Executive: David Marlow
- Total bonuses: £107,000 (£31,000 + £76,000)
- Base salary: £196,000
- Bonus as percentage of base salary: 54.6%

C.4. Women on the Board

Ranking: Middle

- Number of directors: 10
- Number of women directors: 2
- Percentage of directors who are women: 20%

D. Supporting the economy

2012 annual report page 36

D.1. Too big to fail

Ranking: Best

D.2. Risky Behaviour

Ranking: Best

- Assets: £2,731.9m
- Derivatives: £23.2m
- Percentage derivatives/assets: 0.8%

D.3. Supports the real economy

Ranking: Best

- Assets: £2,731.9m
- Net loans to customers: £2,129.9m
- Percentage loans/assets to customers: 78%

Principality Building Society

A. Honesty

A.1. Criminal activity and fines

Ranking: Best

A.2. Tax Havens

Ranking: Best

A.3. Political Lobbying

Ranking: Best

A.4. Misleading Advertising

Ranking: Best

B. Culture

B.1. Customer complaints

Ranking: Middle

- Complaints opened Jan 2010 – Dec 2012: 2,076
- Loans to customers: £5,591.7m
- Complaints to the FCA per £ million loans to customers: 0.37

B.2. Mis-selling

Ranking: Middle

- PPI referrals to FOS from Jan 2011 – Dec 2012: 55
- Loans to customers: £5,591.7m
- PPI referrals to FOS per £ million loans to customers: 0.01

B.3. Ombudsman referrals

Ranking: Middle

- Ombudsman referrals to FOS from Jan 2009 – Dec 2012: 289
- Loans to customers: £5.591.7m
- Ombudsman referrals to FOS per £ million loans to customers: 0.052

B.4. Which? Customer satisfaction survey

Ranking: Best

C. Culture

C.1. Customer power

Ranking: Best

Provider is fully mutual.

C.2. Excessive directors' remuneration

Ranking: Best

C.3. Bonuses Policy 2012 annual report page 33

Ranking: Best

- Executive: Graeme Yorston
- Total bonuses: £109,000
- Base salary: £231,000
- Bonus as percentage of base salary: 47.2%

C.4. Women on the Board

Ranking: Best

- Number of directors: 10
- Number of women directors: 3
- Percentage of directors who are women: 30%

D. Supporting the economy 2012 annual report page 39

D.1. Too big to fail

Ranking: Best

D.2. Risky Behaviour

Ranking: Best

- Assets: £6,784.3m
- Derivatives: £43.6m
- Percentage derivatives/assets: 0.6%

D.3. Supports the real economy

Ranking: Best

- Assets: £6,784.3m
- Net loans to customers: £5,591.7m
- Percentage loans/assets to customers: 82.4%

Progressive Building Society

A. Honesty

A.1. Criminal activity and fines

Ranking: Best

A.2. Tax Havens

Ranking: Best

A.3. Political Lobbying

Ranking: Best

A.4. Misleading Advertising

Ranking: Best

B. Culture

B.1. Customer complaints

Ranking: Best

B.2. Mis-selling

Ranking: Best

B.3. Ombudsman referrals

Ranking: Best

B.4. Which? Customer satisfaction survey

Ranking: Best

C. Culture

C.1. Customer power

Ranking: Best

Provider is fully mutual.

C.2. Excessive directors' remuneration

Ranking: Best

C.3. Bonuses Policy

Ranking: Best

- Executive: Darina Arsmstrong
- Total bonuses: 0
- Base salary: £153,000
- Bonus as percentage of base salary: 0%

C.4. Women on the Board

Ranking: Best

- Number of directors: 8
- Number of women directors: 2
- Percentage of directors who are women: 25%

D. Supporting the economy

2012 annual report pages 31, 49 - 52

D.1. Too big to fail

Ranking: Best

D.2. Risky Behaviour

Ranking: Best

- Assets: £1,628.432m
- Derivatives: 0
- Percentage derivatives/assets: 0%

D.3. Supports the real economy

Ranking: Best

- Assets: £1,628.432m
- Net loans to customers: £1,306.965m
- Percentage loans/assets to customers: 80.3%

RBS

A. Honesty

A.1. Criminal activity and fines 2012 annual report page 455-461

Ranking: Worst

Fines/settlements: £482m (pending court approval).

- February 2013 [£381m LIBOR fine](#) paid to FSA, DOJ and CFTC and ongoing investigations in EU, Canada and Japan (page 455)
- Subsidiary Ulster Bank [fined €2m](#) (£1.7m) over capital breaches by Irish Central Bank in 2012
- Fined [£5.6m for UK sanctions](#) control failings
- Fined [£2.8m poor complaints handling](#) in 2011
- Settlement of \$137.5m for excessive overdraft charges in US from 2002-2010 (pending final approval by Florida courts).

PPI

- £2.2bn cumulative PPI mis-selling by Dec 2012, £1.3bn payout;
- £175m provision for redress to customers after IT failure.

Interest Rate Hedging Products

- Estimated £700m liability for mis-selling hedging products to SMEs.

Legal Proceedings

- Sued by Madoff trustees in 3 lawsuits in New York bankruptcy court (\$75.8m and \$162.1m in August 2012, \$21.8m in Oct 2011 respectively).
- \$11.25bn settlement for US mortgage backed securities lawsuit in Feb 2013 (RBS not the only defendant so the amount they paid may differ).
-

Investigations

- Under investigation by FSA in relation to Mastercard.
- OFT investigating anti-competition practices in motor insurance market (may affect Direct Line).
- Subsidiaries M&IB N.A. and RBS Citizens may have to repurchase loans relating to

- mortgage-backed securities worth \$141.9m and \$606m respectively.
- SEC investigating sub prime mortgages but has communicated to RBS that they don't expect to take action.

A.2. Tax Havens

Ranking: Worst

In July 2013 a Royal Bank of Scotland family tree was downloaded from the Hoovers website, www.hoovers.com. This listed a number of subsidiaries in territories considered by Ethical Consumer to be tax havens at the writing. Ethical Consumer considered that there was a risk that such companies were used for tax avoidance.

- **High risk:** One holding company in Bermuda, five in the Cayman Islands, one in Singapore and two in Luxembourg. Two investment companies in Luxembourg.
- **Medium risk:** Business services company in Luxembourg; security brokers and management services company in Switzerland.
- **Low risk (likely to be performing commercial function for other entity):** Bank branches and agencies in Cayman Islands, Luxembourg, Hong Kong, Singapore and Switzerland. Insurance agent in Switzerland.

A.3. Political Lobbying

Ranking: Worst

Political donations (2011)

Ethical Consumer searched for information on the political activities of the Royal Bank of Scotland on the Open Secrets database, www.opensecrets.org, in January 2012. It was reported that the company had spent \$710,000 on lobbying in 2011.

Member of British Bankers' Association (July 2013)

In July 2013 Ethical Consumer viewed the British Bankers' Association (BBA) website, www.bba.org.uk, for its membership list. Royal Bank of Scotland Group plc was listed as a member. The BBA was a trade association for the UK banking and financial services sector and was considered by Ethical Consumer to have lobbied against effective banking regulation in the UK and the EU. In particular it had been opposed to an effective retail and investment banking split, which campaigners argued was essential to protect the economy from further banking collapses.

