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## **FSCS launches awareness programme today to reassure consumers and boost confidence in financial products**

*Campaign aims to make consumers aware of Scheme protection*

The Financial Services Compensation Scheme (FSCS) is today launching a programme to raise awareness of the Scheme, the role it plays and the protection it provides. The awareness programme aims to prompt consumers to check how FSCS protection applies to their own financial products by talking to their providers and advisors and visiting the FSCS website. The FSCS will be running advertising across TV, press and the internet.

Research commissioned by the FSCS found that despite record payouts during the financial crisis, there continues to be a lack of awareness amongst consumers of the protection available to them in the event of their authorised financial services firm going bust. In fact, the level of spontaneous awareness of the FSCS fell to 9% in 2009 from 20% in January 2008. Recent research suggests that spontaneous awareness of the FSCS remains low at 3% and that only 47% of people are aware of the existence of a compensation scheme. The research also shows that those aware of the FSCS are more likely to feel that their money is safe and that now is a good time to take out new financial products.

The same research also found that consumers are increasingly turning to financial advisers, friends or relatives for advice on financial products with 33% now doing this, up from 25% in September 2009.

The programme aims to increase awareness of the FSCS in a proportionate way to reassure consumers and boost consumer confidence. It was developed with wide input from industry bodies including AIFA and takes a factual approach to convey what the FSCS covers. It will help to educate the public about the work of the Scheme.

The campaign is supported by the Bank of England, HM Treasury and Financial Services Authority. It also has the backing of leading high street banks, building societies, insurance providers and IFA networks.

The move follows a number of improvements and changes to the Scheme following the run on Northern Rock in 2007 and the bank failures of 2008. These include moving to a much quicker payout regime and a commitment by the Authorities to boost awareness of the FSCS.

**Mark Neale, Chief Executive of the FSCS**, said:

“The FSCS provides a vital function by helping to build trust in the financial services industry and contributing to financial stability. We are launching this campaign to make sure consumers know the circumstances under which their savings and investments are protected. We want consumers to check how

FSCS protection applies to their own individual circumstances and be reassured that their money is safe.”

**Martin Davis, Chief Executive Officer of Openwork**, said:

“Public awareness about financial transactions and their rights is extremely low. Informing consumers about the existence of a safety net is a key part of the sales process for all advisors but that information is not always retained. We support this campaign as it should increase consumer confidence in financial products.”

**-ENDS-**

For further information please contact **Robert Akam** on 020 7400 4480 or [rakam@hanovercomms.com](mailto:rakam@hanovercomms.com).

### **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). It does not charge individual consumers for using its services. For more information visit the updated website at [www.fscs.org.uk](http://www.fscs.org.uk)

On 31 December 2010, compensation limits increased from £50,000 to £85,000 to comply with the €100,000 requirement of the Deposit Guarantee Schemes Directive (DGSD).

The FSCS is also moving towards a faster payout for deposits from January 2011. The FSCS will seek to pay compensation in the vast majority of cases within seven days of a deposit taker failing. It will aim to pay any remaining claims which are likely to be more complex within twenty working days.

Since 2001, the FSCS has paid out over £24bn in compensation to consumers and has protected over four million consumers. For more information visit the renewed website at [www.fscs.org.uk](http://www.fscs.org.uk)

#### **2. About the campaign**

The campaign features Euan Mee, a character who represents all of us. He is busy and gets through life as best he can. Being human, he will sometimes take a short cut or park in the wrong place, but he is no rule breaker. He is no fool either and is naturally curious about all sorts of things. The character is used to bring home the message that the FSCS exists, what it covers and how consumers can find out more information.

The initial stage of the advertising is set to run until the end of March. It will cost £4 million (including VAT), which was included in the 2009/10 levy, in the management expenses, paid by financial firms in 2009. The cost of the

campaign represents only around 0.25% of the annual amount that financial services institutions spend on marketing their own products.

### **3. About the research**

The research was carried out by GfK NOP, who interviewed 1,000 individuals aged 16+ and residing in the UK between 10 and 11 November 2010. The interviews were conducted online via GfK NOP's online panel of over 200,000 internet users.

GfK NOP Limited 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.