

## The real story of HBOS

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We [all knew the story of HBOS](#) before yesterday's report.

Senior management ran a bank recklessly for its own gain.

That's it. One sentence summarises all we need to know. But it took seven years to say it and no significant penalties are likely even if this review gives rise to another review, which is all it is calling for after that period of time.

So what's the real story here? It's that the finance sector managed to cover up for senior bankers managing a bank recklessly for its own gain until such time as the issue was too old for action to be taken.

How do I know? Take [this from Lex in the FT](#):

*What blame should King George I, governor of the South Sea Company, bear for its collapse in 1720? The Financial Conduct Authority should reopen this cold case. The UK regulator is already reconsidering whether to ban ex-bosses of Halifax Bank of Scotland from the City. They ran the over-leveraged bank into the ground at huge public cost in 2008. That's almost as long ago as the South Sea scandal in the hive mind of finance, an industry with a conveniently short memory.*

*Some would say it would be a waste of time barring the monarch from holding a senior job in banking or broking. He has been dead a while.*

*But banning ex-chairman Lord Stevenson and Messrs Hornby and Crosby, who served as successive chief executives of HBOS, would be almost as feeble. Only Andy Hornby is still employed full time. He does not work in finance.*

It appears as if the FT is joining in the exoneration game that has gone on. But not quite; they conclude:

*Regrettably, compromised regulators will get away with barely a scratch. Back at the time of the South Sea Bubble, when standards were evidently higher, the chancellor of*

*the exchequer was imprisoned in the Tower.*

At least they recognise the real story is as much in the cover up as in the action by saying so.

So now the question is, how to we prevent such a fiasco again?