

£5.6 billion in cash at home with no protection

We protect £85,000 per person says compensation scheme

New research by the Financial Services Compensation Scheme (FSCS) has found that over £5.6 billion in cash is left in people's homes. Excluding money in their wallets, the average amount kept at home is just under £218. This means that across the country, the UK's 26 million households have £5,665,920,000 which is unprotected.

While 33% of those questioned say they have less than £20 at home, 3% said they had more than £1,000 at home. This money will be largely unprotected in the event of a house being damaged, with even the top insurance policies only covering up to around £1,000. Even if everyone surveyed had the top policy, this would mean a total of almost £170 million is not protected.

The FSCS protects people when authorised financial services firms go bust. Since being established in December 2001 the FSCS has paid out £26 billion in compensation and helped more than 4.5 million people.

The large sums kept at home could be attributed to the fact that over one in ten – 13% of those questioned, the same as last year – believe their money is safer at home than in a bank or building society. Only 64% disagree with this statement.

The amount people keep at home has fallen by 22.7% as people had just under £282 when asked the same questions 12 months ago. The cumulative total kept at home in early 2011 was just over £7 billion.

Mark Neale, Chief Executive of the FSCS, said:

“In these tough times no one can afford to lose any hard earned cash. It is encouraging that people are keeping less money at home than they did in 2011. In part this may be because people have less spare cash than they did 12 months ago, but hopefully it also reflects the fact they recognised it is safest in a bank, building society or credit union which is protected by the FSCS. We protect all savings up to £85,000 per person per firm, which means that 99% of the population are covered.

“Even though rates are currently low, all cash up to the limit is safe in an authorised financial institution. By contrast, any cash which is kept at home receives no interest, and may not be covered by household insurance and so could be lost if the house is damaged. If a bank or building society was to fail most customers would get their money back in less than a week so there

really is no need to keep it under the bed, in a jam jar or even, as one person told us, the handle of a fishing rod!"

-ENDS-

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

2. About the research

The research was carried out by GfK NOP, who interviewed 998 individuals aged 16+ and residing in the UK between 22 and 23 November 2011. 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.

3. The total kept at home

There were 26 million households in the UK in 2010 (the most recent figures available). Assuming each person questioned was talking about the total money in the household, this gives a total of £5,665,920,000 (26 million x £217.92). The figure 12 months ago, based on 24.9 million households in the UK (figure from 2006), was £7,017,318,000 (24.9 million x £281.82).

4. The level of unprotected money at home

3% of £5.6 billion equates to £170 million. Even this figure is likely to be a major underestimation as it is extremely unlikely that everyone surveyed had the top home insurance policy (indeed the majority are likely to have opted for the cheapest policy rather than the most comprehensive).