



LSB: Past, present and future
February 2020

Driving fair customer outcomes

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Chair's foreword



Chris Pond
Chair

It is a great pleasure to celebrate the Lending Standards Board's 10th Anniversary with so many people who have been instrumental in growing the organisation over the past decade. Since the outset we at the LSB have worked with firms to help them deliver fair outcomes for their customers.

As we move into our second decade and launch our new five-year strategy, it seems appropriate to take some time to reflect on our first ten years.

My predecessor Lord David Hunt firmly guided us onto the path of success. Thanks to his efforts during his time with the LSB we have been able to move forwards with fair outcomes for customers of financial services at the heart of what we do.

Our registered firm base continues to evolve, and we work with them alongside a number of other firms, consumer groups, trade bodies and regulators to ensure maximum impact. With our Standards of Lending Practice covering 95% of the personal market and 96% of the SME market, I believe that we are truly well placed to influence firms and how they work with their customers.

Over the past decade the LSB has gained steadily in credibility and maturity. We now have a wholly independent board and a wider team whose dedication and professionalism earns respect from the industry, consumer bodies and regulators alike. The remit of our work has expanded beyond the traditional Standards of Lending Practice and we now embrace new services and a wider range of firms. We work with firms on areas such as lending practices across personal and business customers, authorised push payment scams, access to banking and the information remedies from the FCA's credit card market study.

Our remit and expertise across a growing area of financial services is helping to influence and shape a wider part of the sector, ultimately reaching more customers.

The LSB's second decade is poised to be an exciting time. As we look to the future and our new mission and strategy, I know that we will continue to go from strength to strength placing fair customer outcomes at the heart of what we do and working with registered firms to achieve this.

I want to personally thank everyone for their support of the LSB over the last decade. As we look ahead, I'm delighted to welcome our new Chief Executive, Emma Lovell, who will join us as we build on our successes moving forwards.



Chief Executive introduction

As the Lending Standards Board enters its second decade, it seems an appropriate and exciting time for me to begin my journey here as Chief Executive.

Our diverse range of stakeholders and registered firms uniquely positions the LSB. Placing fair customer outcomes at the core of our work, we drive consistently high standards through rigorous and independent oversight of our registered firms across all of our work streams.

What has struck me most since being appointed as Chief Executive of this organisation, is the passion demonstrated throughout the LSB, and the enthusiasm and drive to deliver our rightly ambitious goals.

Looking ahead, I will be working with the team to guide the LSB on the next phase of its journey. Working with both registered and non-registered firms, we will drive fair outcomes for consumers across a number of different product areas within financial services.

As we continue to evolve the work of the LSB we remain responsive to the demands of the industry and will play our part in evolving the consumer landscape within financial services.

With our ambitious new mission and strategy now launched, I look forward to working with the team, as well as registered firms and stakeholders, to make a difference to the treatment of financial services customers in the UK.

Emma Lovell
Chief Executive



History

The history of the Lending Standards Board starts with the Banking Code Standards Board (BCSB). The BCSB provided oversight of the Banking Code, a self-regulatory code originally designed in 1992 by the British Bankers' Association, The Building Societies Association and the Association for Payment Clearing Services.

In 2001, the Treasury appointed a Review Group to look at regulation within British banking. The review was chaired by the distinguished economist Dr DeAnne Julius who found that, although not perfect, the Banking Code was an 'exemplar of self-regulation'.

Following the success of the Banking Code in its first decade, the Business Banking Code was launched in 2002. A first step in regulation for business banking, the Business Banking Code provided standards for business customers with a turnover of less than £1 million per year.