A.4. Misleading Advertising

Ranking: Worst

Adverts challenged: 2

Upheld: 2

Complaint 1 and 2: Two adverts for Royal Bank and Scotland and NatWest respectively made the same claim that RBS would continue to provide banking services if they were the last bank in the area. Complaints from the Campaign for Community Banking Services the adverts were upheld as NatWest had closed the last remaining branch in a town in Yorkshire and in another area had closed a branch and replaced it with a reduced mobile banking service. 15/02/12 (http://www.asa.org.uk/Rulings/Adjudications/2012/2/Royal-Bank-of-Scotland-Group-plc/SHP_ADJ_164050.aspx)

Complaint 3: A NatWest customer complained that the bank had passed her contact details to other organisations in the RBS group despite her requesting she be opted out of marketing when she opened the account and requesting that she be unsubscribed from their marketing database. ASA accepted RBS's explanation that two unrelated technical errors had occurred which had prevented the customer from being opted out and unsubscribed but the ASA ruled that the bank had broken the Committee of Advertising Practice Code as consumers are entitled to have their personal information suppressed. 12/09/12 (http://www.asa.org.uk/Rulings/Adjudications/2012/9/The-Royal-Bank-of-Scotland-plc/SHP_ADJ_196197.aspx)

B. Culture

B.1. Customer complaints

Ranking: Worst

- Complaints opened Jan 2010 – Dec 2012: 1,861,826
- Loans to customers: £500,135m
- Complaints to the FCA per £ million loans to customers: 3.72

B.2. Mis-selling

Ranking: Worst

- PPI referrals to FOS from Jan 2011 – Dec 2012: 27,014
- Loans to customers: £500,135m
- PPI referrals to FOS per £ million loans to customers: 0.054

B.3. Ombudsman referrals

Ranking: Worst

- Ombudsman referrals to FOS from Jan 2009 – Dec 2012: 75,712
- Loans to customers: £500,135m

- Ombudsman referrals to FOS per £ million loans to customers: 0.151

B.4. Which? Customer satisfaction survey

Ranking: Worst

C. Culture

C.1. Customer power

Ranking: Worst

Provider is an ordinary business limited by shares.

C.2. Excessive directors' remuneration 2012 annual report page 341 - 342

Ranking: Worst

Number of Directors: 12

Executive Directors: 2 (CEO Stephen Hester, Finance Director Bruce Van Shaun. Chair Sir Philip Hampton.)

£500k - £1m: 1

Over £1m: 2

Stephen Hester remuneration £1.646m in 2012 (£1.646m in 2011). Salary £1.2m, benefits £26k, £420k pension, waived bonus, 2012 LTIP deferred until 2016.

Bruce Van Shaun remuneration £2.272m in 2012 (£2.119m in 2011). Salary £750k, benefits £134k, pension £408k, bonus £980k (awarded in shares).

Philip Hampton received £750k director fees (£750k in 2011).

Staff: Remuneration of eight highest paid senior executives given but no names. Three have remuneration over £1m (£3.785m, £2.175m, £1.49m), five £500k - £1m (£928k, £892k, £775k, £744k, £650k).

C.3. Bonuses Policy 2012 annual report page 341

Ranking: Worst

- Executive: Stephen Hester
- Total bonuses: £1,620,000
- Base salary: £1,200,000
- Bonus as percentage of base salary: 135%

C.4. Women on the Board

Ranking: Best

- Number of directors: 12
- Number of women directors: 4
- Percentage of directors who are women: 33

D. Supporting the economy **2012 annual report page 97**

D.1. Too big to fail

Ranking: Worst

D.2. Risky Behaviour

Ranking: Worst

- Assets: £1,312,295m
- Derivatives: £441,903m
- Percentage derivatives/assets: 33.7%

D.3. Supports the real economy

Ranking: Worst

- Assets: £1,312,295m
- Net loans to customers: £500,135m
- Percentage loans/assets to customers: 38.1%

Reliance (Salvation Army)

A. Honesty

A.1. Criminal activity and fines

Ranking: Best

A.2. Tax Havens

Ranking: Best

A.3. Political Lobbying

Ranking: Best

A.4. Misleading Advertising

Ranking: Best

B. Culture

B.1. Customer complaints

Ranking: Best

B.2. Mis-selling

Ranking: Best

B.3. Ombudsman referrals

Ranking: Best

B.4. Which? Customer satisfaction survey

Ranking: Best

C. Culture

C.1. Customer power

Ranking: Worst.

C.2. Excessive directors' remuneration

Ranking: Best

C.3. Bonuses Policy

Ranking: Best

- Executive: Trevor Smith
- Total bonuses: £4,314
- Base salary: £391,660
- Bonus as percentage of base salary: 1.1%

C.4. Women on the Board

Ranking: Worst

- Number of directors: 11
- Number of women directors: 1
- Percentage of directors who are women: 9%

D. Supporting the economy

D.1. Too big to fail

Ranking: Best

D.2. Risky Behaviour

Ranking: Best

- Assets: £206.279m
- Derivatives: 0
- Percentage derivatives/assets: 0%

D.3. Supports the real economy

Ranking: Worst

- Assets: £206.279m
- Net loans to customers: £50.666m

- Percentage loans/assets to customers: 24.6%

Saffron Building Society

A. Honesty

A.1. Criminal activity and fines

Ranking: Best

A.2. Tax Havens

Ranking: Best

A.3. Political Lobbying

Ranking: Best

A.4. Misleading Advertising

Ranking: Best

B. Culture

B.1. Customer complaints

Ranking: Best

B.2. Mis-selling

Ranking: Best

B.3. Ombudsman referrals

Ranking: Best

B.4. Which? Customer satisfaction survey

Ranking: Best

C. Culture

C.1. Customer power

Ranking: Best

Provider is fully mutual.

C.2. Excessive directors' remuneration

Ranking: Best

C.3. Bonuses Policy

Ranking: Best

- Executive: Jon Hall
- Total bonuses: £25,000
- Base salary: £175,000
- Bonus as percentage of base salary: 14.3%

C.4. Women on the Board

Ranking: Middle

- Number of directors: 7
- Number of women directors: 1
- Percentage of directors who are women: 14%

D. Supporting the economy

D.1. Too big to fail

Ranking: Best

D.2. Risky Behaviour

Ranking: Best

- Assets: £1,207.52m
- Derivatives: 0
- Percentage derivatives/assets: 0%

D.3. Supports the real economy

Ranking: Middle

- Assets: £1,207.52m
- Net loans to customers: £835.288m
- Percentage loans/assets to customers: 69.2%

Sainsbury's

A. Honesty

A.1. Criminal activity and fines

Ranking: Best

A.2. Tax Havens

Ranking: Worst

In July 2013 the J Sainsbury plc was downloaded from the Companies House website, www.companieshouse.co.uk. This listed a number of subsidiaries in jurisdictions considered by Ethical Consumer to be tax havens at the time of writing, which were considered to be at risk of being used for tax avoidance purposes. Three were in the Cayman Islands, two in Jersey, one in the Isle of Man, two in Hong Kong and one in Guernsey. The Cayman Islands subsidiaries, one of which was a funding and one an investment company appeared to be of particularly high risk of being used for tax avoidance purposes. J Sainsbury plc received Ethical Consumer's worst ranking for likely use of tax avoidance strategies.

