

Rt Hon Theresa May MP
House of Commons
London
SW1A 0AA

12th September 2018

Dear Mrs May

Last week Richard Meddings, Chairman of TSB, announced that Paul Pester, Managing Director of TSB, would be leaving the bank with immediate effect.

Mr. Pester was ultimately responsible for the biggest IT meltdown in UK corporate history affecting millions of customers. When asked about Mr. Pester's departure from TSB during a session of the Treasury Select Committee, Mark Carney, Governor of the Bank of England said: "Responsibility has now been taken by the chief executive for a series of quite fundamental failings that have disadvantaged a very large number of customers and affected confidence in the institution."

The cost of TSB's IT meltdown is going to be £176 million, although that figure is likely to increase significantly when you take lost business into account. Following Mr Pester's departure it was revealed that he would receive a severance payment of £1.2m in addition to an outstanding bonus payment of £468,000. TSB's policy on executive pay couldn't be clearer:

"Severance payments are paid in line with the principle of 'no reward for failure'".

Can you imagine a junior member of staff in TSB being allowed to walk away from their actions with a payment in lieu of notice? Mr. Pester has been able to leave with an amount that most members of TSB will not earn in their entire working lives. Mr. Pester should have been held personally responsible for his actions both before and after the IT migration debacle. The actions of the TSB Board in allowing him to leave on the agreed terms have allowed failure to be rewarded and confirmed that there is one set of rules for the selected few and another set of rules for everyone else.

TSB commissioned Slaughter and May to carry out an independent review of the issues following the migration of customer data from Lloyds Banking Group to a new system developed by Sabadell. However, under the terms of reference of that review Slaughter and May "will not include any assessment as to breaches of policies or regulatory requirements by individuals which shall be dealt with, if appropriate, under internal policies and procedures." That part of the review seems to be designed to ensure that no blame is laid publicly at the door of the TSB Board and Executive Directors, and that's unacceptable. The review should determine why the IT migration went wrong and who is responsible for that failure?

We would urge MPs to write to Mr Meddings asking him to explain why Mr. Pester was allowed to leave without being held to account for his actions during the IT migration. Mr Meddings should

also be asked to ensure that the Slaughter and May review determines whether TSB policies or regulatory requirements were breached and, if so, who was responsible for those breaches.

Yours sincerely

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

Mark V Brown
General Secretary