

PPI Policies & Voluntary Redundancy

Of the many factors staff will consider when determining whether they should accept voluntary redundancy rather than wait to be made compulsorily redundant one of the most important will be whether their Payment Protection Insurance (PPI) policies will cover the cost of their mortgage or other loan payments. Many staff will have bought these PPI products, which cover repayments for mortgages, loans and credit cards in the event the member of staff becomes sick, suffers an accident or becomes unemployed, from fellow members of staff.

In a recent Q&A to staff involved in the Retail Reorganisation, the Bank said that "The Decision as to whether you are covered will be taken by the insurance provider.....You are therefore advised to contact your PPI provider as soon as possible for guidance in relation to your personal situation." In response to questions put by LTU the Bank has now said that if a member of staff applies for voluntary redundancy or puts their name down for 'bumping', which is when you agree to go on the agreed terms and someone else takes your job, it is unlikely that their insurers would pay out on any PPI claims. If a member of staff who is at risk of redundancy goes through a selection process, is unsuccessful and is then made compulsorily redundant the insurer would normally pay out on any PPI claim. If a member of staff at risk of redundancy states voluntary redundancy as one of their preferences on the Preference Form and ultimately makes an application for voluntary redundancy then it would be up to the individual to speak to their insurance provider to determine whether in those circumstances they would be covered or not.

The problem with the Bank's approach to voluntary redundancy and PPI claims is that it doesn't provide staff with any certainty about their future financial positions. We accept that the Bank can't interpret the underwriting policies for other insurance providers but it can for the Lloyds Banking Group. Many staff have policies they bought from either Lloyds TSB and/or HBOS directly or from fellow members of staff. Where it is the insurance provider, the Bank, is aware of the circumstances surrounding the various reorganisations, knows that in many cases staff accept voluntary redundancy in order to avoid being made compulsorily redundant and should be in a position to tell staff now that if they are made compulsorily redundant their PPI claims will be covered. The same should also apply for those staff who state voluntary redundancy on their Preference Forms. If the Bank doesn't offer that certainty, staff with PPI cover will not make any preferences for voluntary redundancy at all but will instead go through the internal processes and wait until the Bank makes them compulsorily redundant. That is in no ones interest.

We have raised our concerns with the Bank and have insisted that they review their policy in respect of PPI claims. Members with any questions on this Newsletter can contact the Union's Bedford Office on 01234 262868 or e-mail me at Mark.Brown@ltu.co.uk.