

ITRA anticipates the backlash from Shawbrook Scandal

News broke yesterday of how Shawbrook have admitted to handing out millions of pounds on loans that have not been adequately assessed for risk. Shawbrook are a big player in the Timeshare industry and provide finance for consumers at many big timeshare Resorts, as well as commercial mortgages, small business lending, asset finance and saving products.

It has now been revealed that due to an upgrade in their risk management systems, that there have been breaches in their lending systems, which has resulted in many loans being given when the lending risk was very high. Shawbrook said that the 'irregularities' took place in its asset finance division where certain loans 'did not meet the business's strict lending criteria'.

This is an uncertain time for Shawbrook who also announced that their Finance Director Tom Wood has resigned and is due to leave at the end of June. Although Mr. Wood has stated that his departure is not related to the latest revelation about their dodgy loan lending, this just adds more speculation to the situation.

Shares have been steadily dropping after FTSE-250 lender Shawbrook was forced to set aside £9 million to cover for eventualities resulting from £14.7 million worth of risky loans. When it listed on the stock market last year, shares were priced at 290p each. Since then it has lost over half of its share value with the share price dropping to 140p per share yesterday.

Shawbrook insists that their lending practices have been fully reviewed following the breaches and are now compliant with their strict lending policy. However, there is still the backlash of past mistakes to deal with and this has brought fresh hope to consumers who have been mis-sold timeshare contracts and rushed into taking out finance with Shawbrook.

Our lawyers have received the news with great anticipation for those in the situation where a loan has been given in high-risk circumstances. This means that there may be more possibilities opening up now of escaping the burden of a Shawbrook loan if you were pushed into taking one out to cover your Timeshare purchase.

Shawbrook have been left even more vulnerable to economic slowdown following Brexit and this latest scandal also means that other finance lenders may also have their policies reviewed and Shawbrook may not be the only one to be exposed in the future.