A.3. Political Lobbying

Ranking: Middle

Member of British Bankers' Association (July 2013)

In July 2013 Ethical Consumer viewed the British Bankers' Association (BBA) website, www.bba.org.uk, for its membership list. Sainsbury's Bank plc was listed as a member. The BBA was a trade association for the UK banking and financial services sector and was considered by Ethical Consumer to have lobbied against effective banking regulation in the UK and the EU. In particular it had been opposed to an effective retail and investment banking split, which campaigners argued was essential to protect the economy from further banking collapses.

A.4. Misleading Advertising

Ranking: Best

B. Culture

B.1. Customer complaints

Ranking: Best

B.2. Mis-selling

Ranking: Middle

- PPI referrals to FOS from Jan 2011 – Dec 2012: 9
- Loans to customers: £2,386.1m
- PPI referrals to FOS per £ million loans to customers: 0.004

B.3. Ombudsman referrals

Ranking: Worst

- Ombudsman referrals to FOS from Jan 2009 – Dec 2012: 670
- Loans to customers: £2,386.1m
- Ombudsman referrals to FOS per £ million loans to customers: 0.281

B.4. Which? Customer satisfaction survey

Ranking: Best

C. Culture

C.1. Customer power

Ranking: Worst

Provider is an ordinary business limited by shares.

C.2. Excessive directors' remuneration

Annual report 2012 page 63

Ranking: Worst

Number of directors: 10

Executive directors: 3 (Chief Executive Justin King, Financial Officer John Rodgers, Commercial Director Mike Coup. Chair David Tylor.)

£500k - £1m: 0

Over £1m: 3

Details: Justin King £2.637m remuneration in 2012 (£2.655m in 2011). Salary £920k, bonus £514k, pension supplement £276k, benefits £30k, deferred share award £897k.

John Rodgers: £1.16m remuneration in 2012 (£800k in 2011). Salary £484k, bonus £219k, pension supplement £89k, benefits £17k, deferred share award £397k.

Mike Coup: £1.358m remuneration in 2012 (£1.282m in 2011). Salary £565k, bonus £238k, pension supplement £141k, benefits £17k, deferred share award £397k.

David Tylor: £460k fees (£451k in 2011).

C.3. Bonuses Policy

Ranking: Worst

- Executive: Justin King
- Total bonuses: £1,411,000 (£514,000 + £897,000)
- Base salary: £920,000
- Bonus as percentage of base salary: 153.4%

C.4. Women on the Board

Ranking: Middle

- Number of directors: 10
- Number of women directors: 2
- Percentage of directors who are women: 20%

D. Supporting the economy

2012 annual report page 14

D.1. Too big to fail

Ranking: Best

D.2. Risky Behaviour

Ranking: Best

- Assets: £4,504.6m
- Derivatives: 0
- Percentage derivatives/assets: 0%

D.3. Supports the real economy

Ranking: Middle

- Assets: £4,504.6m
- Net loans to customers: £2,386.1m
- Percentage loans/assets to customers: 53%

Scottish Building Society

A. Honesty

A.1. Criminal activity and fines

Ranking: Best

A.2. Tax Havens

Ranking: Best

A.3. Political Lobbying

Ranking: Best

A.4. Misleading Advertising

Ranking: Best

B. Culture

B.1. Customer complaints

Ranking: Best

B.2. Mis-selling

Ranking: Best

B.3. Ombudsman referrals

Ranking: Best

B.4. Which? Customer satisfaction survey

Ranking: Best

C. Culture

C.1. Customer power

Ranking: Best

Provider is fully mutual.

C.2. Excessive directors' remuneration

Ranking: Best

C.3. Bonuses Policy

Ranking: Best

- Executive: Gerry Kay (stepped down June 2013 and replaced by Mark Thomsen)
- Total bonuses: £17,095
- Base salary: £101,800
- Bonus as percentage of base salary: 16.8%

C.4. Women on the Board

Ranking: Best

- Number of directors: 8
- Number of women directors: 2
- Percentage of directors who are women: 25%

D. Supporting the economy

D.1. Too big to fail

Ranking: Best

D.2. Risky Behaviour

Ranking: Best

- Assets: £387.795m
- Derivatives: 0
- Percentage derivatives/assets: 0%

D.3. Supports the real economy

Ranking: Best

- Assets: £387.795m
- Net loans to customers: £276.662m
- Percentage loans/assets to customers: 71.3%

Skipton Building Society

A. Honesty

A.1. Criminal activity and fines

Ranking: Best

A.2. Tax Havens

Ranking: Best

Likely to be facilitating tax avoidance (July 2013)

In July 2013 the Skipton Building Society Annual Report and Accounts 2012 were downloaded from the company's website, www.skipton.co.uk. These stated that the company had one subsidiary in Guernsey, which was considered by Ethical Consumer to be a tax haven at the writing. Skipton International Limited was said to be an “offshore deposit taker and lender”, which suggested that it was likely to be used to facilitate other organisations or individuals to avoid tax.

A.3. Political Lobbying

Ranking: Best

A.4. Misleading Advertising

Ranking: Best

B. Culture

B.1. Customer complaints

Ranking: Middle

- Complaints opened Jan 2010 – Dec 2012: 7,441
- Loans to customers: £10,593.5m
- Complaints to the FCA per £ million loans to customers: 0.7

B.2. Mis-selling

Ranking: Worst

- PPI referrals to FOS from Jan 2011 – Dec 2012: 631
- Loans to customers: £10,593.5m
- PPI referrals to FOS per £ million loans to customers: 0.06

B.3. Ombudsman referrals

Ranking: Middle

- Ombudsman referrals to FOS from Jan 2009 – Dec 2012: 1,030
- Loans to customers: £10,593.5m
- Ombudsman referrals to FOS per £ million loans to customers: 0.097

B.4. Which? Customer satisfaction survey

Ranking: Best

C. Culture

C.1. Customer power

Ranking: Best

Provider is fully mutual.

C.2. Excessive directors' remuneration

Ranking: Middle

Number of Directors: 11

Executive Directors: 4 (CEO David Cutter, Commercial Director Ian Cornelius, Distribution Director Mark Fleet, Finance Director Richard Twigg. Chair Mike Ellis)

£500k - £1m: 1

Over £1m: 0

Details: David Cutter £623k in 2012 (£428k in 2011, main difference bonus of £53k that year). Salary £352k, bonus £181k (£72k deferred), £16k benefits (company car and private medical insurance contributions), £4k increase in accrued pension, £70k pension scheme contributions.

Ian Cornelius £202k in 2012 (appointed 11 June 2012). Salary paid in 2012 from that date £123k, bonus £62k, £7k benefits, £10k pension scheme contributions.

