



Dear third-party information provider,

Here's the latest FSCS update with the information you need to know.

## Update on Augmentation

In April 2023, we introduced new requirements to offer and capture a customer's preference on whether they would prefer any compensation for Defined Benefit Pension Claims to be via a lump sum, or augmented into a Defined Contribution (DC) pension of their choice. This step was introduced as an interim solution while we explored the feasibility and process requirements to deliver a full solution for customers opting to augment their compensation.

To date, FSCS have contacted more than 900 customers, with less than 1% showing any interest in having any compensation payable paid into a DC pension of their choice.

Due to the low uptake and because of various other barriers, FSCS has made the decision to depart from the requirement to offer customers an augmentation option. Some of the key reasons include:

- FSCS would need to provide customers with advice on the amount that could be augmented, and we do not hold the regulatory permissions to do so.
- Varied responses from product providers on whether they would accept compensation payments from FSCS.
- An extended customer journey due to the added complexity.

As a result, with effect 6 March 2024, FSCS will no longer be offering customers the option to augment their compensation.

Further communications will be shared in due course for any customers who have previously opted to augment.

## Reminder – response times

As you know, FSCS expects requests to be actioned and returned in a timely manner and within the deadlines set – often within **14 days/5 days for priority customers**. We're aware that sometimes it's not possible to get back to us within the deadline, in which case please let us know why and when you expect to send us the outstanding information.

Please also let us know if you haven't been able to send us everything we've asked for and why not, for example if you're awaiting a response from another firm, like a portfolio manager. This allows us to manage customer expectations and possibly explore other resolutions to ensure a smooth customer journey.

## Use of electronic signatures

Most claim applications FSCS receives come to us through our online portal, and as a result the paperwork is usually signed by the customer electronically. Although we can also take paper applications, the digital process is more efficient and allows us to process claims more quickly for our customers.

We're aware that some firms still currently request wet signatures before they can release information to us, but we're keen to help modernise these processes where possible to help prevent unnecessary delays to claims. Over the past few months, we've worked with many firms to help update their processes and speed up the flow of information so we can help customers more quickly.

If your firm still asks for wet signatures before responding to our data gathering requests and you'd like to update that process, then please let us know by reaching out to the [Relationship Team](#). We can provide information around our own verification processes to give some additional reassurance around customer identities, or talk about how information can be shared with us as securely as possible.

We hope you've found this newsletter useful, and we thank you for your continued engagement with us. We encourage you to contact us if you've identified any areas for improvement or discussion.

Yours sincerely

The Relationship Management Team

Financial Services Compensation Scheme

10th Floor Beaufort House 15 St Botolph Street London EC3A 7QU

0800 678 1100

[Unsubscribe](#)