

Barclays PLC

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Barclays joins Lloyds, RBS and CYBG in announcing big hit from last-minute surge in PPI claims

Barclays PLC (LON:BARC) has become the latest bank to announce a big hit from complaints about mis-sold payment protection insurance (PPI).

The lender said it expects to set aside a further £1.2bn to £1.6bn in the third quarter to cover PPI claims after a last-minute surge in complaints ahead of the 29 August deadline.

"In line with wider industry experience, Barclays has received a significantly higher than expected volume of PPI-related claims, enquiries and information requests during August, with a further spike in the final days leading up to the complaints deadline," it said.

Barclays recognised provisions of £9.6bn, of which £9.2bn had been used, for PPI redress in its first-half results.

The company said the final impact of PPI claims could be above or below the estimated range and will depend on a number of factors including the quality of recently submitted claims.

It still expects its common equity tier 1 capital ratio - a key measure of financial strength - to meet its target of 13% at year-end.

Shore Capital said this implies the group will generate enough capital over the remainder of the year to cover the cost of foreseeable dividends.

"As such, we do not anticipate the need for material changes to ordinary dividend forecasts, with the interim dividend implying a full-year forecast of 9p per share," it said.

"That said, this is likely to delay any plans management has to distribute surplus capital to shareholders by way of special dividends or share buy-backs. "

Lloyds Banking Group PLC (LON:LLOY), Royal Bank of Scotland Group PLC (LON:RBS) and Virgin Money owner CYBG PLC (LON:CYBG) have made similar announcements about the impact of PPI complaints in the past week.

Lloyds suspended its share buyback programme as it expects to take a charge of between £1.2bn and £1.8bn for PPI claims, on top of the £650m it set aside in the first half.

RBS expects to set aside between £600m and £900m in the third quarter for PPI claims, having already made provisions of £5.3bn as of 30 June.

CYBG anticipates it will need to increase its provisions for PPI costs by between £300m and £450m.

Price: 175.24

Market Cap: £30.36 billion

1 Year Share Price Graph



Share Information

Code: BARC

Listing: LSE

52 week High Low
192.99 131.036

Sector: Banks

Website: www.barclays.com

Company Synopsis:

Barclays is a major global financial services provider engaged in retail and commercial banking, credit cards, investment banking, wealth management and investment management services, with an extensive international presence in Europe, the USA, Africa and Asia. With over 300 years of history and expertise in banking, Barclays operates in over 50 countries and employs 147,000 people.

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