Mark Fleet £348k in 2012 (appointed 6 December 2011). Salary £230k, bonus £110k, benefits £26k, pension £18k.

Richard Twigg £472k in 2012 (£364k in 2011, main difference bonus of £28k that year). Salary £275k, bonus £126k, benefits £12k, £4k increase in accrued pension, £55k pension scheme contributions.

Mike Ellis fees £155k (£94k in 2011).

C.3. Bonuses Policy

Ranking: Worst

- Executive: David Cutter
- Total bonuses: £181,000
- Base salary: £352,000
- Bonus as percentage of base salary: 51.4%

C.4. Women on the Board

Ranking:

- Number of directors: 11
- Number of women directors: 1
- Percentage of directors who are women: 9%

D. Supporting the economy

2012 annual report page 48

D.1. Too big to fail

Ranking: Best

D.2. Risky Behaviour

Ranking: Best

- Assets: £13,760.2m
- Derivatives: £202.7m
- Percentage derivatives/assets: 1.5%

D.3. Supports the real economy

Ranking: Best

- Assets: £13,760.2m
- Net loans to customers: £10,593.5m
- Percentage loans/assets to customers: 77%

Tesco Bank

A. Honesty

A.1. Criminal activity and fines

Ranking: Best

A.2. Tax Havens

Ranking: Worst

The family tree for Tesco plc was downloaded from the Hoovers website, www.hoovers.com, in July 2013. This listed a number of subsidiaries in jurisdictions considered by Ethical Consumer to be tax havens at the time of writing, which were considered to be at risk of being used for tax avoidance purposes.

- **High risk:** Nine holding companies in the Cayman Islands and four in Luxembourg.
- **Medium risk:** A business services company in Jersey,
- **Low risk:** a nondurable goods company in Hong Kong; a radio, television, and electronic stores company in Switzerland; a book store in Jersey and an insurance agents in Guernsey.
- Tesco plc received Ethical Consumer's worst rating for likely use of tax avoidance strategies.

Tax avoidance plan (15 January 2009)

On 15th January 2009, the New York Review of Books published an article written by the then editor of the Guardian, Alan Rusbridger. The article was an attempt to explain the recent libel battle with Tesco over an article that the Guardian had published. The article also explored some of the pitfalls of UK libel law.

It was stated that, on 4th April 2008, the Guardian was sued by Tesco in relation to an article the newspaper had published which alleged that the company had been avoiding paying large amounts of corporation tax. The Guardian subsequently admitted that some of the facts of the article had been wrong and printed an apology. It was later discovered that the information that had led the Guardian to believe that the company was avoiding a large amount corporation tax, actually related to the company avoiding a smaller amount of Stamp Duty Land Tax. However, it was said that Private Eye then discovered information that the company was using certain methods to avoid corporation tax, one of which had subsequently been outlawed by the government. Tesco was said to have originally stated that the Guardian's claim that it was avoiding corporation tax was a "devastating attack on [the company's] integrity and ethics". The article also provided some information about the company's use of the following tax havens:

- Caymen Islands
- Jersey
- Luxembourg

Rusbridger stated that the Guardian had, on 16th May that year, made an offer of amends to the company. This legal tool had recently been introduced by Parliament “as a means of settling defamation cases quickly and with minimum cost”. Tesco did not readily decline or accept. According to the article, the judge in the case found against Tesco on all counts, and ordered the company to state whether or not it would “walk through the open door provided by the offer of amends.”

It was stated that the company was also involved in similar litigation relating to its operations in Thailand, where the defendant, a Thai MP, faced the possibility of two years in jail. It was said that copies of the Guardian's apology were given out to those involved in the trial. Thailand was on Ethical Consumer's list of oppressive regimes at the time of writing.

The article also made the point that, at the time, the global financial crisis meant that it would be an apt point at which to scrutinise organisation's financial dealings more carefully, and that libel actions of this nature made this less likely. Rusbridger went on to outline the pitfalls of UK libel law, where the burden of proof is on the defendant, and the pitfalls of producing journalism on these subjects, where the only way to protect the publisher was to employ a prohibitively expensive amount of expert advice beforehand.

A.3. Political Lobbying

Ranking: Worst

Member of British Bankers' Association (July 2013)

In July 2013 Ethical Consumer viewed the British Bankers' Association (BBA) website, www.bba.org.uk, for its membership list. Tesco Personal Finance Ltd was listed as a member. The BBA was a trade association for the UK banking and financial services sector and was considered by Ethical Consumer to have lobbied against effective banking regulation in the UK and the EU. In particular it had been opposed to an effective retail and investment banking split, which campaigners argued was essential to protect the economy from further banking collapses. (ref: 8)

Political donations to Labour and Conservative (November 2012)

According to the Electoral Commission website, <https://pefonline.electoralcommission.org.uk>, viewed by Ethical Consumer in January 2013, Tesco plc had made a number of donations to UK political parties between 2002 and 2012. These included £10,000.00 to the Conservative and Unionist Party and £12,000 to the Labour Party, both on the same day, 21st November 2012.

A.4. Misleading Advertising

Ranking: Best

B. Culture

B.1. Customer complaints

Ranking: Worst

- Complaints opened Jan 2010 – Dec 2012: 122,511
- Loans to customers: £5,570.371m
- Complaints to the FCA per £ million loans to customers: 21.99

B.2. Mis-selling

Ranking: Worst

- PPI referrals to FOS from Jan 2011 – Dec 2012: 4,448
- Loans to customers: £5,570.371m
- PPI referrals to FOS per £ million loans to customers: 0.799

B.3. Ombudsman referrals

Ranking: Worst

- Ombudsman referrals to FOS from Jan 2009 – Dec 2012: 6,962
- Loans to customers: £5,570.371m
- Ombudsman referrals to FOS per £ million loans to customers: 1.25

B.4. Which? Customer satisfaction survey

Ranking: Worst

C. Culture

C.1. Customer power

Ranking: Worst

Provider is an ordinary business limited by shares.

C.2. Excessive directors' remuneration

2012 Tesco plc annual report page 80

Ranking: Worst

Number of Directors: 15

Executive Directors: 5 (CEO Philip Clarke, Deputy Group CEO Tim Mason, CEO Retail Services Andrew Higginson, Chief Financial Officer Laurie Mcllwee, Executive Director (Corporate and Legal Affairs) Lucy Neville-Rolfe. Chair Sir Richard Broadbent.)

£500k - £1m: 3

Over £1m: 5

Details: Philip Clarke £1.155m in 2011/12 (£2.26m 2010/11). Salary £1.093m, benefits £62k.

Tim Mason £1.634m in 2011/12 (£3.094m in 2010/11). Salary £845k, benefits £559k (including share incentives and net £282k expatriate allowance), £230k bonus (£115 cash, £115 shares).

Andrew Higginson: £1.149m in 2011/12 (£2.287m in 2010/11). Salary £845k, benefits £74k, bonus £230k (£115k cash £115k shares).

Laurie Mcllwee: £1.137m in 2011/12 (£2.206m in 2010/11). Salary £845k, benefits £62k, bonus £230k (£115k cash £115k shares).

