

## **BANKING ON THE STATES (GUERNSEY) ?**

**Forum from the Guernsey press 3<sup>rd</sup> November 2011**

**LANDSBANKI DEPOSITORS LOSE ICELAND PRIORITY BID.**

<http://www.thisisguernsey.com/news/2011/11/03/landsbanki-depositors-lose-iceland-priority-bid/>

*boroeric*

[November 3, 2011 at 4:14 pm](#)

It is now over three years since Landsbanki Guernsey collapsed and much water has passed under the bridge since then as depositors have struggled to get their savings back from this Guernsey registered bank.

The administrators Deloitte's have so far managed to get 85% back for the depositors and are looking to get an eventual 91% for them.

Despite the efforts of the depositors and the administrators one has to question just what is it that both the GFSC and the States of Guernsey have achieved for the depositors other than point the finger in the direction of the administrators when confronted on vital issues.

The depositors, many of whom are Guernsey residents will not only be looking for responsible action from the Guernsey government when the eventual shortfall is established, but will also be seeking 'transparency' in just how well did Guernsey deal with this situation and what is it that they can do better, to prevent a further occurrence.

Quite a number of depositors have died and will never see the eventual return of their savings, the most recent one a 94 year old Guernseyman.

*Stiletto*

[November 3, 2011 at 6:39 pm](#)

I would much prefer to have Deloitte's on the continuing job, than have the States of Guernsey involved.

There will I suspect be no 'transparency' at the end of day, or a positive move towards compensation.

In brief, the States of Guernsey fell flat on its face some years ago, when it invested heavily in the Chemical Bank Corporation, an example of this is that under the auspices of ex Rep Geoff Norman, the Electricity Board chucked in 3 million pounds of our money; I have no idea of whether these funds were recouped into our Exchequer but I do know that several private individuals 'put in the know', invested

heavily and passed on this 'heaven sent' opportunity to their relatives. My understanding is that they all lost out considerably.

Moral of the story is, leave the expertise to the experts.

*Nick P Jersey*

[November 4, 2011 at 8:38 am](#)

The financial muscle of the local authorities has enabled them to afford very expensive legal representation whereas ordinary depositors in Landsbanki Guernsey, where the sums of money involved are tiny in comparison to those claimed by the LAs, have not been entitled to the same representation. So their claims remain ranked as ordinary creditors and the takings commensurately reduced following the success of the LAs action. If one group of people placing a deposit in a bank are given preferential treatment from another merely because that first group have the financial clout to enforce preferred treatment then it is indeed a very sad day for justice. Of course the lawyers in this case will only be representing their clients but surely they should also be pursuing a truth that all depositors who placed money in these Icelandic banks should receive equal treatment. It is not clear to me why the LAs should have preferential treatment, other than that it was not fair for Icelandic depositors to receive preferential treatment over foreign depositors. It is sad that truth and fairness should not be apparent to all interested parties and this should not require expensive legal actions. Sorry for being naive! Meanwhile I concur that Guernsey's authorities have lacked the moral courage to fight on behalf of Depositors who have been treated more as shareholders in a bankrupt company. A review of the Guernsey Financial Services Commission paid for by the States of Guernsey (which also funds the commission) found no wrongdoing despite the fact that the Parental Guarantee of Landsbanki hf of its Guernsey Subsidiaries deposits was never actually signed and accordingly Landsbanki hf are exempt from this proposed support. Would you put your money into a jurisdiction where there is such a moral vacuum? "

*Gary Blanchford*

[November 4, 2011 at 9:13 am](#)

So, just what has Guernsey's Government done to politically assist the Landsbanki Guernsey Depositors, since the Chief Minister was embarrassed into going to Iceland in August 2009. That visit was only made because the LGDAG had shown that the UK treasury, who, we had been informed by the CM were representing Guernsey depositors in Iceland, were actually acting in their own interests to the detriment of Guernsey and the Landsbanki Depositors.

We had been assured by the CM, that, UK Treasury had said that we would receive "fair and equal " treatment.

Since that visit, all approaches to Guernsey's Government asking what political assistance was taking place have been met with silence. Whilst other governments have been working hard to ensure the return of funds from Iceland to depositors, Guernsey's Government does nothing. The UK and Dutch Governments had already reimbursed their depositors.

Somehow the UK, acting in their own interests again, have managed to gain priority creditor status for all their local authorities, whilst Landsbanki Guernsey depositors, who have been left as ordinary creditors, will receive nothing. (Because there will be no money left after paying priority creditors)

How has Guernsey Government been liaising with UK Treasury to ensure that they have also been representing the interests of the Landsbanki Guernsey Depositors. I suspect they have done nothing since August 2009.

1600 Depositors lost around £120 Million initially in a Guernsey regulated bank, whose regulator failed in his due diligence. They are still owed around £20+ million three years down the road and Guernsey's Government are deafening in their silence.

***Bob Mills***

[November 4, 2011 at 12:07 pm](#)

Totally let down by lack of States representation. The States have plenty to shout about when things go right for them or the island but very quiet when things go opposite direction.

Sometimes wonder if guernsey is still a good place to live?

***D.Collins***

[November 4, 2011 at 4:11 pm](#)

The real issue for everyone who has brushed aside the problems of Landsbanki depositors is that it could happen again and to anyone. Most of the large retail banks in Guernsey are NOT branches of their parents they are legally separate Guernsey companies and their 'parents' in the UK, Europe or elsewhere are under no legal obligation at all to bail them out if the Guernsey operation goes wrong. Yes, on the back of Landsbanki Guernsey Limited ( falsely "guaranteed" by its Icelandic parent) there is now a Guernsey depositors protection scheme. That scheme however is wholly inadequate to cover depositors if even one of the Guernsey banks (e.g, HSBC/Co-op/Natwest etc) went down.

Therefore the Guernsey government could do three things with immediate effect:

1. It could state plainly what it DID do to persuade the UK government to include Guernsey in their negotiations with Iceland and if NOTHING then say so

2.State plainly what they WILL do to address the fact that the UK fought and won the right for UK depositors to get their money back, but not private depositors in Guernsey

3.Negotiate with the UK Government and the British Bankers association to establish policy clearance allowing Guernsey residents to open accounts with the UK 'parents' of local banks, thereby ensuring that local depositors have the comfort of the fully funded UK depositors protection scheme up to £85,000 per deposit. ( As anyone who has tried to do set up such accounts will know, most UK retail banks will not permit it.)