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MEDIA INFORMATION

Fund managers due to get major refund from FSCS recoveries

Fund managers will get an £11.7m refund this week from the Financial Services Compensation Scheme (FSCS) for the costs of Keydata claims. Cheques will be in the post to fund managers in the next few days. This refund is in addition to the £50m refund to fund managers made in December 2014.

FSCS came to the rescue of UK consumers when Keydata collapsed in 2009, leaving thousands of people hundreds of millions of pounds out of pocket. Keydata is the biggest investment failure FSCS has had to deal with. The Scheme paid out more than £330m in compensation for Keydata. FSCS worked hard to recover the costs of the compensation resulting from the Keydata failure. This included taking legal action against numerous financial advisers in what was complex and time-consuming litigation.

The refund results from the significant recoveries that FSCS has made. FSCS's total net recoveries made to date in respect of Keydata amount to more than £100m. The levy payers have already had the benefit of much of this recovery in lower levies. Investment intermediaries have benefitted from our recoveries work with some £38.5m used to offset the costs of compensation.

The refund is for a "cross-subsidy" from fund managers to investment intermediaries in 2010/11 to meet the costs of FSCS for investment claims, mostly from Keydata. The FSCS funding system provided for FSCS to raise cross-subsidies to cover costs in excess of a single funding class's annual limit.

Mark Neale, FSCS Chief Executive, said: "FSCS steps in to protect consumers around the UK when authorised financial services firms fail. We came to the aid of thousands of Keydata customers while paying out hundreds of millions of pounds. The costs of providing this protection fell to investment intermediaries and to fund managers. We're pleased to issue fund managers with an £11.7m refund this week. This is clear proof of our success in pursuing recoveries for the benefit of the firms that fund us, to which we remain fully committed."

FSCS protects investments, insurance, deposits and mortgage broking. Since it began in 2001, FSCS has helped more than 4.5m people, paying out more than £26bn in compensation.

For the latest FSCS news and information visit www.fscs.org.uk or follow [@FSCS News](https://twitter.com/FSCS_News).

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Notes to editors

About FSCS

FSCS is the UK's statutory compensation scheme for customers of authorised financial services firms. It was set up by Government in 2001 and is funded by the financial services industry. FSCS protects investment business, deposits, home finance (mortgage) advice, general insurance and insurance broking. FSCS can pay for financial loss if a firm is unable, or likely to be unable, to pay claims against it. The following limits apply: up to £50,000 in compensation per person per firm for investments and home finance (for claims against firms declared in default from 1 January 2010), for general insurance advice and arranging claims 90% of the claim is protected with no upper limit. Compulsory insurance is 100% (for business conducted on or after 14 January 2005). For more details visit our [Insurance Limits](#) page.

FSCS is an independent body, set up under the Financial Services and Markets Act 2000 (FSMA), and does not charge individual consumers for using its services.

Broadcast media

An ISDN line is available if you are interested in arranging a radio interview with FSCS' CEO. Please get in touch with our public relations team publicrelations@fscs.org.uk to arrange a suitable time and date.