

Insurance brokers to spearhead €600m PPI clawback

Niall Brady

BANKS that mis-sold payment protection insurance (PPI) are about to face a surge in claims, with hundreds of insurance brokers urging clients to demand refunds of premiums paid for worthless cover.

The brokers, who will pocket 10% of any refunds they secure, are

seeking to edge out specialist claims companies that have expanded into Ireland from Britain, where a similar insurance mis-selling scandal will cost lenders an estimated €10 billion (€12.6 billion).

More than 120 brokers have signed up to attend five seminars this week in Dublin, Cork, Limerick and Kilkenny run by Broker Informa-

tion Services (BIS), which trades as Best Advice and AdviserPlus. It provides insurance quotes and other back-up services. BIS has told brokers that more than 350,000 PPI policies worth more than €600m have been mis-sold in Ireland by banks, credit card companies and car finance providers to borrowers who would be barred from claiming if

they were unable to pay their debts after losing their jobs or becoming ill. BIS estimated that refunds for mis-sold policies will average €5,000, with brokers taking 10% for assisting with the paperwork.

"We believe that Irish brokers should be at the forefront of assisting their clients and wider circle of contacts in this opportunity

that is just about to kick off in Ireland," BIS told brokers.

Claims management companies have been criticised in Britain for charging fees of up to 25%, even though borrowers do not need a middleman to get their premiums back.

Frank Murray, chief executive of BIS, said thousands of borrowers were unaware they were victims of

PPI mis-selling and entitled to refunds. "Brokers can play a valuable role in alerting clients to their entitlements," he said. "Brokers can also ensure that the refunds paid by lenders are full and complete."

Murray said brokers could help struggling borrowers who might be reluctant to seek PPI refunds because they feared upsetting their lenders.

PPI complaints received by Bill Prasifka, the financial services ombudsman, doubled to 410 in the first half of the year, with 74% alleging mis-selling. "People are free to retain whoever they want to help with making a claim but it's certainly not required," he said. "I'm precluded from directing PPI providers to cover the costs of third parties."