

Following our exposé of the banks' cavalier treatment of their clients' confidential records, chequebooks and cheque cards, an official inquiry was launched and the banks promised to do better. But, as Pete Sawyer reports, nothing much has changed

# YOU STILL CA

**T**he banking scandal exposed by *Punch* a year ago should have led to a revolution in the way high street banks deal with their clients' confidential information. We had revealed, after all, that branches of all the big names in the retail banking sector were leaving sensitive information in bin bags on the street for the garbage trucks. Our reporters found confidential account records, unused chequebooks, unexpired debit cards and, in one case, a bank branch's security codes left for any nosy — or criminal — passer-by to scrutinise and remove.

But instead of investing in shredders and secure waste disposal, many banks are still up to their old tricks. And this time ignorance is no excuse.

Our investigation last year caused a sensation. Channel 4 News made the story its lead item, the national press followed up enthusiastically and the Data Protection Registrar announced an investigation. The banks themselves reacted with a combination of defensiveness and shame, but appeared to be resolved to sharpen up their act.

After demanding the return of the confidential material, they started internal inquiries of their own. One bank even conducted its own "*Punch*-style" investigation, with thousands of spot checks made on bin bags left outside its own branches.

Some, notably NatWest, claimed that the examples we cited were isolated incidents — until we produced yet more examples of confidential records being carelessly dumped, including those of judges, barristers and solicitors. This time we contacted the customers themselves to get their views on the practice. A further investigation showed that even a branch of Coutts, bankers to the Queen and to many prominent individuals, was at it.

In April last year the Data Protection Registrar started an inquiry into possible breaches of the Data Protection Act. All of the banks we named were visited by one of the registrar's investigating officers. All of them said they had "procedures" in place for dealing with confidential waste. To prove the point, they produced volumes of detailed instructions that their staff were supposedly following.

"The flaw is getting human beings to do what they are supposed to do," says compliance manager Carol Hufton, who is heading the registrar's investigation. "It's making the



process simple enough to understand. And we've got to get into a position where we are satisfied."

The registrar could only tackle the banks on the information we found about individuals. Companies and organisations are not covered by the Data Protection Act. Furthermore, the registrar has no powers to punish the banks; it can only issue an "enforcement order". That inquiry is ongoing to this day.

*Punch's* investigation got under way in March last year after one of our contributors, Jon Paul Morgan, found, to his astonishment, confidential customer records quite literally blowing in the wind along his local high street.

Following that, a trawl along the streets of the West End and Kilburn in London and in two randomly selected towns in the regions, yielded hundreds of computer printouts, statements, letters and reports. These revealed the personal and financial details of thousands of people from all walks of life. We also found chequebooks, unexpired debit cards, cash-machine cards, an internal telephone directory, branch passwords and security codes. Needless to say, such information would be invaluable to private investigators, business competitors, crooks and conmen.

Particularly disturbing was the fact that the practice was clearly so widespread. Barclays, NatWest, Lloyds TSB, Midland (now HSBC

Midland), Abbey National, The Royal Bank of Scotland, Halifax and Nationwide were all guilty of this practice of dumping confidential records in the streets.

In the intervening months, *Punch* kept a watching brief on high street banks. On several occasions, we uncovered branches that were continuing to leave customer details on the streets. On the anniversary of our groundbreaking investigation, we decided to see once and for all whether the high street banks had cleaned up their act. And so, a few weeks ago, a *Punch* reporter spent two evenings tramping the streets of London in search of confidential bank waste. He re-visited most of the branches in the West End that were included in last year's survey. We would like to be able to report that he came away empty-handed. Alas, while things have improved, the problem is far from eradicated.

The banks make billions of pounds of profits each year as they save fortunes by a continuing programme of automation, which enables them to cut staffing levels. Surely they can run to the cost of shredding machines? Apparently not. Here is the state of play in a handful of branches one year on...

(We should point out that while the banks' carelessness means we are aware of the identities and financial histories of dozens of customers, we have withheld their names in the interests of client confidentiality.)

# N'T BANK ON THEM



**BAGS' FULL:** Our man finds piles of confidential customer information dumped outside the Clydesdale bank in Piccadilly

nished), mother's maiden name and gross annual income (£35,000). It also showed her average monthly out-goings (£1,150), monthly disposable income (£950), and listed her two Connect and her Classic Visa card numbers.