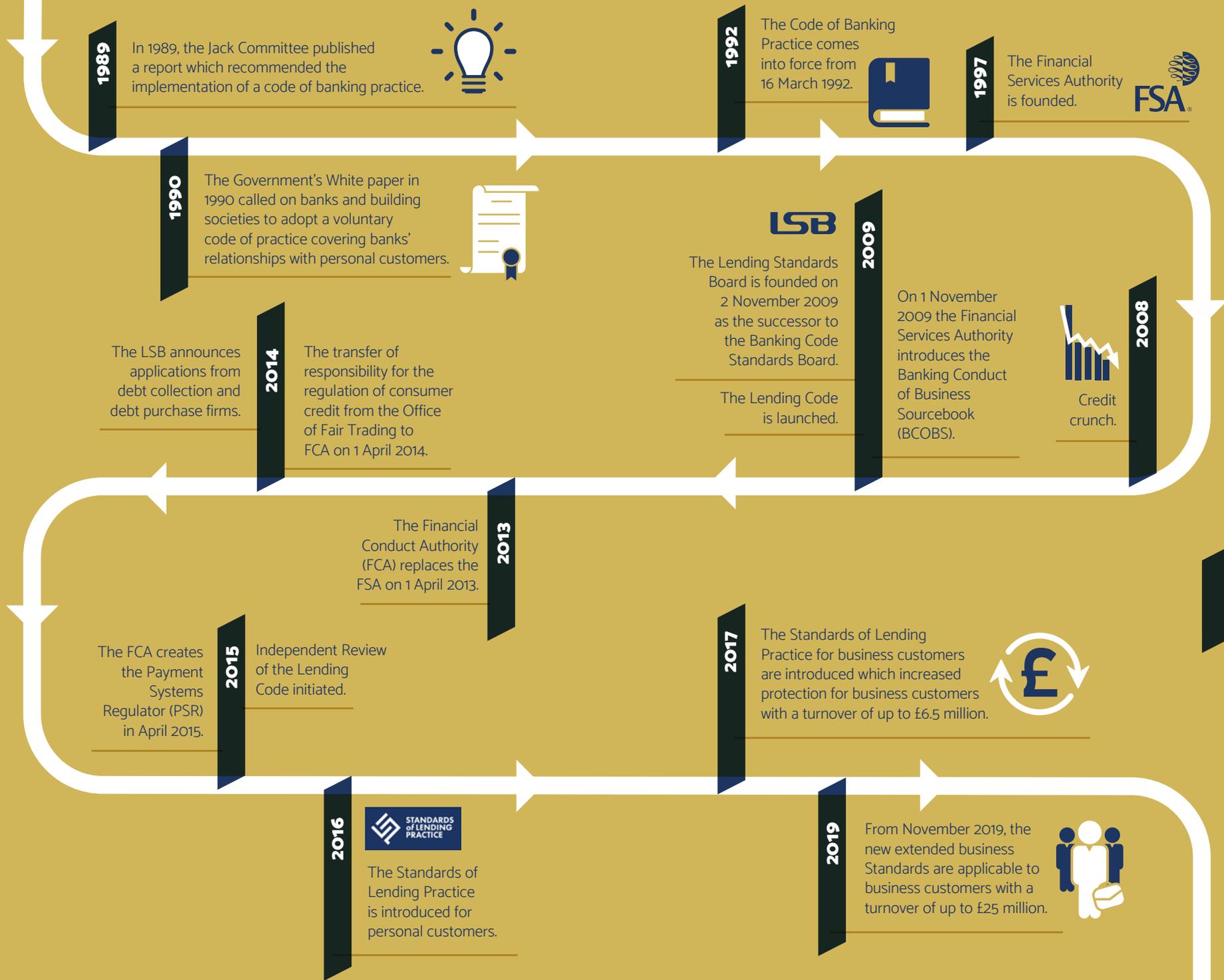
The introduction of the Banking Conduct of Business Sourcebook (BCOBS) in November 2009, which looked at conduct of business rules for deposit products and payment services, was the catalyst for the creation of the LSB. The change brought into the regulatory fold a number of products and areas that previously formed a material part of the work completed by the BCSB. As a result, the BCSB became the Lending Standards Board (LSB), with the LSB monitoring the newly created Lending Code. The LSB took a step away from the previous work undertaken by the BCSB, such as the closure of the consumer helpdesk that year, and focused on the oversight and assurance of the Lending Code.

The Lending Code contained a set of provisions for subscribers to the Code (now referred to as registered firms) to comply with, covering overdrafts, loans and credit cards for personal and micro-enterprises borrowers.

In 2014, consumer credit supervision was transferred from the Office of Fair Trading to the Financial Conduct Authority (FCA). Simultaneously, the LSB conducted its three-yearly review of the Lending Code, which was undertaken by Professor Russel Griggs. The review found that there was still a role for voluntary self-regulation but that duplication with the role of the FCA needed to be addressed. In addition, the review concluded that the LSB governance model should also be reviewed to ensure that it remained fit for purpose.

A number of steps were taken by the LSB, in partnership with industry, to keep the organisation and self-regulation relevant. The Standards of Lending Practice for personal customers launched in July 2016, with the Standards for business customers following in March 2017. A major step for the LSB was taken by reviewing its governance structure, including moving away from the previous 'sponsorship' model. With an independent Board, the LSB was put in the best position to oversee the industry as a self-regulatory body.

