

Nick Ephgrave QPM
Director
The Serious Fraud Office
2-4 Cockspur Street
London, SW1Y 5BS

17th January 2025

Dear Nick

I am writing to express concern about the conduct of Mortgage Agency Services No. 5 Ltd (MAS5) which was part of the Co-operative Banking Group. The evidence uncovered by the All-Party Parliamentary Group on Mortgage Prisoners and FOS shows that MAS5 treated customers unfairly and that the increases to the MAS5 Standard Variable Rate (SVR) were not in line with the terms and conditions of the mortgage. The evidence shows that the Co-operative Bank made misleading statements to customers when it claimed that it needed to increase their mortgage rate because of an increase in the costs of funding their mortgages. In the light of this evidence, I believe that the SFO should open an investigation into the conduct of the Co-operative Bank / Mortgage Agency Services No.5 Ltd and its executives.

MAS5 and the Co-operative Banking Group appear to be continuing to benefit from their breach of the terms and conditions. The bank is continuing to attempt to collect payments based on the higher interest rates and attempting to force customers out of their homes through repossessions and threats of repossession action. I believe that this action, which we believe the FCA are aware of, is allowing the Co-operative Banking Group and the current owners of these mortgages to continue to gain from misleading the customers.

MAS5 increased the SVR four times over the period 2009 to 2012. It claims that each of these rises was necessary to reflect changes in the cost of funding.

- On 1 July 2009 the SVR was increased by 0.75% to 3.74%
- On 1 October 2009 the SVR was increased by 0.76% to 4.50%
- On 1 March 2011, the SVR was increased by 0.75% to 5.25%
- On 1 May 2012, the SVR was increased by 0.50% to 5.75%

The FOS has found that “the evidence doesn’t show that there were changes in the overall costs MAS5 was liable itself to pay for the funds that it used” and “As a result the changes to the SVR MAS5 made between 2009 and 2012 – which collectively added 2.76% to the SVR – were not made for reasons permitted by the contract”. The FOS conclusion is clear that “The evidence shows that MAS5’s cost of funding did not increase”

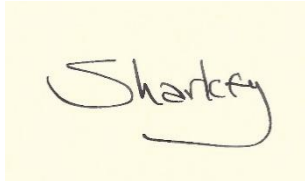
In my view, this shows that MAS5 and the Co-operative Bank misled customers. For example, in February 2011 the letter sent by MAS5 said that the SVR increase was “a direct reflection of the increased costs of funding your mortgage loan”. In April 2012, the letter said that the SVR increase had been made after “careful consideration” and that the “rate we are charged for funding your mortgage has increased considerably”.

Unfortunately, our previous attempts to raise these issues with the FCA over the period 2019 to present, including meetings with FCA executives, emails to FCA Board members and multiple letters

and emails to the appropriate FCA Director of Supervision have not resulted in any effective action to protect consumers.

I hope the SFO will launch an investigation and if it finds continuing harm to customers help prevent it. I have attached the evidence we have, including the FOS adjudication and the letters sent to customers. I and the MAS5 customers would be happy to meet with your investigators to explain the issue in further detail. I would be very grateful for a response to this letter as soon as possible.

Kind regards

A handwritten signature in black ink on a yellow sticky note. The signature reads "Sharkey" in a cursive, slightly stylized font. Below the name is a simple horizontal line.

Lord Sharkey

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