

FSCS declares three SIPP operator firms in default
Compensation claims relate to due diligence failings

The Financial Services Compensation Scheme (FSCS) has declared three SIPP operators – Brooklands Trustees Limited, Stadia Trustees Limited and Montpelier Pension Administration Services Limited – in default.

FSCS has received approximately 150 claims against these firms. The claims relate to the way in which these firms established, operated and administered SIPPs through which consumers invested in non-standard investments such as storage pods, oil fields, diamonds and overseas property. The Scheme expects to receive more claims during 2018/19, and as a result forecasts that the funding requirement for investment providers will be £34m for that year.

The FCA previously highlighted concerns in the SIPP market relating to due diligence failings.

FSCS's Chief Executive Mark Neale said: "FSCS steps in to protect consumers when authorised financial services firms fail. We are satisfied in these cases that certain claims are eligible for compensation, and expect to receive more claims of this nature during 2018/19. We have therefore adjusted our forecast funding requirement for investment providers to take account of these failures, but will continue to monitor claims volumes and will update our forecast ahead of the final levy announcement in April."

A summary of the basis of these claims and FSCS's approach is available on FSCS's [website](#).

For the latest FSCS news and information visit www.fscs.org.uk

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Notes to editors

1. About FSCS

FSCS is the UK's statutory compensation scheme for customers of authorised financial services firms. It was set up by Government in 2001 and is funded by the financial services industry. FSCS protects investment business, deposits, home finance (mortgage) advice, general insurance and insurance broking. FSCS can pay for financial loss if a firm is unable, or likely to be unable, to pay claims against it. The following limits apply: up to £50,000 in compensation per person per firm for investments and home finance (for claims against firms declared in default from 1 January 2010), for general insurance advice and arranging claims 90% of the claim is protected with no upper limit. Compulsory insurance is 100% (for business conducted on or after 14 January 2005).

FSCS is an independent body, set up under the Financial Services and Markets Act 2000 (FSMA), and does not charge individual consumers for using its services.

2. Declaring a firm in default

Before FSCS can pay compensation it must be satisfied that a firm does not have sufficient assets to meet claims. It describes this as being 'in default'. The Scheme will declare a firm in default if:

- it has received at least one claim; and
- it is satisfied that the firm is unable (or likely to be unable) to pay claims against it.

FSCS is required to do this before it can pay compensation to eligible claimants.

Declaring a firm in default allows consumers who believe they may have lost money as a result of their dealings with that firm to apply to the Scheme.

3. Authorised firms

Dealing with a Financial Conduct Authority (FCA) or Prudential Regulation Authority (PRA) authorised firms gives consumers access to the Financial Ombudsman Service (FOS) and FSCS. Consumers can check that the firm they are dealing with is authorised by using the FCA's Financial Services Register found here: <http://www.fca.org.uk/firms/systems-reporting/register>.