The LSB's Standards now cover more customer and product types than ever in its history, including business customers with a turnover of up to £25 million. The LSB heads into the 2020s with a new strategy but the same ultimate mission that was evident in the days of the Banking Code Standards Board; to drive fair customer outcomes within financial services through independent oversight.





“ Capital One joined the LSB because we share the same values of promoting fair lending and helping to achieve positive outcomes for customers and to drive up standards in the industry. The LSB provide invaluable challenge and insight, and we would encourage more of industry to join. You won't regret it!”

Amy Lenander, Head of International and CEO Capital One (Europe) plc.



Our mission and strategy – 2020 and beyond

During its first decade the LSB has earned a strong reputation for the development and oversight of standards which promote fair outcomes for customers of financial services. Thanks to the quality of our work, our remit has extended well beyond lending to personal customers. We now embrace business lending, access to banking and authorised pushed payment scams. In parallel we have also deepened our governance so that we are fully independent in delivering our oversight.

Our relationships have strengthened with firms, consumer groups and other industry stakeholders since our inception.

Building on these solid foundations, as we move into the 2020s the LSB will remain true to our focus on improving customer outcomes and continuing to develop our core function of independent oversight. Looking ahead, our strategy will have four main elements.

First, we will continue to evolve the Standards and codes for which we are responsible. They will reflect the findings of our oversight work and the changing expectations of personal and business customers themselves. We shall be ready to assume responsibility for new areas of work where the LSB's rigour can add value for consumers, and where the industry and regulators see value in our involvement.

Second, our provision of independent oversight shall remain at the forefront of our work. We will provide assurance to consumers that our Standards are being adhered to, identify and promote good practice and ensure that weaknesses are identified and addressed. We shall do this through annual programmes of reviews and firm visits.

Third, we shall be thought leaders, commissioning research and drawing on the insights of our oversight work to promote discussion of key issues and to spread best practice in the provision of services to consumers. We shall actively encourage new firms to embrace our Standards and foster discussion of how the Standards themselves might evolve to respond to new products and delivery channels.

Fourth, and finally, we shall raise awareness of the LSB itself and our Standards and Codes so that firms see the advantage of registering with the LSB, so that the boards and senior executive teams of participating firms set store by our findings in developing their services for customers and so that organisations working with consumers are informed about our work and its implications. We shall do this by working in partnership with firms committed to the delivery of our Standards.

We expect our second decade to be as challenging and influential as our first.



Our work

There are three main strands of work completed by the LSB; Compliance, Policy & Legal, and Insight & Support.

COMPLIANCE

Compliance is responsible for ensuring that the Standards of Lending Practice is adhered to by the LSB's registered firms. It also oversees compliance with the voluntary codes overseen by the LSB, such as the Access to Banking Standard and the Contingent Reimbursement Model (CRM) Code. Registered firms have a dedicated Compliance Manager to both supervise and support the business in its application of the Standards and codes to which the firm adheres to.

POLICY & LEGAL

The policy team is responsible for governance of the Standards of Lending Practice and the codes of practice that the LSB oversees. The team leads on reviews of the Standards of Lending Practice and other industry codes to ensure that they continue to reflect current and emerging good practice.

INSIGHT & SUPPORT

Insight and Support offers a range of value adding initiatives aimed at helping registered firms to continue meeting the standards and achieve fair outcomes – practical and collaborative, these activities go beyond our core assurance and development work. As part of their fee, our registered firms have access to one piece of Insight and Support work per year.

“Very many congratulations to the LSB on its 10th anniversary. Virgin Money UK, and formerly CYBG and Virgin Money, have been proud to be active supporters and advocates of the LSB and the work it has done in helping firms meet higher standards through voluntary self-regulation.

We have found the advice and counsel received from the LSB over many years to be invaluable and have particularly welcomed the proactive engagement with the team, which has helped to ensure we deliver good customer outcomes in lending and latterly in other areas of the LSB's evolving remit, such as access to banking.

As the financial services landscape evolves, with many new entrants to the market, the rapidly increasing focus on digital developments, and the emerging threats, for example cyber, and opportunities, such as open banking, the risk to customer harm is only likely to increase and, therefore, the need for effective voluntary standards, complementing statutory regulation, has never been greater. We think there is great scope for the LSB to help push up standards in the industry, achieving more consistent outcomes for customers, and to assist firms in developing best practice in areas of emerging risk.

We look forward to working with the LSB as it enters its second decade!”

