small energy suppliers gain market share from 'big six'

Britain's small energy providers now have 13.4 percent of the country's household energy supply market, up from just 2.6 percent two years ago, continuing their success in attracting disgruntled customers from their larger rivals.

Indpendent energy suppliers, such as First Utility and Ovo Energy, jointly gained 860,000 electricity and gas accounts, also called dual fuel, in the year to July 2015, latest market share data published by consultancy Cornwall Energy showed.

Over the same period the 'big six' suppliers lost 660,000 accounts.

Britons have grown increasingly dissatisfield with poor customer service and high bills charged by the incumbent 'big six' suppliers, with the Competition and Markets Authority saying in July that it had found they had overcharged customers by around 1.2 billion pounds a year.

"Eventually customers who are on standard tariffs realise that they're kind of getting ripped off and they look to the market and we're out there with a great price, with a different message," Ed Kamm, chief customer officer at First Utility, told Reuters, adding his company was focused on engaging customers. (RTRS)

BBA proposes to buy Landmark Aviation for $2.07 bln

British aircraft services company BBA Aviation Plc said it proposed to buy US competitor Landmark Aviation for $2.065 billion, a deal that would make the combined entity the biggest fixed-base operator in the world.

The proposed deal would merge BBA Aviation's Signature Flight Support business, which has the highest number of fixed base operations (FBO) in the United States, with Landmark's, which has the third highest, in a market that continues to remain highly fragmented.

"This is the right time to buy this asset, it's the right price and we know the business very well," Chief Executive Simon Pryce said in a media call, terming the acquisition sizeable and relatively low risk.

Landmark Aviation, which is owned by private equity firm Carlyle Group LP, has been exploring a sale as the corporate jet market is slowly recovering from a downturn sparked by the global financial crisis, helping valuations for companies offering services in the industry.

"We remain concerned about the outlook for the business aviation market, and BBA is significantly increasing its exposure to it with this deal," Liberum analysts said in a note. (RTRS)

Eurozone growth slows in Sept: survey

VW scandal a worry: economists

LONDON, Sept 23, (AP): Economic growth across the 19-country eurozone is showing signs of slowing, according to a survey conducted before any assessment of the impact on German industry of the emissions-rigging scandal engulfing carmaker Volkswagen.

Financial information company Markit said Wednesday its monthly purchasing managers' index — a broad gauge of business activity — fell to 53.9 points in September from 54.3 the previous month. Though anything above 50 indicates expansion, the decline points to slower growth.

Markit says its survey points to quarterly growth of 0.4 percent in the third quarter, unchanged from the previous three-month period.

"There remains a worrying failure of growth to accelerate to a pace sufficient to generate either higher inflation or strong job creation," said Chris Williamson, Markit's chief economist.

The projected quarterly growth rate is, according to Williamson, below what is generally regarded as the eurozone's long-term potential and puts the region on course to expand by just 1.6 percent this year.

A more detailed look at the survey shows that Germany is enjoying its best quarterly expansion for a year even though growth slowed slightly in September.

Some economists are beginning worrying about the impact on German growth from the Volkswagen crisis. The world's top-selling carmaker has admitted that 11 million of its diesel vehicles contain software that evades emissions controls, far more than the 482,000 cars identified last week by the U.S. Environmental Protection Agency as violating clean air laws.

While Volkswagen is struggling to contain the fallout, there are concerns that the scandal will hit sales as brand is damaged. Since VW is a major part of the German economy, there could be some implications for growth.

Carsten Brzeski, chief economist at ING Germany, said the ongoing refugee crisis and now the "Volkswagen shocker" pose new risks to the German economy, which have yet to be picked up by surveys.

Brzeski concedes that it is "unclear" what the impact of the VW crisis will be, but that there will likely be one given the size of VW. It is, he notes, "one of Germany's most important global champions" and an "important growth driver for the German economy."

Volkswagen AG has already set aside 6.5 billion euros ($7.2 billion) to cover costs related to the scandal and could face billions more in fines and penalties.

"While the German economy defied Greece, the euro crisis and the Chinese slowdown, it could now be facing the biggest downside risk in a long while," Brzeski said.

Michael Hewson, chief market analyst at CMC Markets, also warned that the scandal could weigh on German growth, not least because of the importance of the car industry to the German economy.

"It is going to take quite a lot of skilled panel work to repair the dents in the 'Made in Germany' brand, particularly given this scandal has exposed a deliberate attempt to deceive," he said.

"The implications for German GDP growth could well be significant in the coming months, if global trust is lost, not only for VW but also the rest of the European car industry, if evidence is uncovered that we aren't seeing an isolated case," he added.

In the second quarter, Germany grew by a quarterly rate of 0.4 percent.

