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MEDIA INFORMATION

More clarity on the way for consumers about deposit protection

FSCS backs stickers on doors, posters and information in branches as reassurance

UK consumers will soon find it easier to get information about the protection their savings enjoy thanks to new proposals for banks, building societies and credit unions from the Financial Services Authority. It is consulting on new rules that will require the firms to display information about Financial Services Compensation Scheme (FSCS) protection on the front door and in branches.

The move has won the backing of the FSCS which has paid out more than £25bn and protected more than 4.5m people since it was set up. Among them are people ranging from schoolchildren to silver savers and from first-time buyers to sophisticated investors. The FSCS strongly believes the industry should do more to tell people about the protection it provides. This stands at £85,000¹ or £170,000 for joint accounts.

Research shows that awareness of the FSCS is low despite it having a much higher profile following the bank failures of 2008.

Mark Neale, FSCS Chief Executive, says: "In these tough times, all of us want to know our money is safe. We welcome these FSA proposals which will make a real difference to consumers. The more people know about FSCS protection, the more reassured and confident they can be."

The proposals will also bring the UK into line with what is happening around the world. For example, you cannot enter a bank in many countries without seeing some reference to deposit insurance on the front door. The proposals will help reassure consumers the UK's compensation scheme is protecting their money. That's good for consumer confidence which benefits the industry.

"The industry has come a long way in the last two years in giving consumers the information they need about FSCS protection. We're grateful for their support and are keen to work with firms. However, our research shows there is much more to do. We hope the industry will pick up these proposals and run with them," adds Mr Neale.

The FSCS and the Financial Skills Partnership (FSP) are working on a new training package with leading industry bodies and firms to improve the quality of information financial services staff give to consumers about the compensation scheme.

The FSCS is independent and free to consumers. The financial services industry pays for the FSCS. It protects deposits, insurance and investments when financial services firms go bust.

¹ The current UK limit is £85,000 per person per authorised institution.

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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 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), and funded by a levy on authorised financial services firms. The FSCS does not charge individual consumers for using its service. For more information visit www.fscs.org.uk