

# Retribution V Reconciliation... Rehabilitation?

Governments blame Regulators who blame Banks who blame Property Developers who blame Estate Agents who blame Financial Advisors who blame Valuers who blame Joe Public (i.e.Us) and so on and so on...



Ajay Sharma, CD Fairfield Capital.

It's coming on 7 years since the onset of the global financial crisis and Blame would seem to be a highly profitable enterprise... there certainly appears to be a large industry created around it. The thing is, does it actually achieve anything? Does it lead to rehabilitation - which must surely be the ultimate aim?

The reality is that what has happened has happened. The first thing we ask our clients is what their current reality is and where they want to get to. Given the business we are in, this is always a property-debt issue - whether personal (the mortgage on their house), investment (buy-to-let mortgages) or business (commercial facilities). What unites all our clients is the need for Rehabilitation - to repair the existing imbalances (between the asset value and associated debt levels) in order to move on in a sustainable fashion.

Once a realistic goal/outcome has been set and agreed, our job is to map a path towards achieving this and implementing same. It is our approach that dealing with all the various parties involved in an open, consensual and professional manner is the best way to start (and preferably finish) any kind of negotiated transaction. Understanding that everyone in the chain will have had or still have issues relating to the financial crisis and finding the best outcome for all involved is usually the most productive method of delivering for our clients. That's what we are finding anyway and we're in the results business...

Some clients come to see us consumed with a desire for some form of retribution and the need for someone to take the blame for what has happened. Upon scratching beneath the surface of their issues, they have often been motivated more by the blame-culture around them than the merits of their actual situation. It is very easy to prey on these strong emotions and persuade people that a recrimination-fuelled approach is the best way forward and that a perceived injustice will be righted. "You certainly don't need a crystal ball to look backwards" says Philip Davison, a director of CD Fairfield Capital Ltd.

The blame culture and the sensationalist reporting that it attracts can easily seduce us - particularly the David v Goliath perception that we can pick a fight with a Bank or Government and easily win. As mentioned above, there would appear to be a veritable ever-expanding industry earning fees from fuelling this blood-lust for retribution. In our experience and opinion, all this does is keep the real focus away from where it should really be - rehabilitating the situation as quickly as possible. Many clients find their way to us having already attempted and found the retribution route both futile and more importantly, costly - they have often spent all their precious funds in this ultimately-futile pursuit. Chances are they could have used those funds to sort out their position so much more efficiently.

Another major downside to the blame culture is that it makes

everyone so defensive and almost paralysed by fear. With so much recrimination and blame in the air, politicians/bankers/advisors are terrified of making decisions and the processes constructed to solving issues all seem to be based on, as we like to say in this country "arse-covering". This is more often than not counter-productive and inefficient. We have countless examples of where a Bank would have got substantially more funds back had they committed to the voluntary and consensual offer made to them rather than hide behind the "comfort-blanket" of appointing a receiver or using a solicitor to make financial decisions (particularly when not based on any legal issues). I've yet to see a house or building get up and disappear in the middle of the night so perhaps there is room to explore a number of other options prior to the need to repossess the property?

There is of course an absolute need for receivers and solicitors in the right circumstances however maybe not all the time and certainly not just to absolve responsibility (particularly at a tangible cost to the Bank and their clients). This is where we need decision-makers to face up to the recrimination arrows being fired at them and make brave decisions - particularly when it is in their clear interests to do so.

Don't get us wrong or mistake our approach as a sign of weakness, if there has been wrong-doing...

if Governments have lied to their citizens, if Regulators have looked the other way, if Banks have mis-sold or deliberately created instability for their clients, if Estate Agents have interfered with the natural sales process, if Financial Advisors have mis-sold products, if Valuers have colluded with borrowers re pricing assets and if members of the public have lied/hidden assets etc then they should be held to account completely. There are numerous mechanisms in place for this and should be ruthlessly operated to punish wrongdoers - this applies at all times, financial crisis or otherwise.

Rehabilitation is in all our interests - let's keep that as our primary focus and work together transparently to achieve same. It requires bravery from everyone and we implore decision-makers to be strong.

## Eye

If you wish to discuss any aspect of the above article then please don't hesitate to contact Ajay at CD Fairfield Capital Limited on 028 9023 6074 or email [ajay@cdfairfieldcapital.com](mailto:ajay@cdfairfieldcapital.com) at any time. Ajay Sharma has over 13 years' experience working in both lending and treasury functions of NI banks. Since leaving banking, Ajay has consulted on debt restructuring, treasury management, interest rate swap mis-selling and investments. He joined the CD Fairfield Capital team in August 2013.