

Bank set to write off its £12m loan to ex-chief

By **Andrew Picken**

SCOTTISH POLITICAL EDITOR

THE taxpayer-backed bank at the centre of a row over a £12 million loan to its former managing director is to write off much of the debt.

Bosses at Bank of Scotland, part of the Lloyds Banking Group, have effectively given up on getting back the money lent to a company wholly owned by Dunfermline Athletic supremo Gavin Masterton.

Details of the £12.2 million debt – secured against the Fife club's East End Park stadium – show the 71-year-old's company does not have to make a repayment on the debt until 2043.

But with Mr Masterton's business

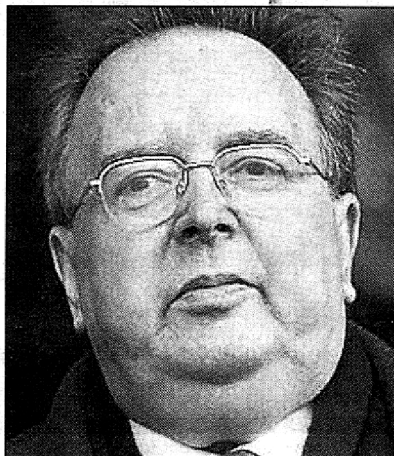
'This scandal deserves immediate attention'

empire in financial chaos and the loan not repayable until he turns 101, it is understood bosses at the Edinburgh-based bank do not think they will get all of the money back.

The loan's payment holiday is contingent on Mr Masterton owning Dunfermline, but this week will see the club either liquidated or put into administration unless its debts are settled.

Alex Salmond has held talks with Mr Masterton over the plight of Dunfermline, which has to pay a £134,000 tax bill by tomorrow. The First Minister met Mr Masterton and phoned HMRC about the issue in January.

Critics last night hit out at the prospect of Lloyds – 43 per cent owned by the taxpayer – wiping out any of the debt, particularly given that it has



FINANCIAL CHAOS: Gavin Masterton

already written off a £4 million loan to another firm set up by Mr Masterton.

Eben Wilson, of TaxpayerScotland, said: 'This sort of scandal deserves immediate attention by the bank and the authorities.'

'Too often, taxpayers have seen the burden of toxic loans land on their backs.'

It is understood bosses at Lloyds have classified the £12.2 million loan to Mr Masterton's East End Park Limited as 'impaired' – an accountancy term for a debt 'unlikely to be repaid in full'.

It is expected the bank will try to get some of its money back via a new rental deal for the stadium once the fate of the football club is finalised.

A spokesman for Lloyds Banking Group said: 'We do not comment on individual customers.'

A spokesman for Mr Masterton said: 'Any matters pertaining to the financial matters of DAFc are confidential and any comment would not be appropriate, particularly at this juncture.'

Could this be the end of the road?

Sport
Back Page

March 24, Mail on Sunday

Bank set to write off its £12m loan to ex-chief

By Andrew Picken, Scottish Political Editor

THE taxpayer-backed bank at the centre of a row over a £12 million loan to its former managing director is to write off much of the debt.

Bosses at Bank of Scotland, part of the Lloyds Banking Group, have effectively given up on getting back the money lent to a company wholly owned by Dunfermline Athletic supremo Gavin Masterton.

Details of the £12.2 million debt -secured against the Fife club's East End Park stadium – show the 71-year-old's company does not have to make a repayment on the debt until 2043.

But with Mr Masterton's business empire in financial chaos and the loan not repayable until he turns 101, it is understood bosses at the Edinburgh-based bank do not think they will get all of the money back.

The loan's payment holiday is contingent on Mr Masterton owning Dunfermline, but this week will see the club either liquidated or put into administration unless its debts are settled.

Alex Salmond has held talks with Mr Masterton over the plight of Dunfermline, which has to pay a £134,000 tax bill by tomorrow. The First Minister met Mr Masterton and phoned HMRC about the issue in January.

Critics last night hit out at the prospect of Lloyds – 43 per cent owned by the taxpayer – wiping out any of the debt, particularly given that it has already written off a £4 million loan to another firm set up by Mr Masterton.

Eben Wilson, of TaxpayerScotland, said: This sort of scandal deserves immediate attention by the bank and the authorities.

'Too often, taxpayers have seen the burden of toxic loans land on their backs.' It is understood bosses at Lloyds have classified the £12.2 million loan to Mr Masterton's East End Park Limited as 'impaired' – an accountancy term for a debt 'unlikely to be repaid in full'.

It is expected the bank will try to get some of its money back via a new rental deal for the stadium once the fate of the football club is finalised.

A spokesman for Lloyds Banking Group said: 'We do not comment on individual customers.'

A spokesman for Mr Masterton said: 'Any matters pertaining to the financial matters of DAFC are confidential and any comment would not be appropriate, particularly at this juncture.'