



Financial Services Compensation Scheme

The Financial Services Compensation Scheme (FSCS) is the UK's compensation fund of last resort for customers of authorised services firms.

Overview

The Financial Services Compensation Scheme (FSCS) is an independent and impartial body created to safeguard individuals and small businesses against the principal losses incurred when an FSA-authorized firm defaults. Its services are free and claims from before its introduction in December 2001 are also covered.

How it's funded

The FSCS is funded by the financial services industry. Every firm registered with the Financial Services Authority (see below) is obliged to pay an annual levy, which goes towards its running costs and any compensation payments that it makes.

The FSA

The Financial Services Authority (or FSA) is an independent, non-governmental body whose role is to regulate financial services and protect consumer rights in the UK.

Who the FSCS applies to

The FSCS applies to all business conducted by firms registered with the FSA. In certain circumstances, however, European firms operating in the UK but who are authorised by their home state regulator may also be covered.

What the FSCS covers

The FSCS covers:

- Deposits*
- Insurance policies
- Insurance broking (for business on or after January 14, 2005)
- Investment business
- Home finance (for business on or after October 31, 2004)

* Deposits made with any branch of a UK bank within the European Economic Area (EEA) are also covered by the FSCS.

Compensation eligibility

Compensation may be paid if a firm is unable, or likely to be unable, to pay claims against it. This situation usually occurs due to the firm ceasing to trade or being declared in default.

Compensation limits

The actual level of compensation you receive will depend on the basis of your claim. The FSCS will only pay compensation for actual financial loss.

Maximum levels of compensation are:

Deposits: The first £85,000 per person per firm (for claims against firms declared in default from December 31, 2010).

Investments: The first £50,000 per person per firm (for claims against firms declared in default from January 1, 2010).

Home finance (e.g. mortgage advice and arranging): The first 50,000 per person per firm (for claims against firms declared in default from January 1, 2010).

Insurance business: unlimited. 90% of the claim with no upper limit. Compulsory insurance is protected in full.

General insurance advice and arranging: unlimited (for business conducted on or after January 14, 2005).

These limits apply in the majority of cases. However, if a deposit is made with the branch of a UK bank in another EEA state, or with a UK branch of a bank incorporated in another EEA state, the limits may be different.

Limits to the protection available

As a fund of last resort there are limits to what the FSCS can do and to the amounts of compensation it can pay. The FSCS have set out rules to explain the level of protection they can provide. These form part of the FSA Handbook of Rules and Guidance and can be found through the FSCS website: www.fscs.org.uk.

Further information

Should you wish to contact the FSCS, you may do so by any of the following means:

In writing

Financial Services Compensation Scheme
7th floor, Lloyds Chambers
Portsoken Street
London E1 8BN

Telephone

0800 678 1100

If outside of the UK:

+44 20 7892 7300

Email

enquiries@fscs.org.uk

Website

www.fscs.org.uk



Registered in England and Wales No. 995939. Registered Address: 71 Queen Victoria Street, London, EC4V 4DE. Authorised and regulated by the Financial Services Authority for UK banking business.