

THE PPI SCANDAL

AND SALES CULTURE IN LLOYDS BANKING GROUP

Is it possible for a PPI mis-selling scandal to happen again
and has the sales culture in Lloyds really changed?

By Mark Brown, General Secretary



IS HISTORY RHYMING?

The question is: could a PPI scandal ever happen again and has Lloyds, the worst PPI offender, really changed its sales culture?

The results of the union's latest survey of front line sales staff plus feedback from members shows that whilst the sales language may have changed, the focus on sales at the cost of almost everything else is still the same. It seems that 14 years on from that landmark piece of research the sales culture is still alive and kicking. In a recent interview with the Financial Times, Jonathan Davidson,

director of supervision for retail and authorisations at the Financial Conduct Authority, said:

"When things get desperate, banks tend to take more risk. Sometimes they take more credit risk, which is why you got the financial crisis. At the same time, they typically take more of what I would call conduct risks, i.e. they take more risks in their treatment of customers. Culture doesn't just come from the top, it comes from history".

LLOYDS SALES CULTURE IN 2019

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Similar to the surveys we used for PPI, we asked front line members to tell us about the sales culture in their branches. Those responding included front line advisers and mortgage & protection advisers.

The key results are as follows:

81% of staff said that the sales culture in Lloyds had got worse over the last 6 months.

74% said they felt under pressure to justify their salary. Increasingly the bank is making it clear to frontline staff that their job is about making customers better off and that means selling them financial products.

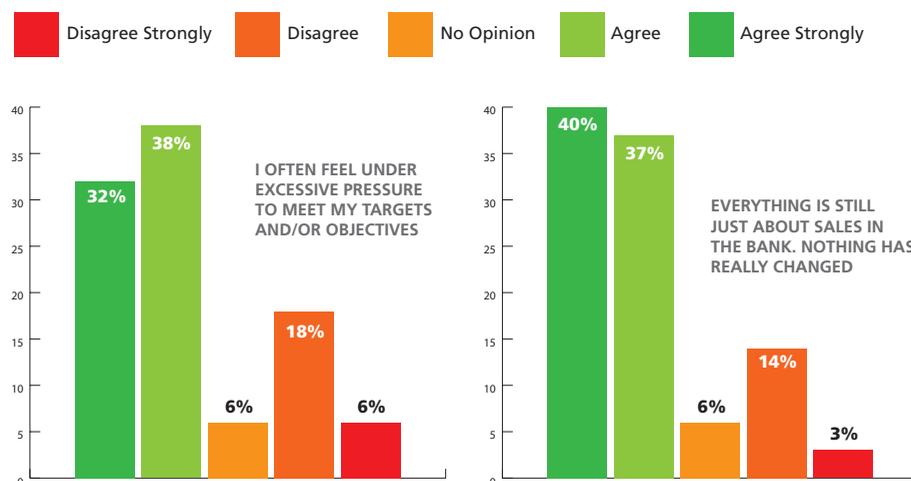
That's not wrong. It's when that sales pressure, be it implicit or explicit, forces the member of staff

to push for sales not because it's the right thing to do but in order to avoid difficult conversations with their line managers.

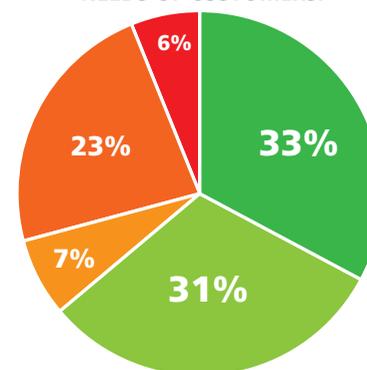
76% of staff said that they worry about not doing enough sales. The fact that there are no formal targets, like in the days of PPI, doesn't stop the anxiety for staff because they know that they are going to be asked to justify the hours they have worked and what they have done to help customers.

84% of staff in our survey said that they were increasingly being micro-managed. And it's the management of every minute of the working day that causes staff to worry about sales. At the height of PPI sales staff were constantly having to fill in forms saying who they were meeting and what sales they had done.

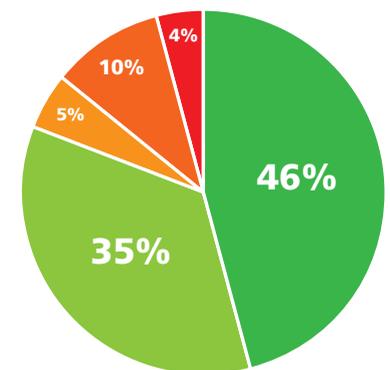
76% of Lloyds staff said that everything is still just about sales. Nothing has really changed over the last few years.



I FEEL UNDER PRESSURE TO PRIORITISE MY SALES OBJECTIVES OVER THE GENUINE NEEDS OF CUSTOMERS.



OVER THE LAST 6 MONTHS THE SALES CULTURE IN LLOYDS HAS GOT WORSE



HOW LLOYDS UNION EXPOSED THE BIGGEST SCANDAL IN UK FINANCIAL HISTORY.

Mis-sold PPI has become the biggest scandal in UK financial history and is estimated to cost the bank's a staggering £50bn and rising.



Early 2005

Union survey shows PPI is mis-sold. Publicity leads to CAB super complaint.



Sept 2005

The CAB publishes 'Protection Racket' ... a report identifying the problems in the PPI market.



Nov 2005

FSA issues report on PPI - identifies improper sales practices and lack of compliance.



Apr 2011

High Court Judge rules in favour of the FSA and FOS giving the banks 21 days to appeal.



Oct 2010

Banks, led by the BBA request a Judicial Review of the new guidelines arguing that they impose rules retrospectively.



May 2009

The FSA bans the sale of single premium PPI policies.



May 2011

Lloyds Bank became the first to withdraw from legal challenge. Others follow suit.



Jun 2015

Lloyds Bank fined a further £117m for mis-handling PPI complaints.



Aug 2019

Cut-off date for PPI complaints.

£50bn+ PAID OUT