

# Compliance & Risk

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## MasterCard faced with biggest damages claim in history

Around 46 million people in Britain could potentially benefit from a legal case brought against MasterCard demanding 14 billion pounds in damages for allegedly charging excessive fees, according to court documents filed in London.

The landmark collective action claim was filed in London's Competition Appeal Tribunal ('CAT') on 8 September 2016 claiming damages of £14bn in relation to fees charged by MasterCard.

The claim is believed to be the first claim filed under the Consumer

Rights Act 2015 on behalf of all UK consumers, and is also reputed to be the biggest damages claim in legal history.

The claim seeks to recover losses incurred as a result of interchange fees imposed by MasterCard and declared to be anti-competitive by the Court of Justice of the EU in 2014. The fees relate to Mastercard transactions that occurred between 1992 and 2007.

The basis of the claim is that because MasterCard's fees have already been found to be illegal by the EU, this legal

action only needs to prove that consumers suffered loss as a result of MasterCard's anti-competitive behaviour.

Former chief financial services ombudsman, Walter Merricks, has brought the claim, instructing business litigation and arbitration firm Quinn Emanuel Urquhart & Sullivan. Mr Merricks puts himself forward as the proposed representative of the class of UK consumers that have suffered loss.

On the morning the claim

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## Deutsche Bank will fight \$14 billion demand from U.S. authorities

The future of Germany's largest lender, Deutsche Bank, has been brought into question as the bank prepares to fight a \$14 billion demand from the U.S. Department of Justice to settle claims it missold mortgage-backed securities.

Previously, Deutsche Bank had estimated the likely extent of the claim as around \$3.4 billion, so the latest figure has come as a shock.

The bank, which employs around 100,000 people, said it regarded the DoJ demand as an opening shot. In a statement, the bank said, "Deutsche Bank has no intent to settle these potential civil claims anywhere near the number cited".

It added, "The negotiations are only just beginning. The bank expects that they will lead to an outcome similar to those

of peer banks which have settled at materially lower amounts."

The DoJ has taken a tough stance in settlement negotiations with other banks, requesting sums higher than the eventual fine. Goldman Sachs, for example, was threatened with \$15bn, and paid closer to \$5bn.

The demand, which is

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