Lucy Neville-Rolfe: £895k in 2011/12 (£1.756 in 2010/11). Salary £640k, benefits £81k, bonus £174k (£87k cash £87k shares).

Richard Broadbent: Annual fee £625k.

Richard Brasher (former CEO of Tesco UK, forced out in March 2012): £1.138m in 2011/12 (£2.262m in 2010/11). Salary £845k, benefits £63k, bonus £230k (£115k cash £115k shares).

David Potts (Asia chief, resigned 7 Dec 2012 but paid until 30 June 2012): £788k in 2011/12 (£2.308m in 2010/11).

Sir David Reid (former chair, resigned 30 November 2011): £553k 2011/12 (£693k 2010/11). £501k salary £52k benefits.

C.3. Bonuses Policy

2012 Tesco plc annual report page 80

Ranking: Worst

- Executive: Philip Clarke
- Total bonuses: £2,393,917 (752,331 x £3.182)
- Base salary: £1,093,000
- Bonus as percentage of base salary: 219%

Philip Clarke awarded no bonus in 2012 due to poor performance. However awarded 752,331 share options worth 407.19p per share on 11/07/11 as part of Long Term Incentive Plan (shares worth 318.2p at time of report publication – see page 81 for price, page 83 for LTIP share options).

C.4. Women on the Board

Ranking: Best

- Number of directors: 15
- Number of women directors: 4
- Percentage of directors who are women: 27

D. Supporting the economy

2012 Tesco Bank annual report pages 7, 51

D.1. Too big to fail

Ranking: Best

D.2. Risky Behaviour

Ranking: Best

- Assets: £8,431.252m
- Derivatives: £65.118m
- Percentage derivatives/assets: 0.8%

D.3. Supports the real economy

Ranking: Middle

- Assets: £8,431.252m
- Net loans to customers: £5,570.371m
- Percentage loans/assets to customers: 66.1%

The Co-operative Bank

A. Honesty

A.1. Criminal activity and fines 2012 annual report page 108-109

Ranking: Middle

Fines/settlements: £113,300

- Fined [£113,300](#) for delay over customer PPI complaints in 2013.

PPI:

- £116m PPI provision, total raised = £244m (page 108).

A.2. Tax Havens

Ranking: Best

A.3. Political Lobbying

Ranking: Worst

Donations to the Co-operative Party (November 2012)

According to the Electoral Commission website, <https://pefonline.electoralcommission.org.uk>, viewed by Ethical Consumer in January 2013, The Co-operative Group made regular donations to The Co-operative Party. The most recent at the time of writing was £281,285.00 on 12th November 2012. It had also previously donated to the Labour Party, however, the most recent of these donations was 16th December 2009. It was noted that the Co-operative Party was linked to the Labour Party, described as its 'sister party' on the organisation's website.

Member of British Bankers' Society (July 2013)

In July 2013 Ethical Consumer viewed the British Bankers' Association (BBA) website, www.bba.org.uk, for its membership list. Britannia Building Society was listed as a member. The BBA was a trade association for the UK banking and financial services sector and was considered by Ethical Consumer to have lobbied against effective banking regulation in the UK and the EU. In particular it had been opposed to an effective retail and investment banking split, which campaigners argued was essential to protect the economy from further banking collapses.

A.4. Misleading Advertising

Ranking: Best

B. Culture

B.1. Customer complaints

Ranking: Middle

- Complaints opened Jan 2010 – Dec 2012: 2,555
- Loans to customers: £33,406m
- Complaints to the FCA per £ million loans to customers: 0.08

B.2. Mis-selling

Ranking: Worst

- PPI referrals to FOS from Jan 2011 – Dec 2012: 2,555
- Loans to customers: £33,406m
- PPI referrals to FOS per £ million loans to customers: 0.076

B.3. Ombudsman referrals

Ranking: Middle

- Ombudsman referrals to FOS from Jan 2009 – Dec 2012: 10,028
- Loans to customers: £33,406m
- Ombudsman referrals to FOS per £ million loans to customers: 0.3

B.4. Which? Customer satisfaction survey

Ranking: Best

C. Culture

C.1. Customer power

Ranking: Middle

According to the Co-operative Group website, co-operative.coop, searched in August 2012, "Because we're owned by our members, we give you the chance to have a say in how the business is run." The Bank is however a PLC with all the shares owned by the Co-operative Group. Individuals can however become members of the Co-operative Group.

C.2. Excessive directors' remuneration

Annual report 2012 page 46 – figures apply to Co-operative Banking Group Board

Ranking: Worst

Number of directors: 13

Executive directors: 3 (Group CEO Peter Marks, Banking group CEO Barry Tootell, Group Deputy Chief Executive Martyn Wates. Banking Group Chair Paul Flowers, Group Chair Len Wardle also sits on board.)

£500k - £1m: 2

Over £1m: 1

Details: Group CEO Peter Marks emoluments £1.332m in 2012 (£1.661m in 2011). Salary £1.014m, benefits (including cash pension allowance) £172k, £43k benefits in kind (life insurance, car cover and healthcare cover), £103k long term performance bonus.

Barry Tootell emoluments £595k in 2012 (£510k in 2011). Salary £522k, benefits £72k, benefits in kind £1k.

Martyn Wates emoluments £970k (£968k in 2011). Salary £591k, benefits £104k, performance bonus £197k, benefits in kind £19k, long term performance related bonus £970k.

Paul Flowers: £132k remuneration in 2012 (£128k in 2011).

Len Wardle: £145k in 2012 (£139k in 2011).

The Co-operative Group
Annual report 2012 page 49

Ranking: Best

Number of directors: 20

Executive directors: 0 (governance structure separates board of directors from management executive).

£500k - £1m: 0

Over £1m: 0

C.3. Bonuses Policy

Ranking: Best

- Executive: Peter Marks
- Total bonuses: £275,000 (£103,000 + £172,000)
- Base salary: £1,014,000
- Bonus as percentage of base salary: 27.1%

C.4. Women on the Board

Ranking: Middle

- Number of directors: 13
- Number of women directors: 2
- Percentage of directors who are women: 15%

D. Supporting the economy

D.1. Too big to fail

Ranking: Best

D.2. Risky Behaviour

Ranking: Best

- Assets: £81,999m
- Derivatives: £819m
- Percentage derivatives/assets: 1%

D.3. Supports the real economy

Ranking: Worst

- Assets: £81,999m
- Net loans to customers: £33,406m
- Percentage loans/assets to customers: 40.7%

Tipton & Coseley Building Society

A. Honesty

A.1. Criminal activity and fines

Ranking: Best

A.2. Tax Havens

Ranking: Best

A.3. Political Lobbying

Ranking: Best

A.4. Misleading Advertising

Ranking: Best

B. Culture

B.1. Customer complaints

Ranking: Best

B.2. Mis-selling

Ranking: Best

B.3. Ombudsman referrals

Ranking: Best

B.4. Which? Customer satisfaction survey

Ranking: Best

C. Culture

C.1. Customer power

Ranking: Best

Provider is fully mutual.

