

Treasury response to LCF scandal – John McDonnell comment

John McDonnell MP, Labour's Shadow Chancellor, responding to the directions issued today about the FCA's handling of the LCF scandal, said:

"The Government has not taken this seriously, and these directions from the Economic Secretary do not change that. The Government has not joined the dots of successive scandals. They have not seen that the root of multiple scandals is systemic regulatory failure, rather than one-off acts of misconduct or 'bad apple' individuals. The Chancellor needs to front up and review the entire regulatory architecture.

"The investigation into the approach of the FCA and 'wider policy questions' is encouraging, but a 12 month investigation is far too long to wait for people whose lives have been torn apart by the collapse of LCF, and are desperate for answers.

"The Government's actions reflect a combination of incompetence and a blinkered ideology: their commitment to 'new and innovative forms of finance' has blinded them to the harms of inadequate regulation.

"A Labour Government would take a fundamentally different approach. We've commissioned work on overhauling the regulatory architecture. We will ensure that finance is a servant to, not master of, the public – and that our regulators bear this in mind at all times."