

## Deposit Takers: What You Need to Know eLearning Course

v7 issued November 2025. Next review date June 2026.

#### **Legal Disclaimer**

Status of Training Material: This material is made available by Financial Services Compensation Scheme Limited (FSCS) and contains information in relation to FSCS's nature, functions, operations and policies, for use solely as an educational tool. The information does not constitute legal or other expert professional advice and should not be relied on as such. Please be aware that the tutorial is not continually updated and may as a result occasionally contain inaccuracies; for the most up-to-date information, you should always consult the FSCS website (which, again, is made available on the above basis that it is for information only and not to be taken or relied on as constituting legal advice).

To the extent that there may be any discrepancy between the information in the tutorial and information published by FSCS on the FSCS website, the material on the FSCS website takes precedence. Should any issue arise in relation to matters to which the information provided in this material relates, please seek appropriate legal or other relevant professional advice. Copyright: Unless specified otherwise in it, all copyright and other intellectual property rights in the material and content comprising this material ("the eLearning course") are owned by FSCS or made available by FSCS on licence. By accessing and using this material, you agree not to copy any part of the module except to print or download information for your own use in the course of your employment.

Changes to Material: FSCS reserves the right to make changes or updates to this material at any time and without notice

#### What is this tutorial about?

#### We will explore:

- > What the Financial Services Compensation Scheme (FSCS) is, and why it's important
- > The protection that FSCS provides to your customers
- > Levels of compensation and the compensation process
- > Your obligation to prominently display FSCS information

By completing this course, you will **increase your knowledge** of FSCS, and be able to **give your customers accurate information** about our protection, that will **increase consumer confidence** in financial services.



#### What is FSCS and why is it important?

#### FSCS is there to protect your money.

It gives you **automatic protection up to £120,000** if your bank, building society or credit union goes out of business. Where there is a joint account, each named person on the account receives FSCS protection of up to £120,000 for all eligible deposits. You will normally get your money back within **seven days**.

FSCS is funded by the financial services industry, and is **free to consumers**.

FSCS also covers a wide range of other financial products and services such as investments, pensions, financial advice, insurance and insurance broking, mortgage advice and arranging, funeral plans and debt management plans. Different compensation limits apply.

In protecting consumers, FSCS promotes consumer confidence.

Since 2001, FSCS has:



protected more than6.5 million customers



paid out more than£26.5 billionin compensation

#### What does FSCS cover?

#### Cover

FSCS only covers business conducted by firms authorised by either of the following:

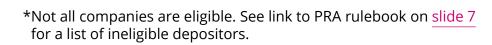


Financial Conduct Authority (FCA)



Prudential Regulation Authority (PRA)

Companies\*, charities and small local authorities qualify for cover under FSCS deposit protection. They are eligible for compensation up to a limit of £120,000.





#### What does FSCS protect?

#### Protection

FSCS protects:



FSCS pays compensation to customers with claims against PRA or FCA authorised firms that have gone into default. The Financial Ombudsman Service (FOS) deals with complaints against firms that are still in business.

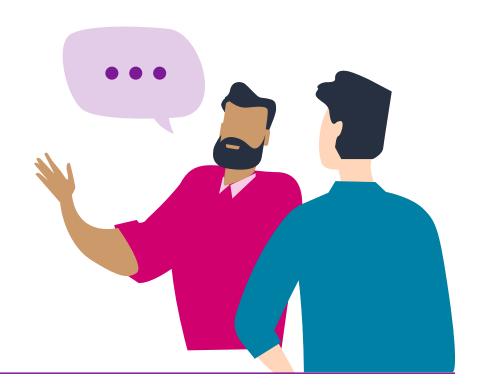
<sup>\*</sup>This course will focus on deposits.

#### **Eligibility**

To qualify for compensation, your customer must be eligible under the following FSCS rules:

- > Compensation can be paid only when an authorised firm is **in default**
- > Compensation is paid only for **financial loss**, and there are limits to the amounts of compensation that can be paid

For more information on eligibility, visit the PRA website at https://www.prarulebook.co.uk/pra-rules



#### What are the compensation limits for deposits?



#### **Deposit Accounts**

FSCS will pay out a total of up to £120,000 per person, per PRA-authorised firm.



#### **Joint Accounts**

For a joint account, each named person on the account receives FSCS protection of up to £120,000 for all eligible deposits. If an individual account and a joint account is held with the same bank, the limit will apply across these accounts, not to each separate account.



#### **Shared Banking Licences**

FSCS protection for banks, building societies and credit unions is up to £120,000 per person per banking licence.

If you have money in multiple accounts with banks that are part of the same banking group (and share a banking licence) we must treat them as one bank. This means that our compensation limit applies to the total amount held across all these accounts, not to each separate account.

