

The Rt. Hon. Damian Hinds MP
House of Commons
London
SW1A 0AA

13 November 2025

Our Ref: BC2025/01318

Dear Damian Hinds,

Re: Access to business banking - Petersfield

Thank you for your letter of 28 October 2025 to our Chief Executive, Nikhil Rathi. I am responding as director with responsibility for retail banking.

You raise concerns about the provision of business banking services for your constituents in Petersfield, following the closure of the Lloyds Bank branch. We note this branch is due to close on 21 January 2026. I appreciate the continued importance of Small Medium Enterprises (SMEs) being able to access cash and banking services and recognise your disappointment that LINK did not recommend a banking hub for Petersfield.

As you are aware, the Financial Services and Markets Act (FSMA) 2023 gave the FCA new powers to help ensure reasonable provision of cash services. We introduced new access to cash rules, which took effect in September 2024. The closure of the Lloyds Bank branch in Petersfield was assessed under these rules.

We have reviewed LINK's published assessment and confirm that it considered the relevant factors when assessing cash provision in Petersfield. LINK's assessment found that no additional cash services were required because consumers and businesses could still access cash services at other facilities in the area, including the Post Office.

You note the limited provision of banking services in Petersfield, due to the limited opening hours of Santander and Nationwide branches, and request that criteria for cash assessments are reconsidered to include broader economic impacts. However, the powers given to the FCA by Parliament through FSMA 2023 are limited to the protection of access to cash, and our powers do not

include consideration of banking services or other criteria. This means our powers are limited, and the size and shape of branch networks remain commercial decisions for banks and building societies. I appreciate this may be frustrating, but I hope it helps to provide further background on our remit to banking services beyond cash.

I recognise that having access to the full range of banking services beyond cash is important to SMEs and consumers in our communities. We are supportive of the government's plans for the roll out of 350 banking hubs and are carrying out work to understand how firms can meet consumers' needs when accessing wider banking services beyond cash.

We continually monitor the effectiveness of our rules through several mechanisms, including collecting and publishing data on cash coverage, our supervision work and stakeholder engagement, including sharing our observations with HM Treasury. We therefore value your feedback on how our rules are working in your local constituency and how they can be improved. In addition, we have committed to undertaking and publishing a formal evaluation of the impact of our rules once the new regime has operated for sufficient period. This evaluation will consider various aspects of the regime, including the effectiveness of the cash access assessment process, which you highlight in your letter.

I hope this is helpful.

Yours sincerely,



Emad Aladhal
Director, Retail Banking
Supervision, Policy & Competition