

Britain: Workers sacked by text message

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The Accident Group (TAG), Britain's largest personal injury claims firm, last week sent hundreds of its employees—those with cell phones—text messages informing them they had been sacked. The company laid off nearly all 2,500 of its workers.

"Sorry folks im gutted 4 u good luck in ur future careers". So read a text message from TAG to one of its sacked workers.

The firm disclosed the mass layoffs after its parent company, Amulet Group, announced that it would be going into administration. Some 200 Amulet workers are being kept on to process existing claims.

Amulet Group, based in Manchester, where the majority of the jobs are to go, issued the following statement:

"Continual battles with the insurance industry, and the sudden failure of a banking partner to support the company, has meant that the company is forced to cease trading.

"As market leaders in personal injury compensation, the company had been instrumental in fulfilling the government's wishes in providing the general public with direct access to justice. This has been achieved at considerable cost to the company."

Despite the firm's attempts to pose as a self-sacrificing public servant and blame all on the insurance industry, the administrator's report does not concur. The administrators, PricewaterhouseCoopers, blame the company's "lower than expected success rate" for mounting financial difficulties, which they claim "resulted in increased insurance premiums on new business and retrospective claims from the underwriters."

Amulet Group's three other subsidiaries—Accident Investigations, Claims Support Services and financial adviser First Advice (sponsor of Manchester City football club)—are now also in administration.

The firm's failure has left an unfolding social tragedy in its wake that has been aggravated by the company's callous method of notifying its workers.

Two employees, Keith Hooper and Craig Mannion, issued a short statement to the press:

"We are in complete distress about being sacked. It's not the fact that we have lost our jobs; it's the manner in which we have. There are people who have families and bills to pay. What are they meant to do? Many have worked there for a long time who have been offered many jobs before and have turned them down because of the loyalty for the Accident Group. Look how we have all been repaid—notice via a text message. It is a

disgrace."

Joanne Garnett was one of 49 workers who had been taken on by the firm only last month. "Many of us gave up good jobs to join the company," she said. "We joined because we were sold the job. The company asks its employees to recruit their friends and family, offering a £300 bonus if somebody is taken on. There are fathers, brothers and uncles and husbands and wives working for the company. The redundancies affect whole families

"I was recruited by a friend. She now feels awful. We have been told they knew last month they were in trouble. I am angry but more for my friends who have children."

A fellow employee, Kelly Cassidy, a single mother, was left with just £10 in the bank after losing last month's wages. Around 300 workers from TAG in Liverpool said they had received phone calls the night before staff pay day, telling them that the company had gone bust and they would not be receiving any pay for the last month.

One worker, Gareth Mancini, said, "I am absolutely disgusted by the whole thing. I received a phone call after 11 at night on Thursday telling me not to come to work on Friday as I didn't have a job, and I wouldn't be getting paid. I have bills and a mortgage to pay and am outraged that they can be allowed to do this. I have worked so hard for this company and all they could manage to do was send me an impersonal text message to say I no longer had a job and 'unfortunately my wage had not been paid.'"

Tom Neary, 45, an area line manager, said, "I got a phone call last night and was told I had no job and that the company had gone bankrupt. To have you working until the last hour and then to sack you is a disgrace."

Tom Wilkinson, 20, a sales rep, said, "My girlfriend is going to give birth in eight weeks and now I have lost everything. She was devastated ... it's stress she does not need. I don't know what I'm going to do."

All employees have been informed that they will not receive last month's wages, as there are no funds to cover them. Amulet Group made £17.8 million in profits last year.

A BBC web site soliciting comments on the firm's collapse revealed the level of contempt in which the company was held by former employees, others working in the insurance sector and customers alike.