You can check which banks share a licence on the PRA website: <a href="https://www.bankofengland.co.uk/">https://www.bankofengland.co.uk/</a> prudential-regulation/authorisations/financial-services-compensation-scheme

#### **Temporary High Balances**

FSCS also protects certain types of deposits held by individuals above £120,000.

FSCS protects 'temporary high balances' up to £1.4m million for a period of six months\*. These are exceptional and short-lived deposits which result from certain major life events.

The protection begins from the date the temporary high balance is credited to an individual depositor's account, or to a client's account on an individual's behalf. This date may be earlier than the date the temporary high balance was credited to the account with the failed firm.

If a firm fails and consumers need to make a claim for deposits they have above £120,000, they will need to provide written evidence that their deposits qualify as a temporary high balance. FSCS will pay people up to the limit within seven days but paying the balance above the limit will take longer. Consumers can find further information on the type of written evidence FSCS require at www.fscs.org.uk.

<sup>\*</sup>There is no limit to the compensation payable for deposits relating to personal injury or disability or incapacity claims.

#### How will a customer receive compensation and how long does it take?

### How will a customer receive compensation?

In the unlikely event that an authorised firm ceases trading, FSCS has a claims process in place.

- 1. FSCS gets the Single Customer View (SCV) file and Exclusions View file from the bank, building society or credit union that has failed, which lists all its customers and their balances.
- 2. FSCS then sends eligible customers their compensation automatically up to the limit without them having to apply (in most cases). This is usually by cheque.
- 3. For Beneficiary type accounts where deposits are held on trust or by a third party, FSCS will need to request further information from the account owner before making payments.

# How long does it take for customers to receive their compensation if a bank, building society or credit union fails?

 For deposits, FSCS aims to pay compensation within seven days of a bank, building society or credit union failing.
More complex cases will take longer.

FSCS does not charge customers.

We will be more than happy to **answer any questions** customers may have and will do all we can to help them with their claim.



#### What is your obligation to display FSCS information?

Your bank, building society or credit union is expected to prominently display FSCS information according to disclosure requirements from the Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA).

You are also required by the regulators to tell you customers formally about FSCS when they open new protected accounts and at least once a year for any existing accounts.

FSCS has developed the 'FSCS Protected' badge and associated materials, which

- Now features on all FSCS disclosure materials and FSCS advertising
- Is recommended to be featured on the materials and advertising of banks, building societies and credit unions for FSCS protected products

This will provide customers with the reassurance and confidence that no matter what happens, their eligible deposits will be protected.

You can find FSCS information and industry resources on our website at <a href="https://www.fscs.org.uk/industry-resources/fscs-badge-agreement/">https://www.fscs.org.uk/industry-resources/fscs-badge-agreement/</a>



#### Where should you display FSCS information?



Note: We know that every branch is different. This information is intended to help you understand where you are expected to prominently display FSCS information, no matter what the layout or appearance of your bank, building society or credit union.

#### What are the key messages about FSCS to take away?

- > FSCS is independent, funded by the financial services industry and is free to consumers
- > FSCS automatically protects your money up to £120,000 per person including joint accounts
- > In most cases, FSCS will pay back your money within seven days

#### **Additional resources**

Deposit protection Q&As - banks & building societies https://www.fscs.org.uk/industry-resources/deposit-protection-banks/

Deposit protection Q&As - credit unions

https://www.fscs.org.uk/industry-resources/deposit-protection-credit-unions/

#### Assessment

Now try these questions on *Deposit Takers:* What You Need to Know to evaluate how well you have mastered the objectives of this course.

There are four questions in this assessment.

You need to answer three questions correctly to pass (75%).

If you are not successful, you may want to revisit some of the topics in the course before re-taking the test.

Click the Forward arrow to continue.



Select the option you think is correct.

Question: FSCS is funded by the:

Option 1 Financial Conduct Authority (FCA)

Option 2 Prudential Regulation Authority (PRA)

Option 3 Financial services industry

Option 4 Financial Ombudsman Service (FOS)

Select the option you think is correct.

Question: Up to how much compensation will FSCS automatically pay out for a deposit per person, per PRA-authorised bank, building society or credit union?

Option 1 £85,000

Option 2 £120,000

Option 3 £170,000

Option 4 There is no limit

Select the option you think is correct.

Question: In the unlikely event that a UK authorised bank, building society or credit union ceases trading, how long will it take FSCS to compensate most of your customers?

Option 1 Three days

Option 2 One month

Option 3 One year

Option 4 Seven days

Select the option you think is correct.

Question: If your customer makes a claim with FSCS, what is the charge to your customer?

Option 1 0%

Option 2 3%

Option 3 8.5%

Option 4 10%



You have completed the *Deposit Takers:* What You Need to Know eLearning course. If you scored 75% or over, well done!

> To keep a copy of your answers, save a copy of this PDF to your computer. Note that closing the PDF without saving will clear all your answers.