

£100m milestone for mis-selling victim's venture helping others fight the banks

12th October 2016

By Rachel Covill - Business Correspondent



Jon Welsby

A Yorkshire businessman who lost his property empire because of a mis-sold interest rate swap has reached a £100m milestone with his venture helping other victims take on Britain's banks. Jon Welsby is heading Redress Services, which advises entrepreneurs whose businesses were crippled after being mis-sold swap products.

Interest rate swap products were sold on the basis that they would act as a hedge to protect smaller firms against rising interest rates. However, when rates were reduced in 2008 and 2009, many firms were left with huge bills and penalties to get out of the deals and were driven to the wall.

The 45-year-old from Filey has assembled a team, including a forensic accountant, a solicitor and commercial litigation funding specialists, to provide a one-stop shop for businesses, lawyers and insolvency practitioners pursuing claims for consequential losses.

It has clocked up more than £100m of consequential loss claims declined by the banks under the Financial Conduct Authority's review process. Mr Welsby's own business, called Bluesight, comprised commercial, residential, student and holiday properties across the north and the Midlands. Bluesight was valued in May 2008 at £12m. A refinancing deal that year saw Lloyds lend the business £6m, with a requirement for Jon to take out a £4m swap to hedge the loan. However, falling interest rates meant the monthly swap repayments soared to a peak of £18,000.

When Bluesight's portfolio was revalued by a panel adviser to the bank in 2011, it was given a value of £3.5m, leaving Mr Welsby in breach of loan-to-value covenants. Lloyds subsequently appointed administrators.

Mr Welsby said: "I lost the whole portfolio. I have consistently disputed the revaluation figure. The bank has admitted mis-selling the swap but I have been waiting for two years for it to put me back in the position I would have been but for the swap.

"My own claim for £10m of consequential losses is now ready for litigation if the bank does not provide adequate compensation."

He added: "I came to realise the only way to deal with my own mis-selling case was to engage experts who are experienced in dealing with settlements with the banks. I'm proud to be now doing the same for other claims with realistic merits. It gives me the opportunity to help other victims achieve justice against the banks for their failure to pay credible consequential losses."

The Redress panel of experts includes Rob Miller, of forensic accountants Inquesta, Mark Beaumont and Sally Dunscombe of Annecto Legal, solicitor Andrew Castle and Ian Lee, who has had a long career as a clerk and consultant to barristers' chambers.

Just over 3,700 bespoke consequential loss claims are currently in the review process.

Mr Miller said: "The Redress Services team comprises experienced professionals with extensive knowledge of advising on commercial disputes. We are all passionate about providing access to justice for victims of mis-sold interest rate swaps.

"Hundreds of victims are likely to have been left short-changed by the review process and, by establishing a network of experts, we are able to offer an easier route to achieving justice."