C.2. Excessive directors' remuneration

Ranking: Best

C.3. Bonuses Policy

Ranking: Best

- Executive: Christopher Martin
- Total bonuses: £9,000
- Base salary: £129,000
- Bonus as percentage of base salary: 7%

C.4. Women on the Board

Ranking: Middle

- Number of directors: 9
- Number of women directors: 2
- Percentage of directors who are women: 22%

D. Supporting the economy

2012 annual report pages 33, 32

D.1. Too big to fail

Ranking: Best

D.2. Risky Behaviour

Ranking: Best

- Assets: £371.492m
- Derivatives: 0
- Percentage derivatives/assets: 0%

D.3. Supports the real economy

Ranking: Best

- Assets: £371,492m
- Net loans to customers: £281.256m
- Percentage loans/assets to customers: 75.7%

Triodos Bank

A. Honesty

A.1. Criminal activity and fines

Ranking: Best

A.2. Tax Havens

Ranking: Best

A.3. Political Lobbying

Ranking: Middle

Member of British Bankers' Association (July 2013)

In July 2013 Ethical Consumer viewed the British Bankers' Association (BBA) website, www.bba.org.uk, for its membership list. Triodos Bank NV was listed as a member. The BBA was a trade association for the UK banking and financial services sector and was considered by Ethical Consumer to have lobbied against effective banking regulation in the UK and the EU. In particular it had been opposed to an effective retail and investment banking split, which campaigners argued was essential to protect the economy from further banking collapses.

A.4. Misleading Advertising

Ranking: Best

B. Culture

B.1. Customer complaints

Ranking: Best

B.2. Mis-selling

Ranking: Best

B.3. Ombudsman referrals

Ranking: Best

B.4. Which? Customer satisfaction survey

Ranking: Best

C. Culture

C.1. Customer power

Ranking: Worst

C.2. Excessive directors' remuneration

Ranking: Best

C.3. Bonuses Policy 2012 annual report page 79

Ranking: Best

- Executive: Peter Blom
- Total bonuses: 0
- Base salary: £272,000
- Bonus as percentage of base salary: 0%

C.4. Women on the Board

Ranking: Best

- Number of directors: 6
- Number of women directors: 2
- Percentage of directors who are women: 33%

NB. No traditional board of directors – has executive board with two statutory directors + one senior manager, and a seven-strong supervisory board. All shares held in trust by SAAT (Foundation for the Administration of Triodos Bank Sahres) – 6 trustees, none of whom are members of the other two boards. Have treated SAAT as board of directors equivalent.

D. Supporting the economy

D.1. Too big to fail

Ranking: Best

D.2. Risky Behaviour

Ranking: Best

- Assets: £4,592.275m
- Derivatives: £0.396m
- Percentage derivatives/assets: 0%

D.3. Supports the real economy

Ranking: Middle

- Assets: £4,592.275m
- Net loans to customers: £2,851.56m
- Percentage loans/assets to customers: 62.1%

Virgin Personal Finance

A. Honesty

A.1. Criminal activity and fines

Ranking: Best

A.2. Tax Havens

Ranking: Worst

The family tree for Virgin Group Holdings Limited was viewed on the Hoovers website, www.hoovers.com, in July 2013. This stated that the company's headquarters were in the British Virgin Islands, a jurisdiction considered by Ethical Consumer to be a tax haven at the time of writing. A number of other subsidiaries were considered to be of risk of being used for tax avoidance purposes.

- **High risk:** Four holding companies based the British Virgin Islands and two in Singapore; a patent owner and lessor and a management investment company based in Switzerland.
- **Low risk** (likely to be performing commercial function for other entity): A hotels and motels company in Switzerland; a motor vehicles and car bodies company in Luxembourg; a hotel and motels company and a passenger transportation arrangement company in the British Virgin Islands.

Virgin Group Holdings Limited received Ethical Consumer's worst rating for likely use of tax avoidance strategies.

A.3. Political Lobbying

Ranking: Middle

Member of British Bankers' Association (July 2013)

In July 2013 Ethical Consumer viewed the British Bankers' Association (BBA) website, www.bba.org.uk, for its membership list. Virgin Money was listed as a member. The BBA was a trade association for the UK banking and financial services sector and was considered by Ethical Consumer to have lobbied against effective banking regulation in the UK and the EU. In particular it had been opposed to an effective retail and investment banking split, which campaigners argued was essential to protect the economy from further banking collapses.

A.4. Misleading Advertising

Ranking: Best

B. Culture

B.1. Customer complaints

Ranking: Middle

- Complaints opened Jan 2010 – Dec 2012: 9,983
- Loans to customers: £16,761.1m
- Complaints to the FCA per £ million loans to customers: 0.6

B.2. Mis-selling

Ranking: Middle

- PPI referrals to FOS from Jan 2011 – Dec 2012: 9
- Loans to customers: £16,761.1m
- PPI referrals to FOS per £ million loans to customers: 0.001

B.3. Ombudsman referrals

Ranking: Middle

- Ombudsman referrals to FOS from Jan 2009 – Dec 2012: 1468
- Loans to customers: £16,761.1m
- Ombudsman referrals to FOS per £ million loans to customers: 0.088

B.4. Which? Customer satisfaction survey

Ranking: Best

C. Culture

C.1. Customer power

Ranking: Worst

Provider is an ordinary business limited by shares.

C.2. Excessive directors' remuneration

Ranking: Middle (but very non-transparent – full director breakdown not given)

Number of directors: 8

Executive directors: 2 (CEO Jayne-Anne Gadhia, Financial Officer Finlay Williamson. Chair Sir David Clemanti.)

£500k - £1m: 1

Over £1m: None

Details: full breakdown not given. Highest paid director receives remuneration of £0.8m.

C.3. Bonuses Policy

Ranking: Worst

Remuneration breakdown of senior executives not disclosed so penalised for non-transparency.

C.4. Women on the Board

Ranking: Middle

- Number of directors: 8
- Number of women directors: 1
- Percentage of directors who are women: 13%

D. Supporting the economy

Virgin Money 2012 annual report

D.1. Too big to fail

Ranking: Best

D.2. Risky Behaviour

Ranking: Best

- Assets: £21,831.4m
- Derivatives: £161m
- Percentage derivatives/assets: 0.7%

D.3. Supports the real economy

Ranking: Best

- Assets: £21,831.4m
- Net loans to customers: £16,761.1m
- Percentage loans/assets to customers: 76.8%

West Bromwich Building Society

A. Honesty

A.1. Criminal activity and fines

Ranking: Best

A.2. Tax Havens

Ranking: Middle

In July 2013 the West Bromwich Building Society Report and Accounts 2013 were downloaded from the company's website, www.westbrom.co.uk. These stated that the company had two subsidiaries in Jersey, which were said to be securitisation entities. Jersey was considered by Ethical Consumer to be a tax haven at the writing and the company received Ethical Consumer's middle ranking for likely use of tax avoidance strategies.

