

Savers need to be aware of compensation limits with creation of New ISA (NISA)

In his Budget speech on 19 March 2014, Chancellor George Osborne announced that from 1 July 2014 ISAs (Individual Savings Account) will be reformed into a new simpler product. The New ISA (NISA) will have an annual limit of £15,000. Savers will be able to put their whole NISA allowance in cash, stocks and shares or any combination of the two.

Commenting on the announcement, [Mark Neale, Chief Executive of FSCS](#), said: “Millions of savers will welcome the news that they can put aside more money in the NISA without the interest or capital gain being subject to tax. However, the new £15,000 limit for NISAs does mean that anyone who is able to put away that amount each year, especially those with some savings already, will reach the FSCS protection limit much faster than in the past if all their savings are held with the same provider. So it is all the more important for people to understand the limits. £85,000 is the limit for deposits, while the limit for investments is £50,000. Those who are able to take advantage of the new NISA allowance – whether in cash, stocks and shares or a combination of the two – need to be aware of the different limits to protection for deposits and investment products.”

FSCS is free to consumers. It was set up by Government and protects customers if their bank, building society or credit union goes bust. Since 2001, FSCS has helped more than 4.5m people and paid out more than £26bn in compensation. It covers the full range of financial services.

Check your savings are safe

Anyone putting aside money for the future can check their savings are safe by visiting the FSCS protection checker at www.fscs.org.uk/protected. The checker can help consumers to be better informed, reassured and able to make considered, confident decisions about their savings and current accounts.

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

The protection limit for savings and deposits (including cash ISAs) is £85,000, which covers around 98% of savers. With a £15,000 NISA limit, anyone putting aside the maximum amount each year would reach the £85,000 protection limit in just over five years – without taking into account the interest on the savings.

The limit for investment products, which includes stocks and shares ISAs, is £50,000 for losses arising from bad investment advice or failure of a regulated investment provider. However, FSCS does not protect losses arising purely from investment performance, such as company shares that become worthless on its collapse. Anyone putting aside the maximum amount each year would reach the protection limit in just over three years – without taking into account any increase in the value of the investment.

2. About NISA

More detail on the new simpler product can be seen in the [Government's factsheet](#).

3. About the research

FSCS carries out regular consumer research on a range of different issues. A consistent question has been awareness of the £85,000 limit for savings and deposits. This has risen from 8% in November 2012 to 11% in November 2013, when the most recent research was carried out.