Eurozone heavyweights resume tax offensive on multinationals

BRUSSELS, Sept 23, (RTRS): Finance ministers of euro zone's major economies renewed on Tuesday their commitment to curb multinational corporations' tax avoidance and called for more consistent rules to reduce "harmful" tax competition.

Multinational companies have long been in the sights of European Union authorities because of the way they can legally reduce their bills by basing themselves in low-tax centres.

Ministers from Germany, France, Italy and Spain agreed that more coordination at EU level are needed to prevent corporations from shifting profits to countries where they pay lower taxes.

"We need collective rules to tackle harmful tax competition and aggressive tax planning," French finance minister Michel Sapin told European lawmakers in a joint hearing in the EU Parliament in Brussels.

His call was echoed by his counterparts from Germany, Italy and Spain. "Harmful tax competition increases profits in one state but compromises them in other states, preventing them from getting legitimate tax revenues," Italy's finance minister Pier Carlo Padoan said.

These calls come as Europe's Economic Commissioner Pierre Moscovici is urging EU finance ministers to agree on sharing information about specific arrangements with corporations, known as tax rulings, at their next regular meeting on Oct 5.

Tax rulings provide companies with information about their future tax bills when they settle in a country.

"This in itself is neither illegal nor problematic but, if misused, tax rulings can facilitate or even encourage aggressive tax planning, resulting in a serious loss of revenue for member states," Moscovici said in his blog.

The EU is investigating the tax arrangements of Amazon and Fiat in Luxembourg, Apple in Ireland and Starbucks in the Netherlands and may start new investigations.

"Tax rulings should no longer be implemented to allow harmful tax planning," German finance minister Wolfgang Schaeuble told lawmakers in the joint conference organised by a special committee set up in the European Parliament to tackle harmful tax rulings.

As a disincentive against future aggressive tax deals, Moscovici wants states to set up a mechanism next year to automatically exchange data on deals struck with corporations. He is also pushing for the disclosure of arrangements made up to at least 5 years ago.

The Commission, the EU executive, also plans to launch a new proposal next year on a "common consolidated corporate tax base" (CCCTB) for multinational companies.

The plan will have a first phase where only a common tax base would be introduced. Consolidation, the most contentious issue, would be introduced later and entail the elimination of tax avoidance practices.

A previous attempt to bring in CCCTB drew opposition from member states who saw it as a first step towards harmonising tax rates, regarded as a sovereign issue.

CEO fears punitive action

Why RBS may pay small firms it allegedly ruined

LONDON, Sept 23, (RTRS): One morning in May, the chief executive of Royal Bank of Scotland, one of Britain's biggest banks, called together his senior executives for an urgent briefing. Ross McEwan had just attended a meeting with officials at the financial regulator and had important news.

"I think they've found something," he said, according to three sources with direct knowledge of the meeting.

McEwan was referring to the regulator's investigation into claims by customers that RBS, once a colossus with a balance sheet nearly twice the size of the British economy, had deliberately pushed small businesses to bankruptcy so it could pick up their assets cheaply.

For three years, the bank has vigorously denied the allegations about its Global Restructuring Group (GRG).

But the meeting at the Financial Conduct Authority (FCA) convinced McEwan outright denial was no longer an option, according to insiders. Now, they say, the 300-year-old lender is considering a compensation scheme for small firms — from tyre makers to nursing home operators — which say GRG abused them or forced them out of business.

The cost to the bank, rescued during the financial crisis by British taxpayers, could run to billions of pounds. But bank executives hope the step might help draw a line under the mounting tally of blunders and alleged wrongdoing which has dogged RBS since 2007, crippling its reputation, impeding its recovery and delaying government plans to re-privatise it.

Of the many scandals that have entangled RBS in recent years, executives say McEwan feels the GRG allegations have been most damaging. McEwan, who became chief executive at RBS in 2013, is trying to refocus the bank. He has closed or sold its investment banking operations and wants to place small-business customers at its heart, recasting it as a predominantly domestic lender that supports Britain's economy.

Scheme

Asked to comment on the bank's plans, Jon Pain, RBS's Chief Conduct and Regulatory Affairs Officer, said the bank is cooperating with the regulatory investigation. "We have no plans for any redress scheme in relation to this matter," he added.

The sources within RBS agreed there are no specific plans for a redress scheme yet. But they said there has been a change of thinking in recent months. The bank's board will make a decision on possible compensation after the regulator's report is published, they say, and it has hired external advisers to make sure it is fully prepared.

The FCA declined to comment on the scope of its investigation, but reiterated an earlier statement that it expected to complete its review of RBS by the end of the year.

RBS could offer compensation without admitting liability, lawyers said. Even this would be "a real seismic change," according to Dean Nicholls, a partner at law firm Gordon Dadds. He has acted for several clients in cases against GRG and says he learned of the bank's thinking through legal circles.

