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MEDIA INFORMATION

## **Credit unions adopt FSCS training module to help build customer confidence**

A number of leading credit union trade bodies have agreed to adopt a new training programme to help their members' front-line staff and volunteers to inform members about the protection which the Financial Services Compensation Scheme (FSCS) provides for their savings. The training package has been provided by FSCS as part of its programme to raise awareness about the protection which exists for consumers in Great Britain and Northern Ireland.

In total, these trade bodies represent over 500 credit unions, which serve over one million customers and hold more than £100m in savings and deposits.

ACE Credit Union Services, the Association of British Credit Unions Ltd (ABCUL), UK Credit Unions Ltd (UKCU), the Irish League of Credit Unions (ILCU – for their Northern Irish members), the Scottish League of Credit Unions (SLCU) and the Ulster Federation of Credit Unions have all confirmed they intend to encourage their members to take the training.

The training programme is already being used by a number of banks and building societies – including Nationwide Building Society, HSBC and Royal Bank of Scotland – as part of their employee training.

UK credit union volunteers and front-line staff will now be able to take the 20 minute course about FSCS protection and then complete a multiple choice test. At the end of the test, successful participants will receive a certificate as part of their professional development.

The training supports the introduction of regulatory requirements from 12 months ago. These compel banks, building societies and credit unions to display posters and stickers in their branches about FSCS.

**Mark Neale, Chief Executive of FSCS**, said: “The banking crisis showed how important it is for consumers to have clear information about FSCS protection. Since August 2012 banks, building societies and credit unions have been obliged to show information about FSCS protection in their branches and online. As well as this visual reassurance, savers need to be given the right information by front-line staff and volunteers.

“We have been working with major firms, including their relevant trade bodies, to get them to do more to increase awareness about FSCS protection. As the credit union movement grows in the public consciousness it is vital that consumers know any savings they have with an authorised credit union are protected in the same way as any bank or building society account.”

**Mark Lyonette, CEO of ABCUL** said: “This training programme will help those on the front-line to answer customer queries about the savings protection they enjoy from FSCS and we see it as a valuable addition to our range of courses. Ensuring credit union staff have the information they need about the compensation scheme helps them to ensure members have confidence in the services they provide.”

**Dawn Vear, Operations Manager of UK Credit Unions Ltd**, said: “To reassure customers, our members are required to carry posters and stickers to show they are FSCS protected. The training module is an important way to ensure that front-line employees and volunteers are able to explain exactly what this means for people’s deposits and savings.”

**Kieron Brennan, CEO of Irish League of Credit Unions**, said: “This e-learning programme provides Northern Irish credit unions with information to answer member queries about the role of the FSCS and the protection they provide to members deposits, helping maintain member confidence.”

**David Dowey, Chairman of the Ulster Federation of Credit Unions**, said: “It is important that our credit union members know and understand how, and to what extent, their savings are protected by the FSCS. It therefore follows that it is equally important that our credit unions’ staff are well acquainted with the details of the scheme and are competent and able to communicate this to members.”

FSCS is free to consumers. It was set up by Government and protects customers if their bank, building society or credit union goes bust. Since 2001, FSCS has helped more than 4.5m people and paid out more than £26bn in compensation. It covers the full range of financial services.

## **Notes to Editors**

### **1. About the FSCS**

The Financial Services Compensation Scheme (FSCS) is the UK’s statutory compensation scheme for customers of authorised financial services firms. This means that the FSCS can pay compensation if a firm is unable, or likely to be unable, to pay claims against it. The 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. The FSCS does not charge individual consumers for using its service. For more information visit [www.fscs.org.uk](http://www.fscs.org.uk)

### **2. About disclosure requirements**

The FSA’s (replaced by PRA and FCA) announcement was made on 28 May 2012 and took effect from 31 August 2012. Further information, including the prescribed wording for different types of institutions, can be found here: <http://www.fca.org.uk/firms/firm-types/intermediaries/disclosure>. The artwork files required to produce the posters, stickers and booklet are available on [FSCS’s website](#).

Foreign institutions with UK branches, which are not covered by FSCS, are required to state this and say which other national scheme is providing protection.

3. Since 2009, 38 credit unions have failed in the UK. FSCS compensated almost £8m, to some 17,000 credit union depositors, over this period.

- **2009 – six failures.** The firms were: South West Durham Credit Union Limited, St Brendan’s Credit Union Limited, Irvine North Credit Union Limited,

Eastbourne Community Credit Union Limited, Hull Northern Credit Union Limited and Derby City Credit Union Limited.

- **2010 – ten failures.** The firms were: Redcar and District Credit Union Limited, Edinburgh Hackney Cab Trade Credit Union Limited, Forest of Dean Credit Union Limited, Splotlands Credit Union Limited, Hackney Credit Union Limited, Elswick And Cruddas Park Credit Union Limited, Landsker Community Credit Union Limited, Three Bee's Credit Union Limited, Tower View Community Credit Union Limited and South Kintyre Credit Union Limited.
- **2011 – eight failures.** The firms were: Havant Area Savers Credit Union Limited, South East Birmingham Community Credit Union Limited, Ilfracombe & District Credit Union Limited, Southend Credit Union Limited, Caribbean Parents Group Credit Union Limited, Worcestershire Credit Union Limited, Lee Bank/Highgate Credit Union Limited and Gallowhill Credit Union Limited.
- **2012 – six failures.** The firms were: Handsworth Breakthrough Credit Union Limited, Hull East of the River Credit Union Limited, Pallister Credit Union Limited, Waltonian Community Credit Union Limited, Tamworth Credit Union Ltd and York Credit Union Ltd.
- **2013 to date – eight failures.** The firms were: Cornwall and the Isles of Scilly Credit Union Limited, Severn Four Credit Union Limited, Marches Credit Union Limited, Portadown Diamond Credit Union Limited, South Warwickshire Credit Union Limited, Millom & District Credit Union Limited, Carleton Street Credit Union Limited and South Birmingham Community Credit Union Limited.

4. FSCS protects Irish League of Credit Union Northern Irish members only. On 31 March 2012 Northern Ireland and HM Treasury Ministers transferred responsibility for the regulation of credit unions in Northern Ireland from the Northern Ireland Department of Enterprise, Trade and Investment (DETI) to the FSA (now the PRA). <http://www.fscs.org.uk/industry/sub-schemes/accepting-deposits/credit-unions-in-northern-ireland/>