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RBS chiefs had best of intentions, says lawyer

The report published today by the Financial Services Authority into the failures that led the Royal Bank of Scotland to near-collapse found that the bank conducted ‘inadequate’ due diligence but that no individual should be held legally responsible.

Ronnie Fox, a leading employment lawyer at Fox, City solicitors specialising in the financial services sector, said:

It is far too simple to say the taxpayer has lost billions of pounds and therefore somebody must suffer some form of legal punishment. There is no suggestion that RBS’ executive management were motivated by thoughts of personal gain or were dishonest.

They had the best of intentions and were strongly encouraged by the Government to carry out the ABN Amro deal. The regulators raised no objections. The FSA’s own report says that its own supervision was “flawed” and “provided insufficient challenge”.

With the benefit of hindsight everybody has twenty-twenty vision. All business activity carries risk. The management of RBS made a commercial misjudgment of epic proportions. It is now clear that due diligence was inadequate and the risk analysis was sadly lacking. But that is not enough, in my opinion, to impose legal liability on members or former members of the RBS board.

Financial institutions and regulators alike are now working out ways to minimize the chances of similar failures.