A.3. Political Lobbying

Ranking: Best

A.4. Misleading Advertising

Ranking: Best

B. Culture

B.1. Customer complaints

Ranking: Worst

- Complaints opened Jan 2010 – Dec 2012: 6,316
- Loans to customers: £5,373.6m
- Complaints to the FCA per £ million loans to customers: 1.18

B.2. Mis-selling

Ranking: Worst

- PPI referrals to FOS from Jan 2011 – Dec 2012: 231

- Loans to customers: £5,373.6m
- PPI referrals to FOS per £ million loans to customers: 0.043

B.3. Ombudsman referrals

Ranking: Middle

- Ombudsman referrals to FOS from Jan 2009 – Dec 2012: 353
- Loans to customers: £5,373.6m
- Ombudsman referrals to FOS per £ million loans to customers: 0.066

B.4. Which? Customer satisfaction survey

Ranking: Best

C. Culture

C.1. Customer power

Ranking: Best

Provider is fully mutual.

C.2. Excessive directors' remuneration

Ranking: Best

C.3. Bonuses Policy 2012 annual report page 31

Ranking: Best

- Executive: Jonathan Westhoff
- Total bonuses: £77,000
- Base salary: £316,000
- Bonus as percentage of base salary: 24.4%

C.4. Women on the Board

Ranking:

- Number of directors: 10
- Number of women directors: 1

- Percentage of directors who are women: 10%

D. Supporting the economy

2012 annual report page 36

D.1. Too big to fail

Ranking: Best

D.2. Risky Behaviour

Ranking: Best

- Assets: £7,417m
- Derivatives: £64.5m
- Percentage derivatives/assets: 0.9%

D.3. Supports the real economy

Ranking: Best

- Assets: £7,417m
- Net loans to customers: £5,373.6m
- Percentage loans/assets to customers: 72.4%

Yorkshire Building Society

A. Honesty

A.1. Criminal activity and fines 2012 annual report page 105

Ranking: Worst

Fines/settlements: £1.4m

- Norwich and Peterborough [fined £1.4m in 2011](#) for mis-selling investment advice.

Mis-selling (page 105 annual report):

- £47m provision for redress for financial advice mis-selling (not including PPI) by Chelsea and Norwich and Peterborough Building Societies prior to 2010 and 2011 mergers respectively.
- £14m PPI claim provision, £12m is down to Norwich and Peterborough.

A.2. Tax Havens

Ranking: Best

A.3. Political Lobbying

Ranking: Middle

In July 2013 Ethical Consumer viewed the British Bankers' Association (BBA) website, www.bba.org.uk, for its membership list. Egg Plc was listed as a member. The BBA was a trade association for the UK banking and financial services sector and was considered by Ethical Consumer to have lobbied against effective banking regulation in the UK and the EU. In particular it had been opposed to an effective retail and investment banking split, which campaigners argued was essential to protect the economy from further banking collapses.

A.4. Misleading Advertising

Ranking: Best

B. Culture

B.1. Customer complaints

Ranking: Worst

- Complaints opened Jan 2010 – Dec 2012: 40,001
- Loans to customers: £27,572.4m
- Complaints to the FCA per £ million loans to customers: 1.45

B.2. Mis-selling

Ranking: Worst

- PPI referrals to FOS from Jan 2011 – Dec 2012: 2,438
- Loans to customers: £27,572.4m
- PPI referrals to FOS per £ million loans to customers: 0.088

B.3. Ombudsman referrals

Ranking: Worst

- Ombudsman referrals to FOS from Jan 2009 – Dec 2012: 4,243
- Loans to customers: £27,572.4m
- Ombudsman referrals to FOS per £ million loans to customers: 0.154

B.4. Which? Customer satisfaction survey

Ranking: Best

C. Culture

C.1. Customer power

Ranking: Best

Provider is fully mutual.

C.2. Excessive directors' remuneration **Annual report 2012 pages 65 and 68**

Ranking: Middle

Number of directors: 11

Executive directors: 4 (Chief Executive Chris Pilling, Finance Director Robin

Churchouse, Sales and Marketing Director Ian Bullock, Corporate Development Director Andy Caton. Chair Ed Anderson.)

£500k - £1m: 1

Over £1m: 0

Detail: Chris Pilling £748k emoluments in 2012 (appointed 31/12/11, paid £156k as comp for leaving HSBC). Salary £462k (including partial cash pension allowance), bonus £155k (50% paid in shares), Deferred bonus £99k (including compensation for leaving HSBC, 50% paid in shares), £15k taxable benefits, pension contribution £17k.

Robin Churchouse: £448k emoluments in 2012 (£409k in 2011). Salary £286k, bonus £60k, deferred bonus from previous years £63k, taxable benefits £11k, pension contribution £28k.

Ian Bullock: £447k emoluments in 2012 (£411k in 2011). Salary £286k, bonus £61k, deferred bonus from previous years £64k, taxable benefits £8k, pension contribution £28k.

Andy Caton: £411k emoluments in 2012 (£286k in 2011). Salary 264k, bonus £59k, deferred bonus from previous years £60k, taxable benefits £9k, increase in accrued pension £19k.

Ed Anderson: £142k fees in 2012 (£135k in 2011).

C.3. Bonuses Policy

Ranking: Worst

- Executive: Chris Pilling
- Total bonuses: £254,000 (£155,000 + £99,000)
- Base salary: £462,000
- Bonus as percentage of base salary: 55%

C.4. Women on the Board

Ranking: Middle

- Number of directors: 11
- Number of women directors: 2
- Percentage of directors who are women: 18

D. Supporting the economy

D.1. Too big to fail

Ranking: Best

D.2. Risky Behaviour

Ranking: Best

- Assets: £33,497.1m
- Derivatives: £380.6m
- Percentage derivatives/assets: 1.1%

D.3. Supports the real economy

Ranking: Best

- Assets: £33,497.1m
- Net loans to customers: £27,572.4m
- Percentage loans/assets to customers: 82.3%

Unity Trust Bank

A. Honesty

A.1. Criminal activity and fines

Ranking: Best

A.2. Tax Havens

Ranking: Best

A.3. Political Lobbying

Ranking: Worst

Member of British Bankers' Association

In July 2013 Ethical Consumer viewed the British Bankers' Association (BBA) website, www.bba.org.uk, for its membership list. Unity Trust Bank Plc was listed as a member. The BBA was a trade association for the UK banking and financial services sector and was considered by Ethical Consumer to have lobbied against effective banking regulation in the UK and the EU. In particular it had been opposed to an effective retail and investment banking split, which campaigners argued was essential to protect the economy from further banking collapses.

Unity Trust Bank is owned by trade unions (73.23% of share capital) and the Co-operative Group (26.66%), according to page 2 of its 2012 Annual Report. Although not directly involved in lobbying itself its various parent entities are, and to apply this ranking element consistently, this should be taken into account.

A.4. Misleading Advertising

Ranking: Best

B. Culture

B.1. Customer complaints

Ranking: Best

B.2. Mis-selling

Ranking: Best

B.3. Ombudsman referrals

Ranking: Best

B.4. Which? Customer satisfaction survey

Ranking: Best

C. Culture

C.1. Customer power

Ranking: Middle

Unity Trust Bank owned by trade unions (73.23% of share capital) and the Co-operative Group (26.66%), according to page 2 of its 2012 Annual Report. The Co-operative Group is considered its ultimate parent company (page 57 of 2012 Annual Report) and Unity Trust has therefore been given the same mutuality ranking as the Co-op.

