Struggling Clydesdale and Yorkshire Banking Group faces fresh hit from PPI

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Clydesdale and Yorkshire Banking Group is braced for a fresh hit from payment protection insurance, piling more pressure on its share price — down by nearly a third over the past few weeks.

Shares in the London-listed bank, run by David Duffy, have plunged from about £2 towards the end of July to 142p as the lender fights fierce competition in the mortgage market and uncertainty over Brexit.

Analysts expect the bank to take a hefty provision for PPI, possibly £100m, when it presents full-year results in November. In July, CYBG reported "a recent increase in PPI information requests", saying it would "determine its final costs" after the PPI claims deadline at the end of this month. The scandal has cost banks more than £35bn.

"They're definitely going to have to pump up PPI provisions," said analyst John Cronin at the stockbroker Goodbody.

CYBG is less diversified than bigger banks and more focused on British business and retail customers, making it vulnerable to economic shocks. Analysts believe that uncertainty over Brexit is weighing on confidence and investment decisions.

Duffy, who acquired the bank last year for £1.7bn, is planning to rebrand the business Virgin Money, ending the 175-year-old Clydesdale and Yorkshire brands. Some have expressed scepticism over the rebrand.

Other UK-focused banks have come under pressure, too. Royal Bank of Scotland shares have slumped over the past few weeks, driven in part by its susceptibility to low interest rates. "In a lower-rate environment," said Cronin, "it's tough for a large current-account franchise."