

FSCS passes the billion pound mark for insurance compensation

And nearly £1bn paid out to consumers for defunct IFAs

Almost everyone has an insurance policy of some sort. Most of us rely on this backstop should something go wrong. But what happens when the backstop itself fails? Well, that's where Financial Services Compensation Scheme (FSCS) protection for insurance comes in.

FSCS has come to the aid of thousands of policyholders since its inception. And it has paid out a staggering billion pounds plus in compensation to policyholders, according to the Scheme. These people had nowhere else to turn when their insurance providers or brokers failed. It includes historic claims from when Independent Insurance failed.

The Scheme protects many kinds of insurance. This includes a range of policies such as motor and home insurance to life policies. New figures show FSCS passed the billion pound insurance milestone in the first quarter of this financial year.

Meanwhile, thousands of consumers are better off thanks to FSCS protection for investment advice. The Scheme is approaching the billion pound mark in compensation relating to failed independent financial advisers (IFAs).

In total, FSCS has paid out more than £975m in compensation to consumers after the default of financial advisers or firms. It has dealt with the default of 2,391 independent financial advisers since it was set up in 2001 while handling more than 165,000 claims.

FSCS Chief Executive, Mark Neale, said: “FSCS is there for consumers who have nowhere else to turn. Passing the billion pound mark in compensation for insurance is a major milestone. People rely on their insurance to protect them when things go wrong. And we protect their insurance if the worst should happen. Our message to people is simple: FSCS protects your insurance, investments and deposits. We’re here for you.”

The FSCS was set up by Parliament in 2001. Since then it has helped more than 4.5m people while paying out more than £26bn in compensation when firms went bust. It protects deposits, investments, insurance and mortgage broking.

You can find out more online at www.fscs.org.uk

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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