

£4.5bn paid out to nearly 230,000 UK customers – FSCS reveals Icesave’s impact five years after its collapse

On Wednesday 8 October 2008, Icelandic bank Icesave became one of the biggest casualties of the financial crisis when it failed.

Five years to the day, the Financial Services Compensation Scheme (FSCS) has revealed it paid out just over £4.5bn in compensation to 228,516 customers. The average pay-out was £15,215.53.

FSCS used an innovative online payment process to compensate the overwhelming majority of Icesave customers by early December 2008. The relatively small number of people that did not complete the process by the 30 December 2008 deadline were sent paper application forms.

FSCS also reveals that:

- The highest pay-out was £2,083,944.62 and the lowest was 1p.
- There were 14,273 payments over £50,000. The average pay-out over this amount was £100,022.51.
- There were 36,687 payments of below £1,000.
- The first batch of Icesave customers received their compensation on Thursday 6 November 2008. 78% of accounts received their compensation within a month of these first payments being made (232,123 of 296,465 accounts).
- The final payment to an Icesave customer was made on 18 May 2012, 1,318 days after the failure. Those savers with a fixed rate account received their money, with interest, on its maturation.

Mark Neale, Chief Executive of FSCS, said: “For many people, the collapse of Icesave was the moment at which the credit crunch became very real. The experience of Icesave customers proves that when people needed help, FSCS was there.

“However our research continues to show a lack of understanding and knowledge about the protection we provide. We want to reassure the vast majority of people that their money and savings are safe, and warn those who unwittingly put their money at risk.”

Since Icesave’s failure the protection rules for UK authorised banks, building societies and credit unions have been improved and simplified to benefit consumers.

- Savers are protected up to £85,000, rather than the previous limit of £50,000.
- Pay-outs are no longer being offset against any loans and mortgages held with the same bank or building society.
- The vast majority of people will now get their money back within seven days and 20 days for more complex cases. The payment process is free and automatic, so consumers do not need to do anything.

FSCS, which is independent and free to consumers, has helped more than 4.5m people and paid out more than £26bn since 2001. The financial services industry funds the scheme through a compulsory levy. It covers deposits, insurance, investments and mortgage broking.

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

2. Icesave compensation costs

FSCS has now recovered £2,464,241,970.70 from the estate of Landsbanki, Icesave's parent. The loan taken out with HM Treasury to fund Icesave compensation payments is being repaid by British banks, building societies and credit unions. The loans are repayable by FSCS on 31 March 2016. On 1 September 2013 Britain's banks made a payment of £363 million, the first of three equal payments which they will make to FSCS (see [link](#)).

3. An infographic on the role of FSCS following Icesave's failure, as well the changes which have subsequently occurred is available on request.