

Santander UK to quit lending standards body

Santander UK, Britain's fifth-biggest high street bank, is cancelling its membership of a key lending standards body because of the duplication of regulatory standards to which the industry is required to adhere.

Sky News has learnt that the Spanish-owned bank served notice last week of its intention to quit the Lending Standards Board, citing the establishment of the City watchdog's Consumer Duty and the imminent implementation of new fraud reimbursement rules overseen by the Payment Systems Regulator.

In its letter to the LSB, Santander UK said the new regulatory frameworks would "supersede the existing voluntary industry standards that are set out in the current LSB codes".

"This inevitably leads to duplicative regulation and can create confusion among staff and customers about which standards apply."

The bank added that withdrawing from the LSB would "mean more certainty and confidence over the regulatory landscape. Reducing duplicated effort, thereby enabling us to concentrate resources on other important customer and regulatory priorities".

A number of other major banks are also understood to be considering following Santander UK's decision to terminate their involvement with the LSB, according to industry sources.

The LSB is a self-regulatory body whose origins began in the Banking Code Standards Board designed in 1992 by the British Bankers' Association and other trade associations.

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The financial crisis which erupted 15 years later and exposed a litany of failings in the industry's conduct, also paving the way for the creation of the Banking Standards Board (BSB).

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Last year, The Times reported that the BSB had been closed after major lenders declined to continue funding it.

The BSB's members had included Santander UK alongside Barclays and NatWest Group, among others.

Anna Roughley, the LSB's head of insight said: "Registration with the Lending Standards Board enables financial services firms to send a clear signal that they are committed to achieving the right customer outcomes where there are heightened risks to customers or an absence of statutory regulation.

"We work closely with regulators and our registered firms to drive needed improvements in customer outcomes, and to ensure our Standards and Codes add value to the UK's wider regulatory environment."

Santander UK's letter to the LSB insisted that its withdrawal "in no way implies any intention to reduce the standards of consumer protection we provide – indeed, quite the opposite".

A Santander UK spokesman declined to comment on the letter.