Protected

How FSCS protects *your* money

A guide to the Financial Services Compensation Scheme

Contents

About this document

This document tells you who FSCS is and how we protect your money. You should still talk to your financial services firm to discuss how our protection applies to the products and services you have bought from it.

About FSCS

FSCS is there to protect your money. It is the body which gives you automatic protection up to £85,000 if your bank, building society or credit union goes out of business; and you'll normally get your money back within seven days. FSCS is funded by the financial services industry, and is free to consumers. So whatever your money is for, it's good to know it's protected.

We also cover a wide range of other financial products and services such as investments, pensions, financial advice, insurance broking, mortgage advice and arranging. Different compensation limits apply.

What is a financial services firm?

Examples of financial services firms include:

- banks
- building societies
- credit unions
- insurance companies
- insurance brokers
- investment firms
- financial advisors
- mortgage brokers.

There are limits to how much compensation we can pay, and these are different for different types of financial products.

What is a financial services product?

Examples of financial services products are:

- current accounts
- savings accounts
- ISAs
- insurance policies
- investments
- mortgages.

Contents

Is a financial services firm authorised?

There are four main ways to check that a firm is authorised:

1. Check the documents the firm gave you – they often show a Firm Reference Number (FRN) or authorisation number.
2. Check the firm's website – the FRN or authorisation number is often in the 'legal information' section.
3. Call the firm and ask for their FRN or authorisation number (which is supplied to them by the FCA or PRA).
4. Use the Financial Services Register at www.fca.org.uk/register, which has details of every financial services firm authorised to do business in the UK.

Some firms appear on the Financial Services Register as 'EEA-authorised'. Depending on the type of firm, this may mean we would not protect you. The firm may instead be part of a compensation scheme in the country where their head office is based. You should check with the firm about the protection you will have and which scheme provides it.

The sections on the following pages explain what each type of business includes, and the compensation limits.

What sort of firms does FSCS cover?

We only cover financial services firms that have been authorised by the Financial Conduct Authority (FCA) or the Prudential Regulation Authority (PRA) to do business in the UK. So you should always check that the firm has an FCA or PRA authorisation number, sometimes referred to as a Firm Reference Number (FRN).

What products does FSCS cover?

We cover five different types of business:

1. Deposits, such as money held in bank accounts including cash ISAs
2. Insurance policies, such as motor and home, or life insurance and pension plans
3. Insurance broking, including advice about insurance policies
4. Investment business, including financial advice or investment products such as collective investment schemes
5. Arranging and advice about home finance, such as mortgages.

Contents

1. Deposits

FSCS protects your deposits, whether you're an individual or a company. A deposit is money in accounts like current and savings accounts, including cash ISAs. If your bank, building society or credit union fails, we may be able to pay compensation.

Compensation limit

We protect up to £85,000 per person or company, per authorised firm.

There are two important points to remember about the deposit compensation limit.

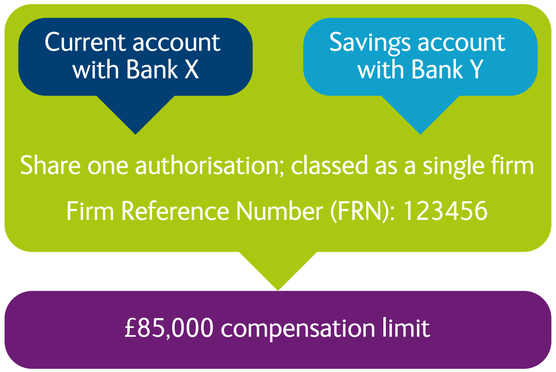
1. The limit applies to individuals and companies, not accounts. This means that for joint accounts the limit applies to each named account holder. So, for example, if you have a joint account with your spouse or partner, and no other accounts of your own with that firm, you will each receive up to £85,000 under the deposit limit. So FSCS would protect up to £170,000 of savings in a joint account.
2. The limit applies per authorised firm. This is important because sometimes a firm operates more than one brand under the same FRN or authorisation number. This means individuals with accounts held under different brands with a firm operating under one FRN or authorisation number will only be entitled to a total of £85,000.

You should therefore check:

1. whether you hold deposits with a bank or building society that shares an FRN or authorisation number with another brand of that firm, and
2. whether your total deposits with all those brands are more than £85,000.

Example

If you have a current account with "Bank X" and savings with "Bank Y" and they share one FRN or authorisation number, they are classed as a single firm for the purposes of compensation. This means your limit for compensation is £85,000 in total, shared across "Bank X" and "Bank Y".



Protected

Contents

How to find out if your bank or building society is part of a larger banking group

Your bank or building society should provide this information to you at least annually on your printed statement or electronically. There are three other ways to check:

1. Ask your bank or building society whether it trades under different brands with a single FRN or authorisation number.
2. Visit FSCS' website to check whether the bank or building society brands you have money with share a banking authorisation and whether all your savings are protected: www.fscs.org.uk/protected.
3. Use the Financial Services Register at www.fca.org.uk/register to look up your banks' and building societies' FRN or authorisation numbers. If any numbers are the same, they share a banking authorisation so one limit applies.

Temporary high balances

FSCS also protects certain types of deposits above £85,000 held by individuals. We protect certain "temporary high balances" up to £1,000,000 for a period of six months*. These are exceptional and short-lived deposits which result from certain major life events.