"They seem to be taking a completely different approach, perhaps driven by a combination of what's been happening at a political level and the FCA's position," he said.

Paying customers off could avoid costly litigation, which includes a possible class action from hundreds of businesses.

Dean D'Eye, a bankrupt property developer, is one potential claimant. He says he wants to pursue a claim against RBS for "millions of pounds." He alleges the bank's NatWest division pushed his business into GRG without his knowledge and unfairly called in all his debts at no notice.

Apology

"It's not just the money," he said. "For what they put me and my family through I want an apology and an annulment to my bankruptcy. I would rather expose them for the diabolical liberty they have taken."

RBS declined to comment on his case.

A compensation scheme would make the bank's risks clear, which could also help Britain's Finance Minister George Osborne sell more of the state's shares in RBS. The bailout in 2008 and 2009 cost a total 46 billion pounds ($70 billion). The ministry sold off a first batch of stock in August, taking a loss of more than 1 billion pounds as it cut its holding to 73 percent.

The shares are now trading at 313 pence, leaving taxpayers with a current loss of around 16 billion pounds on their remaining stake.

The finance ministry declined to comment.

The RBS division that became GRG was set up in the early 1990s to take troubled businesses and help turn them around.

After the financial crisis — which Britain's government blamed in part on the failings of RBS's past management — GRG was seen as part of the solution to the bank's problems.

The fees it collected helped offset RBS's bad debts and improve the bank's capital strength. At its peak in 2010, GRG handled tens of thousands of British businesses with a combined value of around 90 billion pounds. That's twice as much as the state spent to bail out the bank.

Starting in 2008, complaints trickled out from small businesses which said RBS had forced them into dealing with GRG. They claimed that GRG had undervalued their assets and imposed punitive fees.

The complaints were often posted on social media and at first made no impact. They were eclipsed by other allegations and accidents, including RBS's part in attempts to rig foreign exchange and interest rate markets, and a U.S. investigation into its sales of bonds backed by home loans. The bank also drew flak over its reluctance to cut executive pay and a software glitch which disrupted customer payments.

By 2013, Osborne was pressuring the bank to clean up the messes and focus on domestic lending. McEwan, a New Zealander with a decade's experience in retail banking, was seen as best-placed to do the job.

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In this file photo Volkswagen CEO Martin Winterkorn (center), leaves the stage during the Volkswagen group night on the eve of the Frankfurt Auto Show IAA in Frankfurt, Germany. Volkswagen CEO Martin Winterkorn said Sept 23, 2015 he is stepping down. (AP)

Volkswagen boss quits over diesel emissions scandal

Volkswagen Chief Executive Martin Winterkorn resigned on Wednesday, taking responsibility for the German carmaker's rigging of U.S. emissions tests in the biggest scandal in its 78-year history.

"Volkswagen needs a fresh start - also in terms of personnel. I am clearing the way for this fresh start with my resignation," Winterkorn said, following a marathon meeting with the executive committee of the VW board.

The world's biggest carmaker has admitted to US regulators that it programmed computers in its cars to detect when they were being tested and alter the running of their diesel engines to conceal their true emissions.

Volkswagen did not name a successor, but said proposals on management appointments would be made to a full board meeting on Friday. — **See Also Page 36**

City overtakes New York, Hong Kong takes 3rd spot

London regains crown as world financial hub

LONDON, Sept 23, (RTRS): London has regained its crown as the world's leading financial centre, according to a survey of industry professionals on Wednesday, benefiting from the clear election victory by the Conservative party to overtake New York.

The online survey of more than 2,000 individuals ranked 84 cities around the world in terms of the business environment, infrastructure, quality of workforce and financial sector development.

London, which had top billing for seven years running in the twice-yearly survey, lost the top spot to New York last year.

The shock election triumph by the Conservative party in the General Election in May helped it overtake New York this time, research company Z/Yen, which published the survey said.

Ahead of the vote most polls had predicted a hung parliament, and a phase of political and economic instability.

The result comes despite Europe's biggest bank HSBC and its Asia-focused rival Standard Chartered currently deciding whether to axe their London headquarters because of a government levy on bank profits and the uncertain outcome of an upcoming vote on Britain's membership of the European Union.

London came top in every category, the report showed. Hong Kong, Singapore and Tokyo took third, fourth and fifth places respectively. Toronto, San Francisco and Washington DC were also named in the top 10.

The only other European city to rank among the world's 10 leading financial centres was Zurich while Frankfurt was the European Union's second highest ranking city in 14th place.