Mark Thundercliffe, Group Chief Risk Officer, Virgin Money UK



Benefits of registering

BUILDING TRUST IN THE INDUSTRY



ENHANCED REPUTATION AND TRUST - COMMITMENT TO YOUR CUSTOMERS

Demonstrate to customers that you aspire to exceed minimum standards set by the regulator or are aiming to meet industry standards where statutory regulation is not in place.



TAKE CONTROL OF YOUR REPUTATION

The power of self-regulation is the ability of the industry to take control of the development of high standards which are pragmatic and flexible, and work for both firms and customers.



INDEPENDENT OVERSIGHT

External stakeholders have assurance that the Standards are being maintained and, if not, that corrective action is taken.

COLLABORATING TO IMPROVE CUSTOMER OUTCOMES



PARTNERSHIPS WITH TRADE BODIES

We work very closely with UK Finance to ensure that our policies align and have partnered with them on reviews of both access to banking and the vulnerability taskforce principles and recommendations. We developed the Standards of Lending Practice in conjunction with relevant trade bodies, e.g. the Credit Services Association for debt collection and debt purchase firms and the Finance and Leasing Association for asset finance.



SUPPORT FROM HM TREASURY

HMT is an advocate of the LSB and requested that we undertake oversight of the Access to Banking Standard. HMT also encouraged us to develop the Standards of Lending Practice for business customers.



PARTNERING WITH CONSUMER GROUPS, DEBT ADVICE BODIES AND CHARITIES

We work with consumer groups and charities across the UK. In 2018 we published joint research on the impact of vulnerability on SMEs: 'Supporting Business Customers in Vulnerable Circumstances' in conjunction with the Money Advice Trust.



EARLY WARNING SIGNS ON EMERGING RISKS

Our emerging risk programme for registered firms helps to identify areas where there are gaps in regulation and where independent oversight by the LSB could be helpful in enabling the industry to demonstrate an effective response. This initiative provides registered firms with early notification of potential issues.



THOUGHT LEADERSHIP AND EVENTS

We run events, roundtables, workshops, facilitate seminars and bring together working groups, enabling firms to have their voice heard, network and to share best practice.



A VEHICLE TO INFLUENCE INDUSTRY CHANGE

We influence thinking and drive change through our work with many key players in the industry – regulators, government, consumer groups, debt advice bodies, opinion formers, think tanks, policy groups, as well as trade bodies. Our reach is extensive, and we are the only organisation to provide this group with a genuinely independent and informed view that is grounded in evidence from our oversight work.

HELPING FIRMS DELIVER FAIR CUSTOMER OUTCOMES



INSIGHT & SUPPORT SERVICES

We work with firms to deliver a range of additional services through our insight and support programme. Our team has significant expertise in numerous areas, including customer vulnerability, financial difficulty and governance. Our services can be delivered through workshops, roundtables, training, benchmarking exercises and consultations.



DEVELOPMENT OF INDUSTRY GOOD PRACTICE

Registered firms have an opportunity to help shape the Standards and Information for Practitioners (IfP), either through participation in working groups or a wider influencing role through consultation responses.



RESEARCH

To remain at the forefront of industry good practice we undertake research projects on key topics e.g. SMEs and vulnerability. Registered Firms often participate, and they have access to the findings from our research and work.



