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MEDIA INFORMATION

FSCS puts nearly 70,000 customers back on track in 2017/18

The Scheme recovered £11bn from Bradford & Bingley and £168m from other failed estates to help offset its levies on the financial services industry

The Financial Services Compensation Scheme (FSCS) paid out £405m to 69,980 customers of failed firms during 2017/18, to help cover losses relating to pensions, investments, deposits and insurance policies. Compensation costs for the year were up from £375m in the previous year.

In its Annual Report and Accounts published today, FSCS said the payments enabled people to restore their life savings and in some cases FSCS paid compensation to companies, helping many of them to continue operating.

Whilst compensation paid for self-invested personal pension (SIPP)-related claims rose seven per cent, from £105m in 2016/17 to £112m in 2017/18, the largest number of mis-selling claims the Scheme received (7,224) were for payment protection insurance (PPI). FSCS also saw an increase in the complexity of PPI claims during the year.

A steady rise in the proportion of claims submitted on-line has contributed to improving the efficiency of claims handling. Firms also benefitted from £11bn FSCS recovered from Bradford & Bingley, using the proceeds to repay the loan from HM Treasury, and a further £168m from other estates, including Independent Insurance and Kaupthing Singer & Friedlander, and from litigation settlements relating to PPI mis-selling.

Mark Neale, FSCS Chief Executive, said: "When we set our five year strategy in 2014, we wanted to ensure the interests of all of our stakeholders were reflected. We set out seven imperatives that I'm pleased to say we have largely delivered. And we have done this against a backdrop of a rise in both the complexity and volume of claims.

"Just over a fifth of the claims we handled in 2017/18 arose from pensions advice – mainly relating to the transfer of retirement savings out of an occupational scheme into a SIPP with a view to making illiquid and risky investments. Over the year, we paid out £112m in compensation for bad advice of this kind.

"This rising tide of pension-related claims underlines the risks that consumers face as they make increasingly complex choices about financing retirement and, therefore, the importance of raising awareness of FSCS protection outside of deposits. There is a stark contrast between the high level of public knowledge of FSCS or a protection scheme – at 81% of adults – and the much lower levels of awareness of FSCS protection of some other products.

"We know, however, from important research published by FSCS in January 2018 that consumers' choices about investments for retirement are influenced if they know about FSCS protection. I expect this to be a major theme of FSCS's strategy for the 2020s."

Notes to editors:

1. FSCS's Annual Report and Accounts 2017/18 and Annual Report and Class Statements 2017/18 are available on FSCS's [website](#)
2. FSCS is the UK's statutory compensation scheme for customers of authorised financial services firms. FSCS is funded by the financial services industry and protects investment business, deposits, home finance (mortgage) advice, general insurance, insurance broking and debt management. FSCS can pay for financial loss if a firm cannot pay claims against it. We are independent and do not charge individual customers for using our service.

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