



Embargoed to 00.01 on Saturday 12 January 2012

MEDIA INFORMATION

‘Knowledge gap’ exists around savings protection limits

More than five years on from the start of the financial crisis, a gap between awareness of the availability of financial protection and compensation limits has widened, new research by the Financial Services Compensation Scheme (FSCS) has found.

Only 12% of people are aware of the compensation limits for deposits and savings in the UK. However the results show 51% of people are aware that compensation is available for those who lose money if an authorised financial firm goes bust.

On 31 December 2010 new rules were introduced across Europe to harmonise limits at €100,000. This was fixed at £85,000 in the UK.

This limit protects the vast majority of people in the UK. About 25% of those contacted by the researchers thought the limit would cover about three-quarters of the population. The actual figure is around 98% of the country, which only one in ten of those questioned were aware (10%).

[Mark Neale, Chief Executive of FSCS](#), said: “The Financial Services Compensation Scheme protects people when authorised financial services firms go bust. The £85,000 deposit limit protects the overwhelming majority of savers. And FSCS will pay out in seven days. It is vitally important that people know FSCS will be there for them if the worst happens so we are pleased that more than half of people know they are protected. However there is much more to do.

“FSCS will shortly be launching the next phase of its awareness campaign to provide reassurance to the British public. In the unlikely event of a UK-authorized bank or building society running into problems there is no need for anyone to worry. FSCS will be there to help so affected customers can get on with their lives.”

Although FSCS was in the spotlight following problems at Northern Rock and the failure of five banks in 2008, including Bradford & Bingley and Icesave, research suggests there is still a lack of awareness of the protection available to consumers.

FSCS, which is free to consumers, has helped more than 4.5m people and paid out more than £26bn since 2001.

-ENDS-

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 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

FSCS aims to pay compensation in the majority of cases within seven days of a bank, building society or credit union failing. Any remaining claims, which are likely to be more complex, will be paid within 20 working days. This is the Europe-wide target for pay outs following the failure of all deposit takers within the EEA.

2. About phase two of the awareness campaign

The first phase of FSCS's awareness campaign ran from 1 January 2011 to 31 March 2011. The second phase will run from 14 January 2013 to 31 March 2014 and features a mixture of print (newspaper and magazine), radio and online advertising. Engagement with leading financial institutions, as who engage with their customers on a day-to-day basis, remains a key priority.

Although awareness of FSCS increased significantly at the beginning of the financial crisis, research suggests that there is still a lack of awareness of the protection available to consumers and a high degree of confusion about who provides that protection. 76% of people are aware that their deposits and savings would be compensated if a financial services company – such as a bank, building society, insurance company or independent financial adviser – went out of business. 48% say they have heard of FSCS

The campaign aims to increase awareness of FSCS and to reassure and boost consumer confidence, thereby aiding financial stability. It has the backing of leading high street banks, building societies and insurance providers. Regulations stipulate that banks, building societies and credit unions have to prominently display posters and stickers in branches, as well as information on their websites, to inform customers their savings and deposits are protected by FSCS.

3. About the Research

[GfK NOP](#) interviewed 1000 adults aged 16+ by telephone between 7 and 9 December 2012. Data has been weighted to bring it in line with national profiles. GfK NOP is a Company Partner of the Market Research Society (MRS). All work was carried out in accordance with the MRS Code of Conduct and the ISO 20252 international standard for market, opinion and social research.