

[LSER issued with £23.5 million penalty over breach of contract](#)

- following a breach of its franchise agreement, London & South Eastern Railway Limited (LSER) has been issued with a £23.5 million penalty notice by the government
- this is on top of the £64 million owed to the taxpayer being recovered by the Department for Transport (DfT), after deciding not to renew LSER's contract in October 2021

The government has announced that a [£23.5 million penalty notice has been issued to LSER](#) following a serious breach of the company's franchise agreement.

In September 2021, the Transport Secretary announced that, following the breach of trust, the [franchise would not be renewed with LSER](#) and would be run by the Operator of Last Resort (OLR).

That announcement came after work conducted by DfT identified evidence showing that, between October 2014 and March 2020, LSER had deliberately concealed over £25 million of historic taxpayer funding relating to HS1, which should have been returned to the taxpayer.

The review also identified evidence of similar behaviour by LSER during its previous franchise agreement that ran from April 2006 to October 2014.

Today's confirmation of the penalty reflects the seriousness of the misconduct over a substantial period and the action taken sends a clear signal to all rail operators that breaches of public trust will not be tolerated.

Transport Secretary Grant Shapps said:

I took decisive action and did not renew the contract with Southeastern following this appalling breach of trust.

Our rapid and firm action protected taxpayers and passengers – ensuring much-needed services continued to run.

LSER's behaviour was simply unacceptable and this penalty sends a clear message that the government, and taxpayers, will not stand for it.

In total (including amounts already recovered), DfT is recovering £64 million from LSER in relation to the franchise agreement contraventions outlined in the penalty notice, other balances identified, adjustments to profit share payments and interest owed. The penalty notice issued today (17 March 2021) comes on top of this recovery.

OLR maintains the continuity of passenger rail services if a passenger rail franchise terminates and is not immediately replaced. Since OLR took over Southeastern, services have continued as normal and further passenger benefits, including the rollout of Citybeam trains, has continued at pace.