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MEDIA INFORMATION

FSCS pays out £271m against failed financial services firms in one year

An average of £740,000 paid out every day during 2015/16

Tens of thousands of people got their money back last year, thanks to the Financial Services Compensation Scheme (FSCS), after companies offering financial services failed or stopped trading for some other reason.

Some 47,000 people turned to FSCS in the twelve months to March 2016, after they lost money when their financial services firm was unable to settle claims. FSCS paid out £271m in 2015/16 in response to 45,900 claims.

FSCS compensated consumers across a wide range of financial services:

- Almost £88m was paid to customers of firms providing general insurance – such as motor and employers’ liability insurance;
- Claims against the life and pensions advice sector led to a compensation bill of just less than £84m, up from £35m the previous year – largely because the average pay-out against advisers who recommended high-risk investments to hold in self-invested-personal pensions, or SIPP, rising year-on-year from £29,500 to £38,600.
- £77m was paid out to people with claims against financial advisers that later stopped trading.

Mark Neale, FSCS Chief Executive, said:

“FSCS protection remains the same, following the EU referendum result, so does our aim to provide a trusted compensation service for customers that raises public confidence in the financial services industry. This is important because wider financial stability depends on FSCS performing effectively.

“We protect deposits in banks, building societies and credit unions to £75 000, and now also protects temporary high balances, in most cases up to £1m, resulting from life events such as the sale of a house, or a redundancy payment.

“Importantly for our levy payers, during 2015/16, FSCS achieved full recovery of the compensation paid following the failure of Icesave in 2008, bringing the total recovery retained by FSCS from Icelandic banks to £3.65bn. In addition, we recovered £130m in respect of Keydata Investment Services.”

The cost of running FSCS is down by almost eight per cent, which is good news for the financial services industry that funds it. Management expenses were £66m in 2015/16, compared with £71.5m in the previous year.

In the past 15 years, FSCS has paid out more than £26bn in compensation to over 4.5m people.

Levies paid by the financial services industry to FSCS in 2015/16 totalled £1.09bn, compared with £1.08bn the previous year. Both figures include the interest cost and capital repayment levy for the banking failures in 2008/09, £454m and £697m respectively.

Notes to Editors:

1. The 2015/16 Annual Report and Accounts for the Financial Services Compensation Scheme can be accessed [here](#).
2. FSCS is the UK statutory compensation scheme for customers of authorised financial services firms. The FSCS can pay compensation if a firm is unable, or likely to be unable, to pay claims against it. FSCS is an independent body, set up under the Financial Services and Markets Act 2000, and funded by a levy on authorised financial services firms. FSCS does not charge individual customers for using its service. www.fscs.org.uk

Media enquiries:

Peter O'Connor	020 7375 8640	peter.oconnor@fscs.org.uk
Suzette Browne	020 7375 8633	suzette.browne@fscs.org.uk
Roger Charles	020 7375 8639	roger.charles@fscs.org.uk
Harriet Cann	020 7375 8316	harriet.cann@fscs.org.uk