Deposits which qualify as a temporary high balance are:

- Money deposited in preparation for buying a property, the proceeds of sale of a property or proceeds from releasing equity in a property. This applies only to your main residence and excludes buy-to-let properties or holiday homes. General savings for a property do not qualify
- Money paid in relation to a marriage or civil partnership or a divorce or dissolution of a civil partnership
- A redundancy pay out (whether voluntary or compulsory)
- Compensation paid for unfair dismissal
- Benefits paid in respect of a disability or incapacity*
- Compensation paid for personal injury*
- Benefits paid under an insurance policy
- Compensation for a wrongful conviction
- Benefits paid on retirement
- Benefits payable on death
- Compensation in respect of a person's death
- A legacy from the estate of a deceased person or money held on behalf of a deceased person for the purpose of administering their estate.

* There is no limit to the compensation payable for deposits relating to personal injury or disability or incapacity claims.

If a firm fails and you need to make a claim for deposits you have above £85,000, you will need to provide written evidence that your deposits qualify as a temporary high balance. You can find further information on the type of written evidence we require at www.fscs.org.uk.

Contents

2. Insurance policies

FSCS can pay compensation if your insurance provider fails and cannot pay valid claims under your policy or return your premiums. The types of policies we cover include motor, home, pet, travel and payment protection insurance (PPI). We also cover long term insurance products such as life insurance or pensions - while pensions and annuities are often thought of as investment products, in reality they are usually long term insurance contracts.

We do not cover credit, marine, aviation or transport business insurance.

Compensation limit

Our main aim is to get continuity of cover for policyholders with long term insurance contracts. This means, for example, we may try to transfer your insurance policy to a new insurance provider. If this is not possible, the level of compensation we can pay will depend on the type of policy you have:

Motor insurance, Employers Liability insurance and Professional Indemnity insurance: the entire claim relating to the third-party element of your insurance, and 90% of any remaining elements of the claim.

Death or incapacity of the policyholder due to injury, sickness or infirmity: the entire claim.

Home, pet, travel and payment protection insurance (PPI) and other general insurances: 90% of your claim.

Pension savings or retirement income (i.e. via an annuity): if it is provided under a life insurance contract we will pay the entire claim.

Endowment policies or investment bonds: these are long term life insurance policies, with a savings element, and we will pay the entire claim.

3. Insurance broking

FSCS can pay compensation if:

- you were mis-sold an insurance policy and lost money and that firm failed, or
- you were a victim of fraud, and the broker who sold you the policy has gone out of business and cannot return your premiums or money owed to you.
- The types of policies we cover include motor, home, pet, travel, payment protection insurance (PPI) and other general insurances.

Compensation limit

We can pay compensation of 90% of your claim with no upper limit. We protect 100% of any compulsory element of insurance, like third-party motor insurance.

Contents

4. Investment business

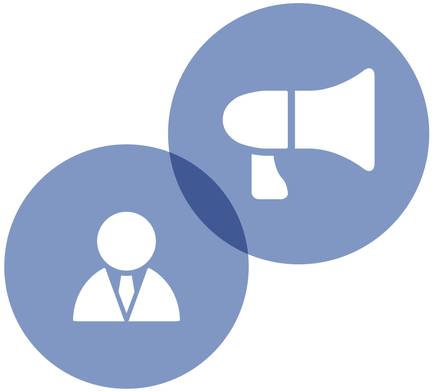
FSCS can pay compensation if the firm concerned has failed and cannot return your investments or money owed, and you lose money because of:

- bad or misleading investment advice
- negligent management of investments
- misrepresentation, or
- fraud.

We do not pay compensation if your investment does not perform as well as you hoped.

Compensation limit

We protect up to £50,000 per person per authorised firm.



5. Mortgage (home finance) advice or broking

FSCS may be able to help if a firm has advised you to enter into a mortgage agreement that wasn't suitable for you, and you lost money as a result. If the firm goes out of business and cannot pay back the money it owes you, we can pay compensation. Whilst we cover the advice, we do not cover the lending or administration costs on the mortgage itself.

Compensation limit

We protect up to £50,000 per person per authorised firm.

Contents

Who can claim compensation?

In general, individuals and small companies can claim compensation from us. In the case of deposits, large companies are also able to claim compensation, although some exclusions may apply.

For general insurance all policyholders are eligible to claim on the compulsory element of the protected insurance. Otherwise small companies must have an annual turnover of less than £1m to be eligible to claim compensation.

How long would it take to get my money back?

In most cases, for deposits, FSCS aims to pay compensation within seven days of a bank, building society or credit union failing. We will pay any remaining deposit claims, which are likely to be more complex, within 20 working days.

For general insurance, we aim to make a payment within 14 working days of agreement of the claim.

For payment protection insurance (PPI) claims, FSCS aims to decide claims within three months.

For all other financial services products, we aim to resolve claims within six months.

What does FSCS not cover?

We do not cover some financial products. Here are some examples:

- Peer-to-peer lending
- Money held on pre-paid credit cards
- Christmas or other savings clubs
- 'Boiler room' scam investments – 'products' sold by unauthorised firms, often abroad, that defraud customers of their money
- Losses arising purely from investment performance
- Some electronic payment services (such as PayPal) or currency bureaux
- Insurance policies for credit, marine, aviation or transport business
- Reinsurance
- Mortgage lending or administration.

Contents

Find out more

This leaflet explains how FSCS protects your money.

For specific information about how this applies to your individual circumstances you should speak to your financial services provider(s) or advisor.

If you would like more information about FSCS, including how to make a claim, please visit our website at

www.fscs.org.uk/your-claim

or call us on

0800 678 1100.