

FSCS Podcast – Episode 19 Mini-pod: What the Fs? How FSCS fits into the financial services industry

Jess Spiers 00:01

Welcome to protect your money with FSCS, the podcast from the Financial Services Compensation Scheme. Today we've got a mini-pod for you, a special bite-sized episode where we talk through a particular topic to explain it all simply. In this series, we explain how we can help to protect your money, so you can feel confident your money is safe. Let's get into the conversation now.

Nigel Yeates 00:28

Welcome to this short episode of the FSCS podcast. I'm your host Nigel Yeates, Communications and Stakeholder Business Partner at FSCS. I'm joined today by my colleague Josh Rendall, Stakeholder and Public Affairs Manager at FSCS. Hi, Josh. How are you?

Josh Rendall 00:40

Hi, Nigel. I'm good, thank you, and thanks for inviting me to the infamous podcast. I've obviously listened to the episodes, and I hope I can live up to your previous guests.

Nigel Yeates 00:49

Fingers crossed we have a good episode. Right, let's get started. There's a real alphabet soup of names in the financial protection space in the UK and the idea of this podcast is to talk through who they are, what they do and how they all fit together, especially in relation to us at FSCS. We'll then look at some examples for consumers, so they know more about who to contact in certain situations. Okay, let's first talk about the regulators.

Josh Rendall 01:12

Yeah, so there are two regulators in the financial services industry. One is the Financial Conduct Authority or the FCA. And then we also have the Prudential Regulation Authority or the PRA, and they do different things. So, the FCA regulates behaviour of financial services firms and that is there to protect customers and operates independently from government. The Bank of England PRA regulates and supervises major banks, building societies, credit unions, insurers and major investment firms. So, the FSCS is accountable to these regulators via various formal committees, and in turn, the regulators themselves are accountable to Parliament.

Nigel Yeates 01:53

Perfect, thanks. And you've highlighted banks as examples of firms under the PRA's supervision. What about examples of firms under the FCA's supervision?

Josh Rendall 02:01

Yeah, so for example, the FCA supervises about 50,000 firms, including financial advisors, investment managers and mortgage advisors, so much more extensive in terms of the sheer numbers than the PRA, although, of course, both are equally just important.

Nigel Yeates 02:16

Yeah, absolutely. And another key organisation that consumers should know about is the Financial Ombudsman Service. Please tell us a little bit more about them.

Josh Rendall 02:24

Yes, so like FSCS, the Financial Ombudsman Service is not a regulator. However, FSCS and the Ombudsman act under different rules that are set by the regulators, who we just mentioned before. So, the Ombudsman settles complaints between consumers and live businesses, they resolve disputes fairly and impartially and have the power to put things right. By a live business, we mean firms that are still operating and can respond to and settle complaints by themselves.

Nigel Yeates 02:51

Great, and as we mention on all of our podcasts here at the FSCS, we protect consumers when authorised financial services firms fail. If the firm you've been dealing with has failed and can't pay claims against it, we can then step in to pay compensation, if that's applicable under our rules. So, Josh to clarify, both the Ombudsman and FSCS offer a completely free service to consumers, don't they?

Josh Rendall 03:12

Absolutely right, Nigel. So, the FSCS protects a range of financial services and products. In fact, we are the widest in the world amongst compensation schemes. So, we cover banks, building societies, credit unions, deposits, insurance failures, funeral plans, debt management, investment, home finance, advice, Payment Protection Insurance, some pension provider failures, pension investment failures, and pensions advice. So, in terms of the FSCS, we work closely with the FCA and the PRA, but we operate independently of them. So, we have two main aims ourselves. One is to protect consumers and the second is to contribute to market confidence and financial stability. And as mentioned earlier, we are not a regulator, and we have no supervisory or enforcement powers. But we do have limited data gathering powers to investigate claims. Quite often, which is

understandable, people confuse us with the FCA or think we're part of it. So, it's great to have this podcast to try and explain everything. I think the challenge is that all the acronyms begin with F.

Nigel Yeates 04:09

Definitely that's that alphabet soup I was talking about earlier. And amongst all those organisations, what would happen if we had something at the FSCS that needed escalating through enforcement?

Josh Rendall 04:19

Well, on that case, we would pass all our insights and findings directly to the FCA and PRA to follow up. We have daily contact with these organisations through a cross section of the teams on a range of issues.

Nigel Yeates 04:31

Thanks. So, now we've got some time for some quick scenario questions to help signpost things for our audience. So, for example, if a person is in dispute with their bank about an overcharge or the sale of a product that was unsuitable for them, would they take that to the Ombudsman?

Josh Rendall 04:45

Yes, they would. So, as you refer to their Nigel, the bank is live or it's still trading and therefore this type of dispute should be raised directly with the Financial Ombudsman Service after the complaints procedure has been exhausted at the bank itself.

Nigel Yeates 04:59

Okay, and what about if a person, let's say they're in their 50s, they're not sure what to do with their pension pots and retirement planning, where should they go?

Josh Rendall 05:07

At FSCS, we can't offer advice. However, there is a great other scheme, which is government backed and also free. They offer impartial advice and that is called MoneyHelper. They, for example, could help you book a free Pension Wise appointment to talk about issues we've just raised.

Nigel Yeates 05:22

Great. And another question now. What about if someone is approached by a firm claiming to be FCA registered, have a great investment offering?

Josh Rendall 05:30

Yeah, so on that case, the FCA have a really important tool on their website, which is called the Financial Services Register. Here, you can check firms and individuals for the activities that they have actual permission to do and sell on the market. You can also use this to make sure you're using the correct contact details for a genuine firm rather than a scammer.

Nigel Yeates 05:49

Yeah, absolutely. That's a really important resource. Okay, how about if someone has received notification that a regulated firm they've been dealing with, that's somebody who would have been on the register we just mentioned, has failed?

Josh Rendall 06:00

Yeah, so they should check our FSCS failed firms page, which is on our website, to find more details about the next steps and whether they can claim with us or not.

Nigel Yeates 06:10

Thank you very much. That's all been really useful information, Josh. We also have more information and background on our website www.fscs.org.uk. We hope everyone's enjoyed listening to this mini podcast. And you can find all of our podcasts on our website and the usual places you find your podcasts. Please do follow us wherever you listen to your podcasts, so you never miss a new episode. Thanks for listening.