

**Extract from Express online 13<sup>th</sup> June 2011**

## **BANK PAY-OUTS FOR MILLIONS**



Barclays is to become the first bank to pay out in full

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**By Andrew Johnson EXCLUSIVE**

**BANK** customers wrongly sold payment protection insurance are in line for fast-track compensation worth millions.

The Daily Express has learned that Barclays is to become the first bank to pay out in full on a “no questions asked” basis.

Letters to customers mis-sold insurance will start going out today and some could receive cheques by the end of August. The average compensation per victim, industry wide, has been estimated at about £2,800.

Banks have set aside billions to cover the claims, believed to affect more than three million customers, in a bid to restore their battered reputation.

Today’s move will pile pressure on rivals such as taxpayer-backed Lloyds Banking Group and the Royal Bank of Scotland, as well as HSBC, to follow suit. Barclays has tens of thousands of customers whose complaints were unresolved when the industry launched a High Court action last year – to challenge stricter rules from the City watchdog, the Financial Services Authority, on selling PPI.

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Barclays' move is being driven by retail banking chief Antony Jenkins and last night the consumer rights group Which? welcomed the decision.

"Banks have a lot to do to rebuild their reputation over a decade of mis-selling PPI and then mishandling complaints about it," said chief executive Peter Vicary-Smith.

"It's fantastic to see Barclays stepping up in this way, acknowledging their mistakes and refunding customers what they're owed, no questions asked.

"Hopefully, this will have a domino effect and other banks will follow suit. The sooner the banking industry can consign the PPI mis-selling scandal to the history books, the better."

Barclays' payments to the customers affected are estimated at about £100million, but it has set aside £1billion in total to try to resolve the problem once and for all.

Customers will also receive interest of eight per cent on the sums they are owed in recognition of the delay caused by the High Court challenge.

By the end of August everyone agreeing to be compensated will know how much they are going to get.

Across the industry as a whole, analysts believe more than three million customers could be owed as much as £9billion in the PPI scandal.

Lloyds is the biggest culprit, and has set aside £3.2billion to compensate victims.

Royal Bank of Scotland has set aside £850million, while HSBC's provisions run to £270million.

The FSA has urged banks to compensate customers as soon as possible, threatening to impose fines if complaints are not handled quickly.

PPI is designed to ensure borrowers can still repay their mortgages or other loans if their income stops as a result of illness or redundancy.

However, banks, building societies and other lenders sold policies to people, such as the self-employed, who would never be able to claim.

Often the insurance was sold alongside other financial products without customers' knowledge, and is rarely paid out.

The banks' enormous compensation bills are the result of the FSA imposing new and stricter guidelines on PPI selling retrospectively. But the handling of millions of complaints were delayed after the British Bankers' Association launched the High Court challenge in October.

The BBA lost its case in April and decided not to appeal after Lloyds decided to unilaterally withdraw from the legal process and was followed by rival banks.

Which? said at the time the decision was a "watershed moment in how banks treat their customers". Barclays' move comes as the industry is facing unprecedented levels of banker-bashing.

But their spokesperson said last night: "When we get things wrong, we work hard and work fast to put them right as quickly as possible. We can confirm we are communicating with customers with an offer to settle their claims in full as a gesture of goodwill."

## **CASE STUDY:**

Paul Fielder won £7,500 after he was mis-sold a PPI.

Mr Fielder, 33, above, from Hull, the managing director of a property company, took out a secured loan for a development project in Sheffield.

He said: “Black Horse didn’t tell me the PPI was optional. It just seemed to be integral. I was never going to use the protection so I had been paying five years for something that offered me no benefit.”

A Lloyds spokeswoman said: “We encourage affected customers to make contact and we will look at all complaints.”

Read more: <http://www.express.co.uk/posts/view/252399/Bank-pay-outs-for-millionsBank-pay-outs-for-millions#ixzz1P9MiHesr>