Chris Cummings, chief executive of lobby group TheCityUK, said a successful renegotiation of Britain's relationship with the currency bloc was "critical" to sustained growth of its financial industry, often described as the world's 'gateway' to Europe. "London faces stiff challenges from other established centres, not just New York and the likes of Singapore, but also emerging centres in Asia, the Middle East and Africa. But it is the future of the UK's relationship with the EU which is arguably the most pressing issue," he said in a statement.

Z/Yen's Mark Yeandle told newspaper CityAM that London's future status as the world's top financial centre was also threatened by government efforts to control immigration.

Hearing to start on Oct 5

Former trader sues Lloyds Group for unfair dismissal

LONDON, Sept 23, (RTRS): A former trader at Lloyds Banking Group who was among eight people dismissed after the bank's settlement for alleged manipulation of Libor interest rates is suing the bank for unfair dismissal, a court document showed.

The hearing for John Argent will start on Oct 5, according to a schedule for a London employment tribunal released on Wednesday.

Lloyds was fined $370 million in July 2014 by US and British authorities for alleged manipulation of Libor and other interest rates.

The bank, which is part-owned by the British government, subsequently opened an investigation into its traders' behavior and said in September 2014 it had fired eight employees.

Argent was one of those people, a person familiar with the matter said.

Reuters was not immediately able to contact Argent, whose profile on LinkedIn said he was a senior director at Lloyds.

"As the matter is subject to ongoing Employment Tribunal proceedings it would be inappropriate for us to comment in detail, other than to say that we do not consider this claim to have merit. The individual concerned was dismissed following a thorough disciplinary process," said a spokesman for Lloyds.

Argent's hearing adds to a growing list of unfair dismissal claims in London employment tribunals after banks fired dozens of people in the wake of the Libor and foreign exchange market scandals.

Former Lloyds FX trader Paul Carlier this week started a hearing against the bank and earlier this month former Citigroup FX trader Perry Stimpson claimed he was unfairly dismissed, saying the sharing of client information was widespread and condoned by senior management at the time.

Former traders from Royal Bank of Scotland, Citigroup and HSBC have also filed claims at London tribunals.

Increased distrust

Foreign media cos rush to exit Russia

MOSCOW, Sept 23, (AFP): A new Russian law limiting foreign ownership of media has upended the sector, forcing companies to scramble to comply and throwing into doubt the fate of TV channels, glossy mags and news dailies.

Adopted swiftly in an atmosphere of increased distrust of the West fuelled by the Ukraine crisis, the law signed by President Vladimir Putin last October orders media companies to have no more than 20 percent foreign ownership as of Jan 1, 2016.

The legislation was allegedly needed to prevent "foreign meddling" and its patriotic undertones are forcing international media groups to relinquish Russian assets by the end of the year or leave the once-booming market altogether.

German publishing giant Axel Springer announced last week that it had sold all of its Russian assets including GEO, OK! and the Russian version of Forbes, to local publisher Alexander Fedotov.

The owner the Bild tabloid, Germany's most-read newspaper, said that it has to leave Russia because being limited to a minority stake was "not acceptable".

"When we entered the Russian market (in 2004), we believed in the further economic development and liberalisation of the country," president Ralph Buechi said in a statement last week. "We regret that we now have to leave."

Finland's Sanoma media group sold its 33 percent stake in Vedomosti business daily in April to Russian businessman Demyan Kudryavtsev.

Policies

The newspaper is one of Russia's few remaining independent publications with op-eds frequently critical of the government's policies.

The fate of the remaining shares in Vedomosti, which are owned by the Financial Times and The Wall Street Journal, is yet to be determined.

The legislation has sparked fears that the independent and liberal-leaning Forbes and Vedomosti publications, as well the Ekho Moskvy radio station, could be stifled and face increasing pressure to tow the Kremlin's line.

Columnist Andrei Babitsky said the law stripped private media outlets of their "last defence against arbitrariness", and market experts predicted it would decrease the number of publications, including entertainment magazines.

The law "is a political declaration: we want to be sovereign, we want media outlets to be controlled by patriots", said Yekaterina Schulmann of the Russian Academy of National Economy and Public Administration.

Russia's RBK news site reported in June that authorities were pondering softening the law — especially for apolitical entertainment outlets — fuelling uncertainty among industry observers.

The Nasdaq-listed CTC media, a Russian independent broadcaster, has yet to decide on a July offer by UTH holding of Russian billionaire Alisher Usmanov to acquire a 75-percent stake in the company.

Pushed to the wall with few options, many foreign-owned media groups will be forced to accept knock-down prices to comply with the law before it comes into effect as the country grapples with a crippling economic crisis.

Media companies have hurried to reduce their stakes or get rid of their Russian assets in recent weeks.

Swiss publisher Edipresse parted with 40 magazines in the country, while US-based Disney and Discovery decided to remain on the Russian market, reducing ownership to required levels, with the remainder of shares going to local partners.