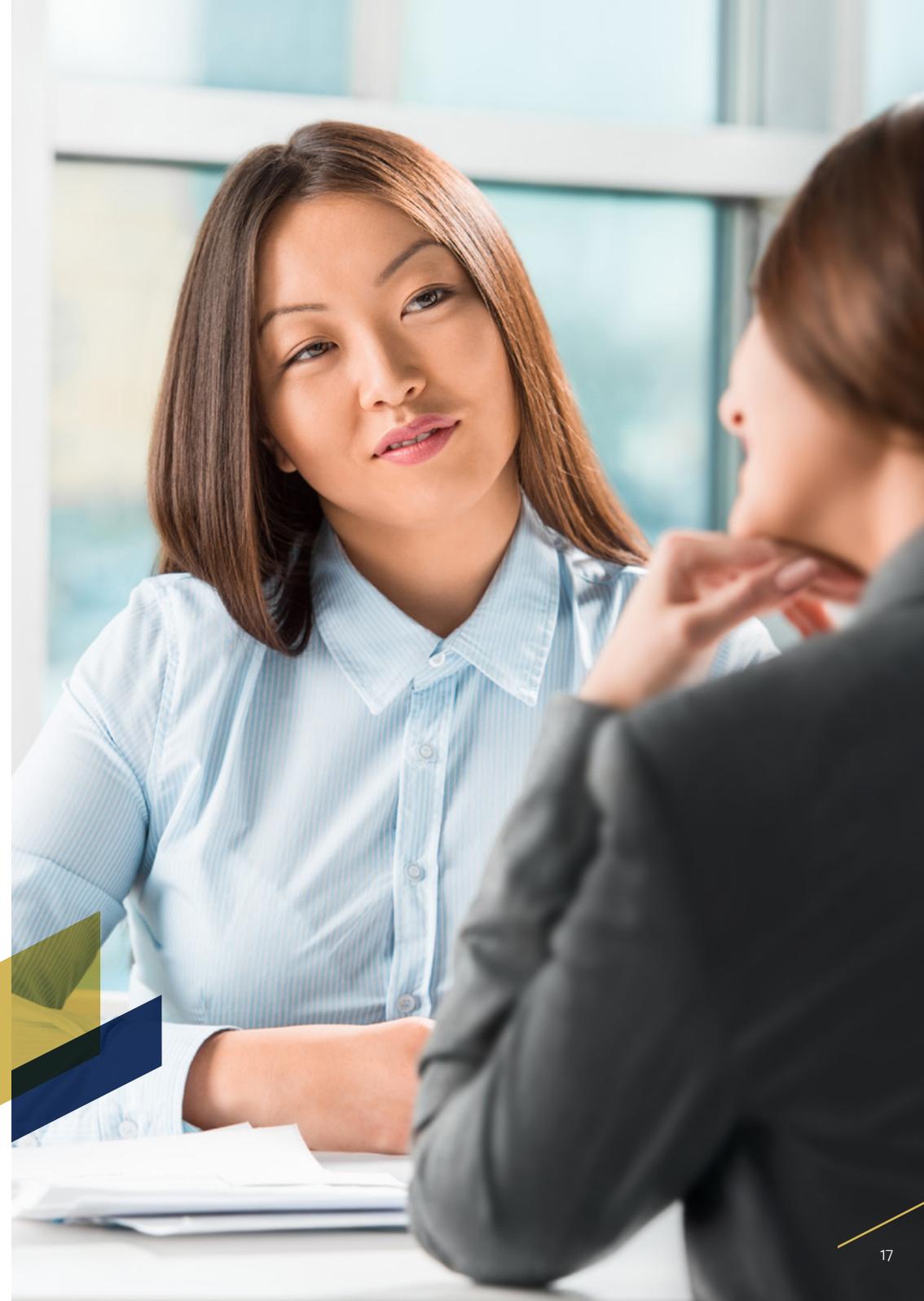
DEDICATED SUPPORT, PROVIDING FIRMS WITH AN INDEPENDENT VIEW

A dedicated Compliance Manager is assigned to each firm, offering advice and guidance. Access is not restricted by size of firm – it is offered on a needs basis.



PARTICIPATION IN THEMED REVIEWS AND OVERSIGHT WORK

Our core work is to provide a view on how the Standards of Lending Practice are being met, either through thematic reviews or oversight activity. While we now have a much more nuanced approach to our review work, and it is undertaken more in the SME space, it is still an invaluable source of insight to firms who gain a useful understanding regarding the effectiveness of their processes.





“ The LSB is an industry-wide recognised and respected body, with a long-established set of standards aimed at ensuring an appropriate level of customer protections and delivery of fair outcomes, and Arrow Global Limited (“Arrow”) was pleased to be selected in 2013 to contribute to the Board’s Thematic Review of the Treatment of Customers in Financial Difficulties. Although Arrow is not a lender, we were keen to be able to demonstrate adherence to these high standards to our key clients, and in 2016, Arrow was proud to become one of the LSB’s first non-lenders to gain registration. Since becoming a member of the LSB, Arrow has benefitted from the LSB’s guidance via their research, publications and oversight methodology.

In addition, we have had the opportunity to participate in multiple workshops and conferences organised by the LSB and discuss industry-wide issues and developments with other members. On occasion, we have requested the LSB to provide us with independent feedback and their insight and assistance has been a great source of constructive help. Based upon our experience, members have an opportunity to build a good relationship with the LSB via their account manager, making contact straightforward and personable.”

