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MEDIA INFORMATION

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

Consumers may be entitled to up to £50,000 if they have lost money as a result of their dealings with any of the four mortgage brokers that 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 and does not charge individual consumers for using its service.

The FSCS declared four mortgage brokers in the Midlands, North West and South East of England in default during 2010. A declaration of default means the FSCS is satisfied the firms are unable to pay claims for compensation themselves, and opens the way for customers to apply to the FSCS for compensation if they believe they may have lost money as a result of their dealings with these firms. Details of the firms are included below.

Kate Bartlett, Director of Operations at the FSCS says, "We have already started paying compensation in respect of these firms, but we're encouraging anyone else who believes they may be owed money as a result of their dealings with these firms but has not yet made a claim, to contact our Customer Services Team."

The FSCS can pay up to £50,000 per person per firm declared in default on or after 1 January 2010.

The FSCS Customer Services Team can be contacted on 0800 678 1100 or 020 7892 7300 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

MIDLANDS

Myplace Mortgages Limited, 68 WELL CLOSE, REDDITCH, WORCESTERSHIRE, B97 5LU

NORTH WEST

Classic Network Solutions Limited, FAIRBANK HOUSE, 27 ASHLEY ROAD, ALTRINCHAM, CHESHIRE, WA14 2DP

SOUTH EAST

The Financial Associate (TFA) Limited formerly Find Financial Services Limited, First Option Mortgage Centre Limited, 16 HALFWAY STREET, SIDCUP, KENT, DA15 8LL

Mortgage Broking Services Limited, BOTLEYS MANSION, STONEHILL ROAD, OTTERSHAW, CHERTSEY, SURREY, KT16 0AP

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. 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 for compensation.

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.