

British public prepared to accept a greater risk to their health and family than money

Impact of financial crisis on attitudes to risk revealed

Fewer people are prepared to take a risk with their finances than with their health or family, new research by the Financial Services Compensation Scheme (FSCS) has revealed.

When people were asked about their attitudes to risk in nine different areas of their lives, only 7% said they were prepared to take risks with their finances. This compares to 16% and 15% of people who say they are prepared to take a risk with their health and their family respectively. Consumers say they are most cautious about the information they put onto the internet, with only 5% being prepared to take a risk in this area.

When it comes to specific financial products, people are extremely cautious in their attitudes to risk. Only 4% are prepared to take a risk with their mortgage, while 7% would do the same with their current account or savings. This greater care appears to be driven by the financial crisis, with 75% acknowledging they are more cautious about their money as a result of the events of the last five years.

But more than two thirds of those questioned (69%) are confident that the money they have with UK financial services providers is safe.

[Mark Neale, Chief Executive of FSCS](#), said: “The run on Northern Rock over five years ago was a seminal moment for the British public. It has made people more cautious about their money and the risks to it they will accept.

“Given events it is understandable that people are so risk-averse with their finances. Protection for savings and deposits has improved significantly since 2007 so there is no need for people to worry about any money they have with UK-authorized banks, building societies and credit unions.

“The Financial Services Compensation Scheme is here to protect you and came to the aid of many people during the banking crisis. You can be sure that if you bank, building society or credit union goes bust FSCS will be there to help. The majority of people will get their money back within seven days and the process is automatic, so they will not even have to lift a finger.”

The findings come as part of today’s launch of the second phase of the FSCS’s consumer awareness campaign. 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 4.5 million people and paid out more than £26 billion since 2001.

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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 runs 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, which are in contact 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. 51% of people think they 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.

People were asked about their attitudes to risk in nine different areas of their lives. They were asked to give an answer on a scale of one to ten – where one means they are not prepared to take any risks at all and ten means they are prepared to take

risks if they think they are outweighed by the potential benefits. The areas are as follows:

- Your health, like whether you live a healthy lifestyle
- Your family
- Your home, like whether you leave your doors or windows unlocked from time to time
- Your career
- Your finances, like deciding where to put your savings or investments
- The information about yourself that you will put onto the internet (e.g. Facebook)
- Where you will buy products and services from (e.g. buying from a shop you haven't used before because it's cheaper)
- The way you drive your car
- Your leisure time, like which activities you take part in