

Business interview: Police and Crime Commissioner Anthony Stansfeld

- [MARGARETA PAGANO](#)

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Still stirring up a hornets' nest, the warrior out to beat fraud

After HBOS scam, campaigner says cover-up goes to the Cabinet and top of the City

Two years ago this month a group of six financiers, including a senior ex-HBOS banker, were jailed for nearly 50 years collectively after being found guilty for their roles in a scam

involving £245 million worth of dud loans. As scandals go, this one was in a school and class of its own, and one which saw the longest prison sentences given for fraud in the UK.

At the epicentre was a former HBOS bank manager, Lynden Scourfield. He was bribed with Barbados cruises, trips to Las Vegas, Cartier watches and envelopes stuffed with thousands of pounds to pay for porn stars and sex workers at a flat in Marylebone.

In return for such delicacies, the HBOS banker lent money — through the Reading branch where he worked — to corporate customers in financial difficulties, letting the fraudsters profit from juicy fees forced on those firms and fleece them of their assets.

The HBOS crooks nearly got away with it. Two police forces dropped their investigations because of the complexity and cost. It was only when Thames Valley Police, led by chief constable, Sara Thornton, now head of the National Police Chiefs' Council, and Police and Crime Commissioner Anthony Stansfeld got their teeth into it that the investigation, codenamed Operation Hornet, flew.

Yet Stansfeld wants more blood spilled: to be precise, the blood of Lloyds Banking Group and its directors, and the City's regulators, who he claims have failed to acknowledge that the HBOS fraud was on an "industrial scale".

His beef is that Lloyds, which rescued HBOS in 2008 at the height of the financial crash, must take responsibility for the Reading fraud, which he believes it knew about at the time of the takeover and says has concealed for years afterwards. What's more, he claims the fraud was the tip of the iceberg, and the total amount was closer to £1 billion.

"I am convinced the cover-up goes right up to Cabinet level. And to the top of the City." Stansfeld drops his bombshell in a small sideroom of the Cavalry and Guards Club in Piccadilly, where the former Royal Green Jackets officer is a member. The 73-year old pulls out of his bag a fat folder containing dozens of letters, secret briefing papers and redacted dossiers that he has fired off since the court case to those in authority in his pursuit of greater justice.

They include correspondence with the Prime Minister's office, Mark Carney, the Bank of England Governor, Lord Blackwell, chairman of Lloyds, and Andrew Bailey, chief executive of the Financial Conduct Authority, among others. The replies he has received — often one-liners with denials and obfuscations — are themselves instructive.

Stansfeld has been on his crusade ever since the Reading gang were jailed because he was so outraged by the misery suffered by the hundreds of small business owners claiming to have been caught up in the frauds and who have yet to be compensated.

One of the higher-profile cases is that of TV presenter, Noel Edmonds, who plans to sue Lloyds for £60 million on the grounds that HBOS destroyed his company, Unique. Lloyds disputes this claim. Stansfeld says: "It's an absolute disgrace what has happened. People have ended up living in cheap hotels, families have been broken and there have been suicides. I believe Lloyds directors knew what had been going on."

Lloyds strenuously denies Stansfeld's claims although in November last year it paid compensation to Sally Masterton, who worked in the bank's risk division and had raised concerns about a criminal scheme at Reading.

In her report for Lloyds in 2013, which formed Project Lord Turnbull, Masterton named up to 15 senior bankers at HBOS and Lloyds who it was claimed knew what was going on. Soon after handing in her report, she was asked to leave.

Stansfeld says that if the Reading incident had been known about at the time of the HBOS rights issue, it is unlikely that funding would have taken place or that the Lloyds rescue would have gone ahead. "It's not good enough that Lloyds has commissioned an internal report, the Dame Linda Dobbs inquiry, into the affair. You can bet an arm and leg it won't be made public for years. We need a public inquiry and compensation."

Lloyds says the Dobbs report will be passed to the regulator and the Treasury Select Committee, thus de facto making it open to the public. It denies Stansfeld's claim of "cover-up", saying all the relevant details were passed to the authorities and will be considered by Dobbs. It also says all those affected have been compensated. It adds that the Turnbull report was sent to regulators and the police in 2014, and latterly to Dobbs.

More pertinently, Stansfeld also claims that HBOS was not the only bank involved in such frauds. "Reading was one branch of one bank where this was happening. I know of cases all over the country that have not been investigated, despite discussions in parliament on numerous occasions."

Stansfeld also says there is further evidence of frauds masterminded at many companies in the Bristol area he claims the local police have yet to investigate, despite their insistence that no evidence of fraud has been found. Why the discrepancy?

He makes a grimace which says all you need to know, adding: "In my opinion, the establishment looked the other way while thousands of companies have been destroyed and huge damage has been done to the UK."

Lloyds says it investigated the Bristol allegations and found no evidence to support the allegations.

So, what has made the ex-soldier such a rebel? He chuckles: "I've not had a conventional life."

Yet at first glance, he is of the Establishment he now challenges. He comes from a long line of soldiers, grew up in Berkshire, near where he lives, went to Marlborough, where he played a lot of rugger and football, did some falconry and "not much work". Aged 17, he enlisted in the Royal Green Berets and trained at Sandhurst, followed by several "hot and sweaty" years leading soldiers into the high plateau of Borneo.

He learned to fly helicopters at Middle Wallop, going on to command Army Air Corps squadrons and a fleet of about 17 helicopters in the Falkland Islands which he loved, but says "was tough".

So was crossing the swamps of the Darien Gap in Panama, and leading the first part of Operation Raleigh through Honduras. In Hong Kong he was chief of staff intelligence, helping out in the aftermath of cleaning up the island's law enforcers, once known as the best police force that money can buy.

IN his thirties, he left the Army because "I'd had all the fun you could have". He went on to run the Swiss-owned Pilatus Britten-Norman aircraft manufacturer, selling planes to some of the world's more "interesting" hotspots.

But he kept on the soldiering, commanding the Army reserve helicopters as a TA officer, and was a member of the Thames Valley Police Authority.

Stansfeld was about to retire when a local MP suggested he run for election in 2012 as the first Conservative Thames Valley police commissioner. His biggest shock has been discovering how widespread fraud is in the UK, and the huge cost of tracking it down. "I have seen at first hand corruption all around the world but always believed that the UK was a relatively clean country. Sadly, I have been disabused."

He quotes recent research that fraud costs the UK up to £200 billion a year yet points out the Serious Fraud Office receives around £40 million and the City of London Police some £15 million to track down these frauds. "The Reading case alone cost Thames Valley £7 million to pursue. Funding has to be increased if we are to be successful."

Top of his wish-list for radical reform is for a Chapter 11 system to be introduced to stop banks bankrupting viable businesses, a stop to personal guarantees being plundered by the banks and a tribunal system for compensation.

More controversially, he argues ministers and civil servants should be barred from working with banks or allied businesses for five years after they retire because too many of them have their "eye on future lucrative jobs".

His term runs out next year, and he predicts that "things will come to a head quite soon". He won't say how, but will keep fighting until it does. As someone who has watched his crusade at close quarters says, Stansfeld is a soldier in his soul and a warrior to the core.