

## **The Co-operative Bank's response to Amnesty International's report findings on civil society account closures**

The Co-operative Bank welcomes the opportunity to respond to the findings of this report, and has worked closely with its authors as they have researched it.

The Bank remains a banking partner to many charitable and voluntary organisations and is the only high street bank with a customer-led ethical policy, which provides clear parameters on a range of issues. We have had a long and successful charity affinity partnership with Amnesty since 1993, and we thank Amnesty for communicating their concerns to us.

It is clear that in the cases highlighted in the report, which relates to events in 2015, we fell short of our own standards in terms of how we communicated with our customers, and we would like to offer our apologies to those affected. We recognise that our communications with the customers affected left significant scope for improvement. We are pleased that the report has highlighted some of the changes we have made over the past 18 months, including the introduction of our Exit Forum, which the report acknowledges is unique among UK banks, in addition to other changes such as improvements to how we explain our decisions to affected customers.

The decision to close any customer's account is only made after very careful consideration and we note that the report recognises the complex regulatory and legal framework in which the Bank operates, as well as the challenges it has faced in recent years. We believe this context is fundamental in understanding why the Bank, which remains committed to supporting charitable and voluntary organisations operating throughout the world, took the difficult decision to close a small number of accounts.

Our number one priority must be adhering to our regulatory and legal obligations and managing risk in a way appropriate for a bank of our size; not doing so would place the Bank at risk of significant regulatory censure or criminal proceedings.

The Bank is committed to promoting and supporting human rights and equality, and to providing banking services to organisations supporting a wide range of charitable and social causes in countries throughout the world.

Our response to each of the recommendations proposed by Amnesty is outlined below:

***Recommendation 1: The Co-operative Bank acknowledges deficiencies in its de-risking approach with regards to integrating its ethical principles, and commits to ensuring that its customer account decision-making process is conducted according to a more coherent framework that is consistent with these principles***

As a result of this experience in 2015 and other factors, the Co-operative Bank introduced an Exit Forum committee with the remit to provide scrutiny and close consideration of decisions to exit a customer where there are concerns about the risk they present to the Bank. In particular, to ensure decisions are in line with existing policy, to ensure communications procedures are followed, and to ensure alternative options to account closure are considered where appropriate, including pro-actively communicating with customers to help them fulfil our legal and regulatory obligations. As the report highlights, we believe this is unique within UK banking.

All Bank colleagues are responsible for our Values and Ethics and this includes members of the Exit Forum, who must consider how the Bank's decisions and processes meet its commitments in its Ethical Policy.

***Recommendation 2: The Co-op monitors implementation of its ethical policy, adopts metrics for benchmarking performance, validates these independently, and reports publicly on progress***

The Co-operative Bank already publishes a comprehensive Values and Ethics Report each year detailing how our ethical policy is delivered in practice. This report is subject to independent external verification, and is available on our website.

We commit to publishing additional information in our Values and Ethics Report providing a summary of our account closure activity, including benchmarking the number of account closures and the work of the Exit Forum in helping us manage this process within the spirit of our Ethical Policy. The next Values and Ethics report will be published in Q2 2017, covering the 2016 calendar year.

***Recommendation 3: The Co-operative Bank publishes a clear explanation of its client bank account risk management process, including annual indicators of accounts reviewed and decisions taken with associated reasoning beyond the generic***

We commit to publishing additional information and commentary on our risk management process within the context of our annual Values and Ethics report but, as with all banks, we are unable to talk specifically about individual customer accounts.

***Recommendation 4: The Co-operative Bank discloses details of the Exit Forum process with a commitment to exhaust all possibilities before considering account closure, including working with customers to help address risk appetite concerns***

We commit to publishing information about the Exit Forum and its purpose within our Values and Ethics report, including number of cases reviewed, and to publishing the terms of reference for the Exit Forum committee.

***Recommendation 5: The Co-operative Bank clarifies its associated communications strategy and includes a commitment not to make public statements that might harm the clients in question***

We recognise that our customer communications regarding account closures during 2015 were not sufficiently clear, and may have prompted customers to make public statements, leading to media commentary. Where we believe there is inaccurate published commentary about the Bank, we will always seek to correct this. Only in exceptional circumstances does the Bank make public statements relating to individual customers. In such circumstances, we make every effort to ensure that our statements are accurate, transparent and provide as much information as possible, and cannot be interpreted as an implicit or explicit criticism of any of our customers.

The Bank has made significant improvements to the way it communicates account closures with customers since 2015. In addition, we commit to sharing any planned future press statements with the organisations involved, even where they are not specifically named in

the statement, to ensure that it cannot be misconstrued or cause unintended harm to any of our customers.

***Recommendation 6: The Co-operative Bank provides a commitment to assist with account moves (including the redirection of standing orders) if accounts are closed.***

We look to assist customers where possible and the Current Account Switching Service (CASS), which is available for some charities and SMEs, would redirect any payments directed towards the closed account where the CASS service has been used to change accounts.

Unfortunately, it is not always possible to redirect payments, so we are limited in how much assistance we can offer. However, where we may take the difficult decision to close a charitable or voluntary organisation's account, we can and regularly do extend the closure notice period beyond our normal 90 days to enable the organisation to contact its patrons to arrange payments to be amended.

The Co-operative Bank  
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