

Strictly Private and Confidential

Mr G. P. Cosgrove
Bungalow 1,
Urb La Vista
Benalmadena Pueblo
29639 Malaga
Spain



9 September 2011

Dear Mr Cosgrove,


CreditSelect Loan Facility 10/WLN/034315 : N M Rothschild & Sons Limited (“NMR”)

I refer to your letter dated 15 August 2011 addressed to Mr Westcott. I am responding to your letter on Mr Westcott’s behalf.

I am sorry that you are dissatisfied with your CreditSelect loan facility. However, as explained in further detail below, the vast majority of your complaint relates to the alleged actions of third parties (in particular your financial advisor (Hamiltons) and the promoter of the investment which you chose to make upon the advice of your financial advisor). They were not the agents of NMR and NMR is not responsible for their actions.

Whilst your complaint does not specifically explain why you are dissatisfied with the actions of any company within the Rothschild group, I am aware that you have previously corresponded with Rothschild Bank International Limited (**RBI**) in relation to your facility. RBI is a separate entity from NMR and incorporated in Guernsey. RBI acted as the arranger and servicer of the loan and carried out these activities primarily from Guernsey. I believe that RBI has responded to the points that you have raised with them.

With regard to NMR’s position, and in relation to your letter of 15 August 2011, I would make the following points:

1. NMR acted solely as lender in relation to the CreditSelect loan facility.
2. NMR’s lending service was carried out from Guernsey to borrowers who were Spanish tax residents and who owned Spanish property. The CreditSelect 4 loan facility, which related to Spanish real estate, was not a Regulated Mortgage Contract and therefore not subject to the jurisdiction of the FSA. NMR has complied with all relevant rules and regulations relating to the offering of the loan facility.
3. A CreditSelect loan facility is not an “Equity Release” scheme. 



4. RBI has on several occasions made clear in correspondence that NMR is willing to enter into a standstill agreement with you in relation to your loan facility, though I note that you have not taken up this offer.
5. You refer in your letter to the advice that you were given by Mr Peter Hardy of Hamiltons. Hamiltons were your financial adviser and acted as your agent in relation to your application for a CreditSelect loan facility. NMR is not able to accept responsibility for any advice that may have been given to you by Hamiltons.
6. You state that Mr Hardy referred to a "Rothschild" having a scheme". However NMR did not create or promote any "scheme". NMR's role was solely that of lender. Your independent financial adviser (Hamiltons) advised you in relation to your decision to apply for a CreditSelect loan facility and in relation to the investment fund which you purchased using the proceeds of the loan (Aspecta's Horizon 2016 Fund). At no time did NMR provide any advice to you in relation to your decision to apply for a CreditSelect loan facility or in relation to the investment fund in which you chose to invest. Nor has NMR provided any advice to you in relation to your subsequent decision to exit from this fund. Contrary to the suggestion made in your letter, NMR did not invest the proceeds of your loan on your behalf. The choice of investment has at all times been made by you, in conjunction with your independent financial adviser.
7. You refer to an investment with Hansards that you appear to have made upon advice from Mr Hardy of Hamiltons. This investment has absolutely no connection with your CreditSelect 4 loan facility. Therefore I am not able to comment on this other than to repeat that this is clearly not a matter for which NMR can accept any responsibility.
8. I note your comment that you never read any contract and that you simply signed the contract where Mr Hardy told you to. Plainly it is not advisable to sign any contractual document without reading it. However the fact remains that you did sign the application form and loan deed before the notary public on 14 February 2007 (your loan application form was re-signed as your original application form dated 22 June 2006 omitted to include relevant information). You were under no obligation to sign these contractual documents but chose to do so. The first page of your application form contains a prominent "Important Notice" which clearly states that the contents of the application form are important, should be read carefully and form part of the contract governing the loan facility. The "Important Notice" also clearly states that borrowers are advised to seek independent legal and tax advice and that the enforcement by the Lender of its rights under the contract may result in the loss of part or all of the Collateral that is provided as security for the facility.

You have stated that you want NMR to make good the losses (which I assume is a reference to the investment that you purchased with the proceeds of your loan) and cancel the loan. Unfortunately NMR is not able to do this. As stated above, the substance of your complaint appears to relate to the alleged actions of third parties, including in particular the advice that you were given by your financial adviser, Hamiltons. You will appreciate that NMR cannot accept responsibility for any advice that may have been given to you by your financial adviser. This is NMR's final response. If you are dissatisfied with this response you may be entitled to refer



your complaint directly to the Financial Ombudsman Service at South Quay Plaza, 183 Marsh Wall, London E14 5SR. A copy of a leaflet about the Financial Ombudsman Service is enclosed with this letter for your information.

Yours truly
For and on behalf of
N M Rothschild & Sons Limited

A handwritten signature in black ink, appearing to read 'D.A. Shannon'.

David Shannon
Director – Group Legal & Compliance