

PRESS CUTTING

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Lloyds' bosses could be sued over HBOS takeover by the bank's own shareholders

By Daily Mail Reporter

Lloyds' bosses could be sued by the banks own shareholders

Shareholders with money invested in Lloyds Banking Group were asked today to help fund a possible legal challenge against the bank.

Investors, who mostly have shares in former LBSB, have been hit by falling share prices and a loss of dividend after the banks takeover of ailing HBOS, which dragged the new group billions into the red and forced government to take a 43% stake.

Chairman of the Lloyds Action Group, Nick Shaw, told a meeting in central London that research was being carried out to see if compensation could be won from the bank's directors.

He said: "They decided they would buy an unopened box with cash. Our cash."

He told the meeting it was worthless trying to take any action against government and he saw little prospect of the shares regaining their previous value.

He said: "The alternative is pursuing directors who between them, it would appear, it is alleged to me by two separate people, that they have professional indemnity insurance of £200 million and knowing who they are, I find it difficult to believe they personally don't have unsheltered wealth of £50 million."

Mr Shaw told the meeting at the QE II conference centre money was needed to fund the research into the viability of their claim.

Initial discussions have already begun with legal firm **PCB Litigation**, but any legal action is likely to be lengthy and expensive.

Although Chairman Sir Victor Blank has since stood down the deal to buy HBOS was backed by 96% of LBSB shareholders last November.

An overwhelming majority of HBOS investors also supported the move amid warnings the bank could be nationalised if the deal fell through.

Lloyds is set to unveil a £21 billion fund raising next week as it seeks to avoid putting £260 billion of toxic loans, mostly from HBOS, into a government backed insurance scheme which would raise the tax payers stake to 62%

The bank will reportedly pay £2.5 billion as a break fee.