

# In Brief



Compensating consumers since 2001

Parliamentary Briefing March 2017



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# Our mission & aims

The mission of the Financial Services Compensation Scheme (FSCS) is to provide a trusted compensation service for customers of financial services, like your constituents.

FSCS protects consumers when financial services firms fail [or go bust]. Since 2001 we have helped more than £4.5 million people, while paying out £26 billion.

We can compensate customers if a firm has stopped trading and does not have enough assets to pay claims made against it. We call this being 'in default'. FSCS is a non-profit making independent body, created under the Financial Services and Markets Act 2000 (FSMA). It is funded by the levies on authorised financial services firms.

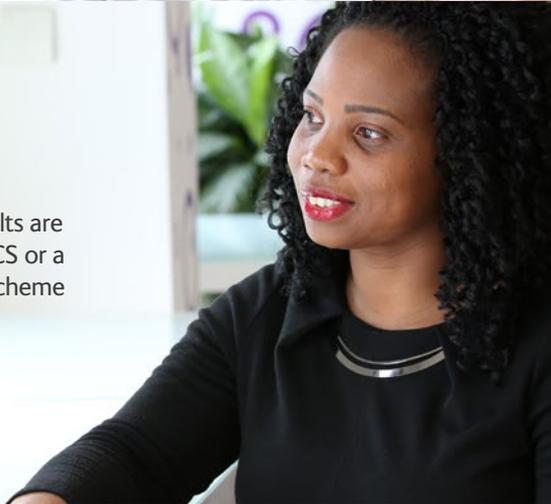
**FSCS does not charge individual consumers**



Total compensation in 2015/16 was **£271m**, down from £327m in 2014/15



The average compensation payment in 2015/16 was **£7,773**, compared with £8,855 in 2014/15



**77%** of all UK adults are aware of FSCS or a protection scheme



Continuing our advertising programme on radio, print and digital channels with a message of 'whatever you're saving for, your money is FSCS protected'

# Protecting consumers

During 2015/16 we received 46,896 claims from customers, which was 12.6 per cent fewer compared with the 53,662 received in 2014/15. We made total compensation payments of £271m in 2015/16, compared with £327m in 2014/15. We reached decisions on a total of 51,112 claims in 2015/16, compared with 61,327 claims the previous year. The average payment was £7,773.16 (excluding general insurance claim payments).

The chart below shows compensation payments by funding class.

## Key points:

- We turned around 93% of non-deposit claims within our target service levels.
- The average compensation payment for claims relating to self invested personal pensions (SIPPs) increased from £29,505 to £38,609.
- The amount of time spent handling a telephone enquiry was 4 minutes 48 seconds in 2015/16, compared with 3 minutes 22 seconds in the previous year, reflecting the more complex nature of enquires.



Funding Class	2015/16 £m	2014/15 £m
Deposits (excluding the major banking failures and Dunfermline Building society)	10.1	4.1
General Insurance Provision	87.6	85.0
General Insurance Intermediation (excluding welcome)	6.7	18.7
Life and Pensions Provision	0.0	0.0
Life and Pensions Intermediation	83.8	35.2
Investment Provision	1.6	0.2
Investment Intermediation	77.1	183.1
Home Finance Intermediation	3.1	1.7
Sub-total (excluding major banking failures)	270.0	328.0
Major banking failures of 2008/09	0.0	0.0
DBS	(1.5)	(4.0)
Sub-total	268.5	324.0
Welcome	2.4	2.6
<b>Total</b>	<b>270.9</b>	<b>326.6</b>

# Protecting consumers in recent failures



## Enterprise

A provisional liquidator was appointed to Enterprise Insurance company in July. Enterprise is a Gibraltar based company. Motor policies were cancelled by the liquidator on 26 October 2016.

The failure affects about 46,000 UK customers with Enterprise motor insurance policies. The liquidator disclaimed motor and teacher absence policies first; he will go on to disclaim non-motor policies in the coming weeks. In the meantime, FSCS continues to work closely with the liquidator and brokers to compensate UK policyholders.

You can find more information on our [website](#)

## Gable

On the 21 November 2016 FSCS declared Gable Insurance as in default. Gable is a Lichtenstein based insurer. Gable sold a variety of policies that may have qualified for FSCS protection. They include motor insurance and general liability insurance.

Gable insurance customers only had two weeks to find alternative insurance as it is illegal for people to drive without insurance. FSCS has been working with brokers to facilitate replacement cover where possible.

You can find more information on our [website](#)

## Credit Unions

North East Lincolnshire Credit Union Limited failed in November and the Cheltenham based, SPA Credit Union Limited (SPA), failed in February.

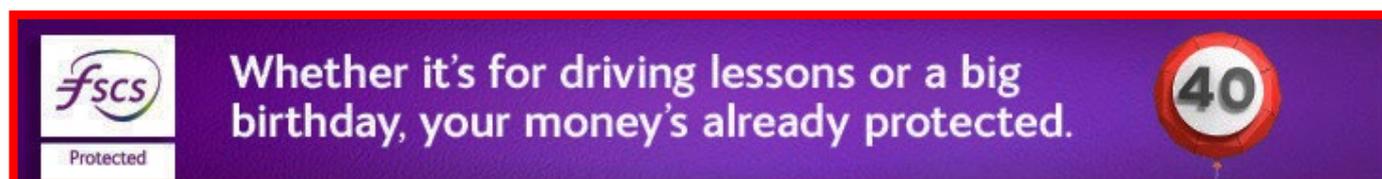
The vast majority of the credit unions' members were compensated in seven days, without having to lift a finger.

FSCS sent payment by cheques or letters to get cash over the counter at the post office.

You can find more information on our [website](#)

# Consumer awareness

FSCS continues to make good progress on work to build consumer awareness, working closely with the industry. Awareness among all UK adults is now at a high level. As a result, this year we were able to reduce spending in this area.



## Achievements in 2015/16

- Consumer awareness of deposit protection is currently at 77% (up from 10% when the programme began). Depositor's confidence that "my money is safe" is 78%, with a similar number saying the FSCS campaign makes them feel protected. 78% are reassured knowing FSCS exists and 63% say they trust banks and building societies more knowing FSCS protects them.
- FSCS featured in almost 5,000 media articles and about 11,000 social media mentions during the year. Our PR messages reached 85% of all UK adults an average of 105 times during the year according to independent evaluation. The top messages were: there are limits to the protection FSCS provides; the range of FSCS protection; FSCS is funded by the industry.

## Commitments for 2017/18

- We shall maintain awareness of deposit protection to at least 70% of the population.

- We shall build on the work we commenced this year with the insurance industry to raise consumer awareness of FSCS protection for policy holders.
- We shall seek to agree voluntary guidelines with deposit takers for the use of the FSCS protected badge on relevant materials.
- We shall continue our PR and stakeholder work across the full range of FSCS protection, eg. following the failures of firms.

## Money Means

The FSCS e-bulletin, Money Means is a news and information series written by independent financial and consumer journalists and experts. FSCS launched Money Means in 2016 to help give people clear and useful information about FSCS protection in the context of personal finance.

[Please click here to subscribe to Money Means.](#)



[Consumer awareness advert](#)

## Contact us:

For more information please contact us at [communications@fscs.org.uk](mailto:communications@fscs.org.uk)

You can also refer constituents who may have questions about guarantee of financial services or the work of FSCS: **0800 678 1100**

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