



19 January 2016

MEDIA INFORMATION

FSCS publishes its Plan and Budget: 2016/17

Total levies of £363m with pension claims continuing to rise

The Financial Services Compensation Scheme (FSCS) today publishes its Plan and Budget: 2016/17. The document reveals details of a £363m indicative levy on firms for the period, foreshadows FSCS's management costs falling by nearly £2m and highlights internal organisational changes that aim to improve the customer experience.

For the second year in succession FSCS has budgeted for management expenses to be lower than the previous year. Operating costs are falling by nearly £2m for the second year: from £69.1m in 2015/16 to a proposed budget of £67.4m in 2016/17. Although FSCS cannot accurately predict the volume or nature of claims in any year, it expects further claims from retirement savers who have been badly advised to hold risky investments in their Self-Invested Personal Pensions (SIPPs). As a result FSCS expects to levy the life and pensions intermediaries sector £80m. The levy on investment intermediaries, based on the three-year average, is set at £108m, slightly down on 2015/16. This reflects the continuing expectation of demands on FSCS for claims made on this sector.

One of FSCS's key imperatives is modernising its services to consumers; and upgrading the claims handling system is central to this. Significant steps have already been taken to speed up payments to savers in failed banks, building societies or credit unions – FSCS pays the overwhelming majority of these claims in seven days. And FSCS has now streamlined its handling of other claims by putting in place a modern, scalable claims handling platform, which is shared with outsource partners, who handle the majority of claims.

An online portal, where customers can submit claims, is currently being tested. Once operating at its full potential, this new system will allow FSCS to scale up and down efficiently in response to unpredictable demands. It provides a faster, more efficient service that enhances the customer experience.

Mark Neale, FSCS Chief Executive, said:

"I am happy to report that our management and operating costs are lower than last year again. It's an indication of our commitment to value for money. One of our key imperatives is

modernising our claims handling system and we have taken steps towards achieving this. We are pushing ahead with further changes that will make life easier for consumers. An online portal, through which they can submit claims, is being tested. In time, it will provide a more efficient service that, ultimately, transforms customers' experience.

Overall, we're moving towards streamlining our claims, reducing management and operating costs, which benefits our levy payers, and creating a better experience for consumers."

FSCS will review its claims and levy assumptions and announce the actual 2016/17 levy in April.

The Plan and Budget is for consultation. Email your responses by 22 February 2016 to: planandbudget@fscs.org.uk

Notes to editors

1. The full Plan and Budget: 2016/17 is available at:
<http://www.fscs.org.uk/industry/publications/plan-and-budget/>
2. Information on FSCS funding is available at: <http://www.fscs.org.uk/industry/funding>
3. The Financial Services Compensation Scheme (FSCS) is the UK's statutory compensation scheme for customers of authorised financial services firms. This means that 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 (FSMA), and funded by a levy on authorised financial services firms. FSCS does not charge individual consumers for using its service. For more information visit www.fscs.org.uk