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MEDIA INFORMATION

FSCS compensates most members of Havant Area Savers Credit Union within new seven day target

Most members of Havant Area Savers Credit Union have been sent their compensation by the Financial Services Compensation Scheme (FSCS). The credit union was declared in default last Thursday and the majority of payments went out on Monday.

The FSCS worked with the credit union to get the information it needed about depositors, and sent out letters to most members on Monday, enclosing either a cheque or a letter enabling them to collect their cash over the counter at their local Post Office.

Havant Area Savers Credit Union had 265 members with 257 accounts. The FSCS sent payments to the holders of 93% of accounts on Monday – day five, and expects to pay the remaining members of the credit union by the end of this week, although the FSCS is aware that some members of the credit union are no longer residing at their last known address, so payments cannot be made to them at the present time.

The FSCS's Chief Executive Mark Neale said: "We are very pleased that we have been able to compensate members of Havant Area Savers Credit Union so quickly. This was the first test of our ability to pay compensation in the majority of cases within seven days. The fact that we have achieved this shows our commitment to providing compensation as quickly as possible to consumers who need our help. We would like to thank the credit union for its help to protect Havant members."

More information about Havant Area Savers Credit Union can be found on the FSCS website, www.fscs.org.uk.

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Notes to Editors:

1. UK's statutory Compensation scheme

As the UK's statutory compensation scheme, the FSCS can only pay for financial loss where a firm is unable to meet claims. The compensation limit for deposit claims is £85,000 per person per firm.

2. Declaring a firm in default

Before the FSCS can pay compensation it must be satisfied that a firm is unable to meet claims. It describes this as being 'in default'. The Scheme will declare a firm in default if:

- it has received at least one claim; and
- it is satisfied that the firm is unable (or likely to be unable) to pay claims against it.

The FSCS is required to do this before paying compensation to eligible claimants. Declaring a firm in default allows consumers who believe they may have lost money as a result of their dealings with that firm to apply to us for compensation.

3. Authorised firms

Our rules are made by the FSA, the independent watchdog set up by government under FSMA to regulate financial services in the UK and protect the rights of consumers. The rules tell us which types of claim are eligible for compensation, and limit how much compensation we are allowed to pay.

Firms need permission from the FSA to carry out a regulated activity, which covers activities such as accepting deposits, insurance business and investment business.

Dealing with an authorised firm gives consumers' access to the Financial Ombudsman Service (FOS) and the FSCS. Consumers can check that the firm they are dealing with is authorised by contacting the FSA's Consumer Helpline on 0845 606 1234.