

Another £400m Into RBS' PPI Compensation Fund, Says Missoldppicclaims.info



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December 08, 2012, 11:40 am -- /[EPR NETWORK](#)/ -- The Royal Bank of Scotland has earmarked an additional £400m to cover the cost of compensation and refunds relating to mis-sold payment protection insurance (PPI), says leading PPI Claims Company Missoldppicclaims.info.

The nationalised bank has released figures for the last quarter showing a pre-tax loss of **£1.26bn**, a proportion of which is due to the allocation of a further **£400m to its PPI** compensation fund. In a move echoed around the banking industry in recent months, RBS now has increased its total PPI allocation to now stand at **£1.7bn**. However, it is unlikely to be the end of the compensation claims for the beleaguered bank.

Its recent computer problems resulted in significant numbers of [RBS](#), Natwest and Ulster Bank customers being locked out of their accounts for days, a mistake which has cost **£175million** so far with a further **£50m of compensation** put aside.

RBS is also part of an investigation by regulators in the UK, US and Asia – including the fraud division of the US justice department - over the part it played in the manipulation of the [LIBOR inter-bank lending rate](#). With settlement negotiations imminent, the fines that could potentially be applied RBS believe could have a "material" impact on the company.

Despite the problems, RBS showed operating profits for the third quarter increased from **£650m to £1bn**, while bad debt fell by £159m and staff costs were **5% lower** due to a 7% reduction in staff.

Stephen Hester, chief executive of RBS, said: "The extraordinary challenges which RBS faced following the financial crisis are being worked through successfully. The five year restructuring plan is now in its later stages with important work still to do, including an emphasis on dealing with reputational issues now that the bank's safety and soundness has advanced so well."

A spokesperson for leading [PPI Claims Management Company](#), Missoldppiclaims.info said: "It's good to see RBS recognising its responsibilities towards customers that were [mis-sold PPI policies](#), in particular the responsibility to put customers first and treat them fairly. This can be seen in its decision to increase lending to its business customers even though there was a **downturn in loan applications**, but it would be good to see a similar helpful response to borrowing for its non-business customers with personal loans and residential mortgages.

The reputational issues Mr Hester refers to are likely to be industry criticisms that RBS customers play second fiddle to the short-term interests of shareholders and staff. As a result, RBS has relaxed its lending position towards its small and medium **(SMEs)** businesses, which has led to a an increase of new **lending by 3%** since the second quarter despite a **25% drop** in SME loan applications due to the Olympics and doubts over the stability of the UK economy.

Analyst Richard Hunter, head of equities at Hargreaves Lansdown, said: "There is no doubting the immensity of the task RBS has faced in executing its turnaround plan, nor indeed the progress made so far."

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