C.2. Excessive directors' remuneration

Ranking: Best

Number of directors: 15

Executive directors: 4 (Managing Director Richard Wilcox, Business Development and Marketing director Peter Kelly, Operations Manager Ian Morrison, Finance Director Mike Osborne. Chair of the board Graham Bennett, President Dave Prentis.)

£500k - £1m: 0

Over £1m: 0

Details: Managing Director Richard Wilcox received £149,410 in 2012 (£50,000 in 2011, appointed to role 1st January 2012). Salary £137,487, performance related pay £524 (earned in respect of 2011), benefits in kind (healthcare cash plan) £105, other benefits (car allowance) £11,294.

Finance director Mike Osborne received £120,277 in 2012 (£117,537 in 2011). Salary £105,018, performance related pay £5,345, benefits in kind (healthcare cash plan) £114, other benefits (car allowance) £9,800.

Operations manager Ian Morrison received £104,135 in 2012 (£95,217 in 2011). Salary £90,076, performance related pay £4,259, benefits in kind (healthcare cash plan) £0, other benefits (car allowance) £9,800.

Business development and marketing manager Peter Kelly appointed 19th November 2012. Received £14,348 in 2012, salary £13,154, other benefits (car allowance) £1,194. Predecessor John Brooks received £83,248 in 2012 (£114,356 in 2011). Salary £71,452, performance related pay £5,187, benefits in kind (healthcare cash plan) £0, other benefits (car allowance) £1,194.

Chair of the board Graham Bennett received £40,374 through the year. All other directors unremunerated.

C.3. Bonuses Policy

Ranking: Best

- Executive: Finance Director Mike Osborne
- Total bonuses: £5,345
- Base salary: £105,018
- Bonus as percentage of base salary: 5.1%

Managing director Richard Wilcox appointed in Jan 2012 so very small bonus paid. Last full remuneration period for predecessor Kevin Turmore was in 2010, as this would be a figure from over two years ago the bonus score has instead been calculated for the next highest paid executive in 2012, Finance Director Mike Osborne.

C.4. Women on the Board

Ranking: Middle

- Number of directors: 15
- Number of women directors: 2
- Percentage of directors who are women: 13%

D. Supporting the economy **2012 annual report pages 25,**

D.1. Too big to fail

Ranking: Best

D.2. Risky Behaviour

Ranking: Best

- Assets: £664.045m
- Derivatives: £1.695m
- Percentage derivatives/assets: 0.3%

D.3. Supports the real economy

Ranking: Worst

- Assets: £664.045m
- Net loans to customers: £174.166m
- Percentage loans/assets to customers: 26.2%

Receives worst ranking as loans to customers are 26.2% of total assets. Largest asset groups are loans to banks (including reverse repurchase loans to the Co-op secured by UK gilts) and investment securities held for scale. See consolidated balance sheet on page 25 and notes 8 to 10 of the accounts on pages 50 to 51 for explanation in accounts.

Appendix I: British Bankers' Association

The British Bankers' Association (BBA) is a trade association for the banking and financial services sector active within the UK. It claims to represent the interests of over 240 member organisations with a presence in 180 countries to “policymakers, regulators, the media” and other relevant parties in the EU, UK and elsewhere, with the aim of promoting “a legislative and regulatory system that works for customers and promotes economic growth.”

Governance of the organisation is provided by a Board consisting of BBA Chief Executive Anthony Browne and senior executives from 12 major financial institutions. Consumer Research Association considers the BBA to be an organisation that has lobbied against effective banking regulation in the UK and EU. In particular it has lobbied against the prospect of a split between retail and investment banking that many campaigners consider essential to reduce the risks of another banking collapse.

In internal newsletters seen by the Bureau of Investigative Journalism after mistakenly being published on the internet, the BBA described the Vickers proposals for banking reform in the Independent Commission on Banking as a “notable success” for the organisation’s activities.² The documents also referred to meetings between the BBA and special political advisors to senior politicians including Vince Cable, Nick Clegg and David Cameron. Unlike meetings with civil servants or ministers government guidelines do not mandate that these meetings are officially recorded, except in cases where hospitality is provided.

Chancellor George Osborne’s announcement of an “electrified” ringfence in February 2013 which would give the government the power to break up banks if they violated regulations ringfencing investment and retail banking initially met with criticism from the BBA. Anthony Browne labelled it “bad economics”³ which would make it more difficult for banks to lend. By July the BBA was more positive on the ringfence proposals – which fall short of a full retail and investment split – though it insisted such reforms should be “the final step in repairing the banking system.”⁴

The Parliamentary Commission on Banking Standards however have criticised the legislation in the forthcoming Banking Reform Bill which would contain such regulations as “wholly inadequate”⁵ in a March 2013 report on the proposals. MPs on the commission criticised the lack of independent oversight and a reliance on secondary legislation for how the regulations would be implemented. Commission chair Andrew Tyrie MP reaffirmed this in July 2013, saying the ringfence was “so weak as to be virtually useless”⁶ and criticising other elements including the government’s failure to implement stricter leverage ratio requirements. The BBA also campaigned against a retail and investment banking split within the EU, with its submission to the Liikanen Report stating that there was “no empirical evidence to suggest that universal banks contributed to the financial crisis.”⁷

The BBA was also stripped of its role in administering LIBOR after the rates-rigging scandal, with FCA head Martin Wheatly stating that “the BBA acts as the lobby organisation for the same submitting banks that they nominally oversee.”⁸ As a former political journalist Anthony Browne has close links to the Conservative Party, having been a director of the right wing think tank Policy Exchange and Head of Policy for London

² <http://www.theguardian.com/business/2012/jul/09/british-bankers-association-lobbying-victories> (accessed 01/09/13)

³ <http://www.bbc.co.uk/news/uk-politics-21315562> (accessed 01/09/13)

⁴ <http://www.bba.org.uk/media/article/bba-comment-on-governments-response-to-the-parliamentary-commission-on-bank> (accessed 01/09/13)

⁵ <http://www.publications.parliament.uk/pa/jt201213/jtselect/jtpebs/126/12608.htm> (accessed 01/09/13)

⁶ <http://www.telegraph.co.uk/finance/newsbysector/banksandfinance/10167457/Andrew-Tyrie-bank-reform-legislation-so-weak-as-to-be-virtually-useless.html> (accessed 01/09/13)

⁷ <http://www.bba.org.uk/policy/article/bba-response-to-the-liikanen-consultation1/banking-reform> (accessed 01/09/13)

⁸ <http://www.bloomberg.com/news/2012-09-27/fsa-to-oversee-libor-in-streamlining-of-tarnished-rates.html> (accessed 01/09/13)

Mayor Boris Johnson.⁹

⁹ <http://conservativehome.blogs.com/torydiary/2008/07/anthony-browne.html> (accessed 01/09/13)