



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Amigo Shareholders Action Group (ASAG)  
UK Shareholders' Association  
1 Bromley Lane, Chislehurst  
BR7 6LH

8 July 2021

Dear Sir / Madam,

Thank you for your letter of 11 June highlighting your concerns about the Financial Conduct Authority's (FCA) approach to Amigo's Scheme of Arrangement.

I recognise your concerns regarding the FCA's decision to object to Amigo's proposed Scheme. The FCA is an independent, non-governmental body, and though the Treasury sets the legal framework for the regulation of financial services, it has strictly limited powers in relation to the FCA. In particular, the Treasury has no general power of direction over the FCA and cannot intervene in individual cases.

The independence of the FCA is vital to its role. Its credibility, authority and value to consumers would be undermined if it were possible for the Government to intervene in its decision making. Given this independence, it would not be appropriate for the Treasury to comment further on the specifics of your concerns.

The FCA wrote to Amigo on 23 March, explaining that it did not support the Scheme and setting out the reasons why. Those reasons included the fact that redress creditors will have their claims significantly reduced whilst other parties of interest, such as shareholders who would retain their equity, are not being asked to contribute. As you explained, the FCA then wrote a further letter to Amigo on 10 May, setting out that it intended to appear at the Scheme's Sanction Hearing to oppose the sanction of the Scheme, for the reasons set out above.

I acknowledge your concerns that the FCA has not suggested what amendments to the Scheme of Arrangement will make it acceptable. It is not the FCA's role to negotiate the terms of Schemes of Arrangement with a regulated firm.

The Government continues to work closely with the FCA to encourage an environment where rules and expectations around affordability are clear so that lenders can demonstrate best practice when serving their customers. That work is continuing, and my officials and I work closely with the FCA to ensure there is a fair and balanced approach for both consumers and the firms that serve them.

Thank you for taking the trouble to make me aware of these concerns.

A handwritten signature in black ink, reading "John P. Glen" with a stylized flourish underneath.

JOHN GLEN