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1. Libor scandal: George Osborne to announce independent inquiry

# Libor scandal: George Osborne to announce independent inquiry

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## Body

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### ABSTRACT

Chancellor likely to stop short of full-scale inquiry, as Serious Fraud Office considers possibility of criminal charges at Barclays

### FULL TEXT

George Osborne is expected to announce an independent inquiry into the future operation of Libor, the inter-bank lending rate, but will stop short of setting up a full-scale Leveson-style investigation into banking culture and practices.

The chancellor is also expected to set out details of a brief consultation into the extension of criminal offences for corporate negligence. Downing Street said Osborne would make a statement in the House of Commons on Monday afternoon.

The prime minister's spokesman ruled out a full-scale inquiry, saying: "We know what happened."

Ahead of the Commons statement, the Serious Fraud Office said it would decide within a month whether there were any grounds for a criminal investigation at Barclays, which was fined a record 290m last week for attempting to manipulate key benchmark interest rates. Fourteen of its staff were implicated.

"Now that the investigation into the issue of regulatory misbehaviour has concluded, the SFO are considering whether it is both appropriate and possible to bring criminal prosecutions. The issues are complex and the assessment of the evidence the FSA [Financial Services Authority] has gathered will take a short time, but we hope to come to a conclusion within a month," the agency said.

The prime minister's spokesman suggested the Barclays chief executive, Bob Diamond, was not in the clear, saying he still had questions to answer when he gave evidence to the Treasury select committee on Wednesday. Overall his future was a matter for the Barclays board and shareholders, he said.

Marcus Agius, who has announced his resignation as chairman of Barclays, would no longer serve as a government business ambassador, the spokesman said.

The government said it would not change the timetable for the implementation of the Vickers commission into the future of banking.

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Ministers have said they do not believe speeding up the programme will help banking at a time when it is making huge adjustments due to the eurozone crisis.

Ed Miliband kept up the pressure for a public inquiry, saying: "Financial services contribute billions of pounds and hundreds of thousands of jobs to our economy. But there is now a crisis of trust. We need a full independent public inquiry to restore confidence in our financial services."

The Labour leader, who has also called on Diamond to quit, said he intended to force a vote to secure an independent investigation into banking similar to the Leveson inquiry.

After Agius's resignation, Miliband called on Diamond to follow suit as part of a general change of leadership at the top of the organisation.

Admitting that the last Labour government made mistakes over bank regulation, Miliband called for an overhaul of the industry and for a code of conduct to be established for bankers.

Agius quit on Monday, saying he was "truly sorry" for the interest rate rigging scandal, which had dealt a "devastating blow" to the bank's reputation.

Despite mounting calls for his departure, Diamond, who presided over the division where the rigging took place, showed no signs of leaving as he pledged to fully implement the findings of an independently led audit into bank practices since the financial crisis.

Labour is due to table an amendment on Monday to the financial services bill - currently at committee stage in the Lords - which it hopes will be debated "at the earliest opportunity", according to a party source.

The deputy prime minister, Nick Clegg, also suggested Diamond should follow the lead of the bank's chairman but stopped short of demanding his resignation, insisting it was not for politicians to hire and fire bankers.

Clegg said he had "no problem with more inquiries" into what went wrong, but during a visit to a school in east London, he insisted the buck stopped at the top.

"I'm like everybody else in this in that now that the chairman of Barclays has fallen on his sword and has taken responsibility for what has happened, everybody is asking: 'When are the other senior people at the top of Barclays going to take responsibility for the things that happened on their watch?'"

"I don't think it is for politicians to individually hire and fire bankers, but I do think the buck stops at the top." Lady Wheatcroft, a former Barclays director, told Sky News that Agius was "carrying the can" and it was inevitable that Diamond would step down.

Agius is still expected to face the select committee on Thursday, irrespective of his decision to quit.

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