

PRESS CUTTING

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Bankers in legal fight for unpaid bonuses

BYLINE: Michael Blackley Business Editor

Employment lawyer to represent scores of 'upset' workers

STAFF at banks including Royal Bank of Scotland are preparing multi-million pound legal actions over unpaid bonuses they claim they are entitled to.

A leading London employment lawyer is representing scores of bankers who have been told they will miss out on rewards this year.

Many of those that have performed well and achieved targets are said to be "concerned and upset" about not receiving the payments.

Staff who have been made redundant are also considering legal claims against banks.

It comes after the Prime Minister Gordon Brown was criticised for not acting quicker to curb bonuses being offered by banks. Edinburgh-based RBS has been under fire after it emerged it is preparing to pay staff up to GBP 1 billion in bonuses, although it has cut bonuses being offered to many staff.

It has also emerged today that RBS chief executive Stephen Hester, who is set to sanction the bonus packages, would himself receive a pay-off worth nearly GBP 4 million if he was sacked.

Ronnie Fox, one of the leading UK employment lawyers and a member of the Law Society's remuneration committee, said: "I have been advising senior bankers about the payment of bonuses. Bankers are talking about suing for these bonuses.

The most aggrieved people are those who performed well and made significant profits for the banks but have lost bonuses and sometimes their jobs."

The largest number of claims are expected to be made against state-aided banks like RBS and Northern Rock. Bankers are challenging both the failure to pay so-called "guaranteed" bonuses and discretionary award schemes that pay out millions of pounds each year in recognition of employee contributions to the business.

The claims will not be made by senior RBS board members as they are unable to say they have contributed to a profitable business as it is facing GBP 28bn of losses for 2008.

However, managing directors, vice-presidents and associates in profitable departments will have stronger cases.

Details of those bonuses that are being paid by banks such as RBS and the new Lloyds Banking Group, which have both been rescued by taxpayers funds, have led to a growing public outcry.

Former deputy prime minister John Prescott has launched an online petition calling for bankers and traders not to receive "morally and economically outrageous" bonuses. And that is set to be stoked further today after details emerged of the contractual entitlements of Stephen Hester, RBS' successor to Sir Fred Goodwin.

If sacked, he would get 21 months' pay, worth more than GBP 2.2m. He would also get a further GBP 1.66m to compensate for the loss of bonuses he would have picked up if he stayed in his old job as boss of British Land. He will also be eligible for bonus payments.