"I think the method of notification to the workers sums up the

general ethos of this company. Whilst sympathy will not be hard to find for the now redundant workers, few in this industry will shed any tears for the demise of this organisation.” (Matthew Knight)

“I was an employee at the Accident Group in the Manchester head office, and the fact the company was aware of the possibility of this happening and didn’t let us know is very upsetting. I personally am owed approx £1,800 in wages today, and approx £1,500 in commission the next month; this has put us all in very bad positions.” (Dave, Manchester)

“I left the company on 02.04.03 and I am still waiting for my commission payment of £22,000.” (Ilya Musa, Lancashire)

“As an employee of TAG, I am still owed several thousand pounds worth of expenses which I have been trying to recover for a year, in addition to this month’s salary payment. It is now likely that I will be forced into personal bankruptcy. TAG’s administration procedures are a cacophonous shambles. The management are simply cowardly. The impact on personal injury departments of solicitors firms throughout the country will be extremely acute if not entirely crippling.” (Anonymous)

The popular hostility towards the failed company is matched only by the glowing tributes from the corporate world during its initial meteoric rise. Capitalising on the Blair governments’ abolition of legal aid for personal injury claims and its replacement with the law that allows solicitors to operate on a “no win, no fee” basis, TAG grew at a tremendous rate over the past few years.

In a procedure routinely termed as “flawed” by its rivals, TAG covered the initial expenses of people seeking to make personal injury claims. Legal expenses were paid for if they lost the case. The firm collected the claims and passed them onto the solicitors. In return, customers had to pay a sizeable insurance fee if they won the claim.

The company eventually captured a quarter of the market for personal injury insurance. Last year, it arranged insurance for 178,000 people in the year to August 31. This helped the Amulet Group to accrue a turnover of £243 million.

TAG became one of Britain’s most profitable companies. From its founding in 1986, profits doubled year on year. With sales barely £2 million in 1987, they rose to £90 million in 2001.

With the collapse a year ago of Claims Direct, TAG became the largest personal injury claims firm in Britain.

The company became known for its brash self-publicity and its slogan, “Where there’s blame, there’s a claim.” Many staff were given targets of bringing in four to seven claims a day. It was widely criticised for helping fuel a “compensation culture” in Britain normally associated with the United States.

But in corporate Britain the firm could do no wrong. In April of last year, it placed second in the *Sunday Times* league table of the country’s fastest-growing and most profitable companies. Just six months ago, its multimillionaire founder, Mark Langford, was lauded in the press for pledging £6 million

to a children’s charity—thought to be the largest donation in Britain to a charitable cause.

However, there had been signs that all was not well at TAG for some time. One source said that the group had been “losing money hand over fist” as the number of bogus claims it had attracted forced insurance premiums skywards.

According to the accounting firm Companies House, by last autumn TAG was more than two months late in filing its accounts—an offence resulting in an automatic fine.

There are unconfirmed reports that TAG managers knew the company was in serious trouble at least a month ago. But rumours of the imminent collapse of the firm were only triggered when, on May 29, some of the workers were sent a series of text messages informing them that they may not receive last month’s wages. The first text notified them not to contact the head office, but to await further details. They were then told that unless they had already received a letter, they were to consider themselves redundant. No wages would be paid for the month of May.

One Midland-based employee, Tim George, received the following text at 1 a.m. from the regional manager: “sorry folks im gutted 4 u good luck in ur future careers mike.”

Fellow sales rep Ricci Ashoori of Harlow, Essex, said he received a text saying, “Sorry to inform you that you will not be paid today. Don’t bother ringing the office.”

The following day, angry staff gathered outside TAG head office, Manchester to protest their treatment. There were reports that some employees at other locations had attempted to take computers and other company equipment on hearing that they would not be paid. Police were called to escort them off the premises.

As in the notorious Enron collapse in the United States, the downfall of TAG has revealed the extent of the gap between the showcase world of big business and social reality. The way in which the workers at TAG have been dealt with is but one expression of a prevailing corporate culture. The fact that the culprits will be allowed to just walk away is the ultimate crime.



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