Other finds included a list of connected accounts and balances for a travel agency, a list of payments made by a married couple, blank legal forms, and staff holiday requests.

## **Clydesdale Bank**

**Piccadilly Circus**

HERE, WE found a computer disc containing letters and a credit memorandum about a £335,000 loan to enable the proprietors of a hotel in Bloomsbury to buy a 75-year leasehold interest in the hotel's premises. As a condition of providing the above facilities the proprietors agreed to move all their banking to Clydesdale.

The credit memorandum is highly detailed and would be invaluable to any competitor in the hotel trade. It gives the history of the hotel, which was started at the end of the 19th century, and states that the purchase of the lease is vital for ensuring the continuation of the business. The memorandum also gives the rationale behind the application, an industry analysis, information on assets and liabilities, debt servicing and a cash-flow forecast. It notes that although the accounting systems in operation are simplistic, they would appear to work satisfactorily.

We also found a customer statement for a financial advisory company, and a detailed audit report for a charity that runs nursing homes and clinics. The report listed all of the charity's accounts, their balances, details of overdrafts and loans, and assets held as security by the bank. Other documents included statements for accounts and a terse letter from a firm of solicitors about a barn conversion.



## **NatWest**

**London Bridge** / AN IMPRESSIVE haul from this branch, which also serves as NatWest's mortgage services regional office in London. We found a number of adviser introduction forms, with customer names, addresses, telephone numbers, occupations, dates of birth, areas of interest, and detailed additional information. One form notes that a customer (a wage clerk) currently has a mortgage with Northern Rock at £61k, values the property at £71k and would be interested in seeing if NatWest can offer a better deal.

Another form notes a customer (a director) looking for £250k/£300k mortgage. There were also details of a customer drawing £18k from a business, with retained profit in the

business of £30k, two investment properties with income of £25k, and a wife earning £38k a year.

Other printouts give details of customers, whether they smoke, occupations, dates of birth, gross salaries and monthly out-goings, plus mortgage application information, including loan details, estimated house purchase prices and whether they are first-time buyers. On the forms we found, the customers had not given data consent.

A verification printout listed a customer's address, length of time she had been at that address (15 years), home telephone number, occupation, salary (£14,700), the date she joined her employer (1988), the number of children she had (two), net monthly income (£966), rent payment (£390 per month), whether she had any store-cards (yes), credit cards (yes), other accounts (yes), and whether she was a member of an employee pension scheme (yes).

We also found a number of letters to customers about their life assurance plans. One was a letter to a doctor living in West London about a surrender of his flexible investment bond plan after four years. A payment of £14,322.33 was credited to his account.

## **Midland Bank**

**Oxford Street**

ONCE AGAIN, another offender from last year. This time, *Punch* found a letter referring to a staff mortgage. The letter says: The (named) couple are separating with all four mortgages being replaced by individual mortgages of £57k and £62k.

Other finds included lists of till entries, and an operational circular informing staff that they no longer have to make photocopies of most types of identification when opening personal and business accounts. That's useful to know.



## **BARCLAYS**

**Soho Square**

THIS BRANCH was one of the worst offenders last year. Once again, we were not to be disappointed. We found a quarterly Business Development Return, which listed the names of customers gained during the quarter, their account balances, lending income, their former bankers and the reason they had changed to Barclays.

Clearly, customer confidentiality did not enter into it for many of them. Many Soho film and media companies bank at this branch. And among the account details we found were those of United Artists, Kilroy TV, Lime Street Productions and, er, Mike Oldfield. □

## **BARCLAYS**

**Lower Regent Street**

THIS BRANCH was one of the worst offenders in our survey last year. And things don't seem to have changed much. This time we found an intriguing money laundering report listing more than 60 suspect over-the-counter withdrawals and credits of more than £1,000. It included the names of the business and personal account holders, their account numbers, sort codes, the till numbers at which the transactions occurred and, of course, the amounts.

We also found a private and confidential letter from Barclays Premier offering an enhanced and more personal level of service to one of its clients, a 29-year-old single woman now living in Bethnal Green, together with a complete financial history listing her two connected accounts, monthly and yearly balances, direct debits, and all her transactions over the past two months for both accounts, one of which was an expense account. A personal customer profile report gave her work and home telephone numbers, employment history, retirement date, number of years with the bank, residential status (tenant fur-