**Zachary Lewy, Founder and Group Chief
Investment Officer, Arrow Global**

ARROW
GLOBAL



Our Registered Firms*

AIB Group (UK) plc	Marks and Spencer Financial Services Plc
American Express Services Europe Ltd	Metro Bank plc
Arrow Global Ltd	National Westminster Bank Plc
Ascent Performance Group Limited	Nationwide Building Society
Baker Tilly Creditor Services LLP	NewDay Ltd
Bank of Ireland (UK) plc	Neyber Ltd
Barclays Bank UK PLC	Northern Bank Ltd
Cabot Credit Management Ltd	Santander UK plc
Capital One (Europe) Plc	Salary Finance
Citibank UK Limited	Starling Bank
Clydesdale Bank Plc	Triodos Bank UK Ltd
Co-operative Bank (The) plc	TSB Bank plc
Cynergy Bank Limited	Turkish Bank (UK) Ltd
HSBC Bank plc	Unity Trust Bank plc
Indigo Michael Limited	Virgin Money plc
Intrum UK Ltd	Wescot Credit Services Ltd
Lloyds Banking Group	

*Firms listed above are signatories of one of more of our Standards or Codes. Correct as of February 2020.

“ATG has been a registered firm with the Lending Standards Board since July 2018 and they have helped our company to embed excellent practices for standards of customer care. The Lending Standards Board facilitates and promotes the industry to rally together to help show what good standards for fair lending should look like.

We strongly encourage other companies, particularly FinTechs, to register with the Lending Standards Board so that they can also take advantage of the excellent guidance that they provide.”

Rob Ashton, Chief Executive Officer, Account Technologies

“LSB and StepChange have fostered a strong working relationship over the past three years, which has enabled LSB to perform an independent and robust review of the charity’s services. A number of constructive recommendations have arisen as a result of their work which have improved not only the charity’s operational processes but also the consistency of outcomes delivered to our clients. We look forward to continuing to work with LSB over the coming years.”

Richard McKenzie, Director of Risk and Compliance, StepChange Debt Charity



Our people

OUR BOARD



Chris Pond, Chair



Liz Barclay



Elaine Kempson



Mark Neale



Graham Peacop



Mark Thomsson

OUR TEAM

Emma Lovell,
Chief Executive

Laura Barry,
Head of Finance

Patricia Kearney,
Operations Manager

Laura Schofield,
Team Assistant

Laura Mahoney,
Head of Policy and Legal

Aina Adeniran,
Policy Manager

Anna Roughly,
Head of Insight
and Support

Harry Hughes,
Senior Insight and
Support Manager

Jess Roberts, Insight
and Support Manager

Olivia Bamber,
Communications
Manager

Elizabeth Thompson,
Head of Compliance

Shada Nasullah,
Senior Compliance
Manager, SME

Simon Bailey,
Compliance Manager

Paul Fletcher,
Compliance Manager

Vithuran Sivakumaran,
Compliance Manager

Insight & Support

Adding value



Practitioner support



Workshops



Benchmarking



Business reviews



Research and insights

You can find out more about upcoming events and training packages on our website www.lendingstandardsboard.org.uk/insight-support/

What services are available?

Practitioner support



Whether you require training or an independent view on projects or new initiatives, we work with you to understand your business, your teams and your customers to provide flexible, formal and informal feedback and training to suit your needs.

Workshops



We host a range of workshops aimed at bringing firms and the wider industry together to discuss emerging risks and share best practice.

Benchmarking



Providing best practice guidance, challenge and thought leadership in the development of your policies, processes and procedures to support the continuous improvement cycle.

Business reviews



We offer independent oversight of your business (full or partial) and customer interactions together with call calibration sessions.

Research and insights



Working with our Registered Firms and other partners to discover emerging risks and hot topics, the customer impact, and what can be done to achieve best practice. We produce original, impactful and usable research that adds value for firms and supports fair outcomes for personal and business customers.

If you are interested in working in partnership, or want to know more about what the LSB can offer, please get in touch with us at insight@lstdb.org.uk or contact:

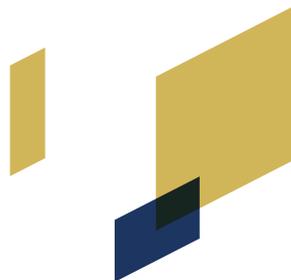
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“ Self-regulation is the mark of a responsible industry. It goes beyond legislation, rules and regulations and creates a buffer against reputational risk by defining good outcomes for customers. The Lending Standards Board has stood by its mission of promoting fair lending for ten years and sets the gold standard for lenders in the sector”.

**Eric Leenders, Managing Director
Personal Finance, UK Finance**





Visit our website to access a wealth of information about our work and how we support firms in driving fair outcomes for their customers.



www.lendingstandardsboard.org.uk

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