

# Bank To Withdraw From Payment Protection Insurance Market

The Bank has announced it is to withdraw from the Payment Protection Insurance (PPI) market: immediately halting the sale of PPI policies and then progressively winding down operations servicing those policies that have already been sold.

## General Insurance

The many hundreds of staff employed by General Insurance to sell, process and administer PPI policies will obviously be most affected by this announcement.

**Bournemouth.** The Bank has said that all 10 phone-based staff working in the Business Retention Loan Protection Team will be redeployed into other Front-Line Sales Consultant roles within Direct Distribution, with no loss of jobs; although the change of roles may be unpopular with many affected staff.

**Newport.** Creditor Insurance staff responsible for processing PPI applications will be the first to be affected, with all applications already in the pipeline having to be processed by 31st July. The Bank says it will be able to temporarily redeploy these staff into other roles. Meanwhile, with no new business coming in, it would appear that all remaining staff in Creditor Insurance will eventually have to either be found suitable alternative roles or made redundant; although the Bank insists that with existing customers to service, there will not be an immediate risk to these roles.

**Shannon.** With the HBOS operation in Shannon dedicated to handling PPI, 21 sales roles will immediately be lost and there will inevitably be concerns about the future of the site.

Inside, LTU summarises the basic job security rights of those General Insurance Staff whose jobs will be directly affected by this announcement and we will provide fuller guidance to members as full details emerge.

## Direct Channels Telephony

The Bank has said that it expects no staff in Direct Channels to lose their jobs. Nevertheless, the impact upon sales bonus opportunities from withdrawal from the PPI market is less clear. The Bank has given LTU a commitment that whilst it is unable to make immediate changes to targets, it will conduct a retrospective review at the end of this performance quarter (September) and ensure that no staff lose out financially as a consequence of this development.

## Retail Sales

**Branches.** Branch targets for PPI sales will be taken out completely from August.

**Non-Regulated Sales.** Whilst the personal targets for the non-regulated salesforce populations are not broken down into individual products the fact is that many SPBM's and PBM's sell Personal Protection Insurance to customers and from 23rd July they will not be able to anymore. The Bank has said that personal targets will not be adjusted but we need to see the extent to which these products are sold now and whether Text Alerts and International Student Accounts are going to make up the difference.

**LTSB MA's / C&G RMA's.** The targets for MAs in Lloyd TSB and RMA's in C&G will need to be adjusted to take account of the withdrawal of the Mortgage Payment Protection product. Targets will not be changed for July but will then be set at zero. The Bank will shortly be issuing letters to MA's and RMA's setting out their new individual targets.

The SQR and Balanced Selling Standards will be adjusted to reflect the withdrawal of Payment Protection Insurance.

# LTU's Key Priorities

LTU has three key priorities when dealing with the Bank's decision to withdraw from the PPI market:

- **Ensuring that the Bank takes all possible steps to avoid making any affected staff compulsorily redundant. LTU will be doing all it can to prevent staff being made compulsorily redundant until all other possibilities have been exhausted.**
- **Avoiding the 'Forced Redeployment' of staff affected directly by this announcement. An issue for many staff that is almost as emotive as redundancy, can arise where staff are forced to redeploy**

**into alternative roles that they may not wish to accept (perhaps preferring Voluntary Severance) or consider unsuitable.**

- **Ensuring that no staff involved in the sale of PPI policies are financially penalised as a consequence of the Bank withdrawing from this market. LTU will be insisting that all bonus arrangements are adjusted to take account of the loss of these earnings opportunities.**

LTU will be addressing these important issues on behalf of staff in our meetings with the General Insurance and Retail Divisions over the coming weeks.

## GI Staff Job Security Rights

Though the Bank accepts that staff will be at risk of redundancy, it is nevertheless insisting upon reserving the right to redeploy staff into what it considers to be suitable alternative jobs.

It is therefore important that all staff affected understand the limits of the Bank's discretion when determining the roles into which it can and cannot redeploy them. In the simplest terms, if roles meet the legal definition of 'suitable alternative employment', staff have no choice but to either accept them or resign without compensation.

However, if the Bank fails to offer genuine 'suitable alternative employment', staff can refuse to redeploy into alternative positions and insist upon receiving Severance Payments instead.

### What Is Suitable Alternative Employment?

'Suitable Alternative Employment' would be:

- **A position at the same Band or level of seniority**
- **Within the skills, competencies and experiences of an individual, subject to adequate training**
- **A 'proper job' rather than one of only a short-**

**term nature**

- **With the same working patterns**
- **Within recognised mobility parameters**

### Travel Mobility

In some cases, staff may be concerned that they could be offered alternative roles that are some considerable distance from where they live. The guidelines agreed between LTU and the Bank specify that normally staff should be expected to transfer only where;

- **The journey from home is less than 25 miles, or;**
- **The journey time for staff travelling by public transport is less than 1 hour 15 minutes.**

### Job Security Appeals

Staff who believe they have been treated unfairly - either by being pressurised into accepting unsuitable alternative jobs or being told they are being made compulsorily redundant - can pursue Job Security Appeals with full representation from LTU's team of experienced Officials.

This procedure, which has been used successfully by a number of LTU members, means that staff can

have their cases presented by professional Union Representatives in front of Panels consisting of an equal number of senior Union and Bank Officials. It is up to the Job Security Appeals Panel - after hearing submissions from the member of staff's representative and the local management team - to

decide whether staff have been treated fairly.

Members concerned about their own job security should speak to one of LTU's experienced Officials on 01234 262868.

# Severance Terms

Whether staff choose to leave the Bank through Voluntary Severance or are forced out by Compulsory Redundancy, the Redundancy Terms they receive will be exactly the same irrespective of the circumstances.

The total pay figure is then divided by 52 to arrive at a weekly figure.

## Redundancy Terms 2006

### Your Relevant Earnings

The first stage of calculating entitlement involves working out an individual's weekly earnings upon which Redundancy Payments would be based.

Weekly Pay would include:

- **Basic Salary**
- **Contractual Overtime (regular, rostered, pre-terminated - including On Call Payments).**
- **For Sales Staff, Personal Sales Related Pay averaged over the last 12 months.**
- **Shift Allowance.**
- **Car Allowance Limit.**

### **LTSB-HERITAGE 2006 REDUNDANCY TERMS**

**2 weeks' pay for every year  
of service under age 22**

**4 weeks' pay for every  
year of service aged 22  
to 40**

**6 weeks' pay for every year  
of service aged 41 and over**

Under the 2006 Redundancy Terms, the formula for calculating Severance Pay is shown in the table.

Only the last 20 years service is used in the calculation and payment is capped at a maximum of 104 weeks' pay.

Members can calculate their Redundancy Terms using the table.

The first £30,000 of any Redundancy Payment is paid tax-free.

Severance payments apply to all staff aged between 16 and 65.

Members can telephone LTU's Advice Team on 01234 262868 for guidance on calculating their Redundancy and Pensions entitlements.

# What Next?

The Bank has agreed to meet shortly with LTU to discuss in detail the full consequences for staff of its withdrawal from the PPI market.

LTU will be demanding full details of how each group of staff will be affected and assurances concerning the impact of these developments both

upon job security and bonuses, depending upon where staff work.

The Union will update members further once we have full details and, as always, will be holding regular surgeries at all affected sites to provide members with advice, guidance and representation.

**STEVE TATLOW**  
**Assistant General Secretary**

To join call 01234 262868... today!