



Treasury Committee

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Ross McEwan
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Dear Mr McEwan

Thank you for your letter of 16 August regarding your oral evidence to the Committee in January, which sought to explain your response to Mr Jack's question:

“Do you think that there has been any criminal activity within the bank by your staff?”

“Not that we have seen or had reported, and certainly none that the police or the Serious Fraud Office are looking at, to our knowledge.”

You gave this answer despite the fact that RBS had informed police in June 2017 about the possibility of criminal conduct by a GRG employee in relation to their dealings with an RBS customer. In response, Police Scotland began an investigation, which is ongoing.

I note in your letter that you do not claim to have been unaware of the criminal allegations at the time you gave evidence, nor do you suggest that the criminal allegations did not occur to you at the time you gave the response. Rather, you state that the allegations are unrelated to the findings of the Promontory (s166) report, which you claim to have been the “subject of the Committee’s January hearing”, and to have been “explicitly referenced by Mr Jack” in his question.

The Committee considers this explanation to be unconvincing. The inquiry to which the session related was in fact entitled “RBS’s Global Restructuring Group and its treatment of SMEs”; Mr Jack’s question did not “specifically reference” the Promontory report, as is clear from the transcript; and a number of Committee Members, including myself, asked questions that were not solely confined to the substance of the report.

The Committee expects clarity and openness from the witnesses that appear before it. It considers that your response to Mr Jack’s question fell short of that standard, since you

withheld information of relevance and interest. The timing and content of your letter – which was received only after The Times reported the existence of the Police Scotland investigation – suggest that this was not an inadvertent oversight but a conscious choice.

Finally, the Committee is concerned by the tone of your letter, and particularly the statement that you “entirely reject any suggestion that the Committee may have been in any way misled”. It fits with a pattern of defensiveness that has served RBS extremely poorly in its handling of the GRG affair, and does little to support your assurances that the bank’s culture has changed fundamentally since you took up your position five years ago.

I will be placing this correspondence in the public domain.

Yours sincerely
Nicky Morgan

The Rt Hon. Nicky Morgan MP
Chair of the Treasury Committee