



IMMEDIATE: 16.08.2011

MEDIA INFORMATION

Default declarations pave the way for consumers to claim compensation from the FSCS

Consumers may be entitled to compensation if they have lost money as a result of their dealings with one of two home finance firms the Financial Services Compensation Scheme (FSCS) has declared in default.

The FSCS is the UK's statutory compensation scheme for customers of regulated financial services firms. A declaration of default means the FSCS is satisfied the firm is unable to pay claims for compensation themselves. The FSCS does not charge individual consumers for using its service. For claims relating to mortgage advice or arranging, the FSCS can pay up to £50,000 per person per firm for defaults on or after January 2010.

Kate Bartlett, Director of Operations at the FSCS says, "We have already started paying compensation in respect of these firms. However, we are encouraging anyone who has not been contacted by us and believes they may be owed money as a result of their dealings with either one of these firms to get in touch with the FSCS."

The FSCS Initial Contact Team can be contacted on 0800 678 1100 or 020 7741 4100 or by email at enquiries@fscs.org.uk. Further information about the FSCS is available on its website at www.fscs.org.uk.

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Declarations by FSCS

Second Mortgages Limited, NEWLAND HOUSE, 139 HAGLEY ROAD, BIRMINGHAM,
WEST MIDLANDS, B16 8UA

Select Mortgage Services, FINANCE HOUSE, 155 EVINGTON ROAD, LEICESTER,
LEICESTERSHIRE, LE2 1QJ

Notes to Editors:

1. About FSCS

The Financial Services Compensation Scheme (FSCS) is the UK's statutory compensation scheme for customers of authorised financial services firms. It protects investment business, deposits, home finance (mortgage) advice, general insurance and insurance broking. The FSCS can pay compensation for financial loss 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), and does not charge individual consumers for using its services.

2. Declaring a firm in default

Before the FSCS can pay compensation it must be satisfied that a firm does not have sufficient assets 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 it can pay 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 the Scheme.

3. Authorised firms

Dealing with an FSA 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.