

## Summary of BankConfidential Report

### Hidden Credit Lines: The Largest Fraud Anywhere Ever

This Report, published by BankConfidential in November 2025, exposes what it describes as systematic fraud by major UK banks, particularly NatWest Group (formerly Royal Bank of Scotland) but also its subsidiary, Ulster Bank, involving hidden credit lines attached to interest rate swaps and fixed-rate loans sold to small and medium-sized enterprises (SMEs) in Northern Ireland and Ireland, between 2007 and 2012.

### Core Allegations

**The Hidden Credit Line Mechanism:** Ulster Bank (and other banks) sold interest rate swaps and fixed-rate loans to SMEs, ostensibly to “protect” them from rising interest rates. However, these products contained undisclosed credit line liabilities that were:

- Secretly recorded against customers' accounts from day one
- Secured against customers' property through "all monies charges"
- Never disclosed to the customers
- Counted towards loan-to-value (LTV) covenants

### How It Worked:

1. Banks added hidden margins to swap rates (e.g., charging 6% when market rate was 5.5%), creating immediate "Added Value" profits ranging in size depending on loan size.
2. These profits, plus "Potential Future Exposure" calculations, were booked as credit lines in customers' names
3. When interest rates fell in 2009, these hidden liabilities ballooned
4. Customers' credit grades deteriorated, despite maintaining payments
5. This triggered defaults and transfers to "restructuring" divisions the Global Restructuring Group (GRG)

### Scale and Impact

The Report alleges:

- Tens of thousands of viable SME businesses were destroyed
- £40-£50 Billion was wrongfully extracted from customers
- Many business owners lost their companies, homes, and in some cases their lives
- The fraud was concealed through multiple regulatory reviews

### Regulatory Failure

The Report extensively criticises the Financial Conduct Authority (FCA), alleging:

- Four major reviews (IRHP Review, GRG Review, FCA investigation, Irish Oireachtas Banking Inquiry) failed to uncover the fraud
- Deliberate suppression of whistleblower evidence
- Misleading statements to Parliament
- Protection of banks rather than customers
- Particular criticism of Andrew Bailey's handling when he was FCA Chief Executive

## **Ulster Bank Northern Ireland - Specific Fraud**

The Report details a separate fraud in Northern Ireland where Ulster Bank sold ordinary "fixed-rate loans" that also contained hidden derivative credit lines, despite these being marketed as simple loans. The report alleges this constitutes criminal fraud and was deliberately excluded from UK and Irish regulatory reviews.

### **Evidence Base**

The authors, Mark Wright and Steve Middleton (former bankers turned whistleblowers), cite:

- Internal bank documents and credit files
- Testimony from numerous current and former bank employees
- Evidence from derivatives experts, lawyers, and mathematicians
- Support from MPs including Sir Norman Lamb

### **Calls to Action**

The Report demands:

1. A judge-led public inquiry with full transparency
2. Immediate protection for victims, through a pause on enforcement actions
3. An independent compensation framework
4. Investigation of regulatory failures and specific officials
5. Full restitution of stolen funds with interest

### **Endorsements**

The Report includes endorsements from Sir Norman Lamb (former MP and Minister), journalist Ian Fraser (who exposed the HBOS Reading fraud) and derivatives experts, including a Cambridge mathematician. Certain affected customers also describe the devastating impact on their businesses and lives.

The report characterises this as potentially "the largest theft anywhere, ever" (quoting MP Clive Lewis) and positions it as a systematic program of asset-stripping, enabled by regulatory capture and protected by institutional cover-up.