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MEDIA INFORMATION

FSCS declares Square Mile Securities Limited in default

Former customers of Square Mile Securities Limited may be entitled to up to £48,000 in compensation now that the Financial Services Compensation Scheme (FSCS) has declared the firm in default.

The FSCS has carried out a detailed investigation into the solvency position of the firm, working closely with the firm's liquidator during the process, and is now satisfied that the firm is unable, or likely to be unable, to pay claims against it.

The default comes less than a month after the FSCS declared Pacific Continental Securities (UK) Limited in default, paving the way for about 4,000 customers of that firm to claim compensation.

Jonathan Clark, Director of Claims at the FSCS, says, "So far the FSCS has received 300 claims against Square Mile Securities Limited. We will be sending application forms to around another 2,000 customers of the firm who have told the liquidator or the FSCS they wish to make a claim. We also understand that more customers of the firm may have claims and we encourage them to contact us.

"We expect most of the claims against Square Mile Securities Limited to relate to either share mis-selling or the return of shares or cash held on behalf of customers. We will work as quickly as possible to process claims, and expect to process the majority of claims within six months of receiving completed application forms. However, some of the expected claims may be complex and will require more work to assess and complete. These claims could take longer than six months. We will keep these claimants informed of developments."

The FSCS's preliminary estimate of the potential compensation costs for this firm are in the region of £5m to £15m. However, the final costs will depend on the volume and value of claims, and on uphold rates for claims, which may mean the final compensation bill could be different.

Jonathan Clark says, "We recognise that this announcement brings more unwelcome news for firms in the investment intermediaries Sub-class (D2). We will be in a better position to clarify the potential costs once we start processing claims, and will keep the industry informed of developments and will provide more information as soon as we can. Providing a high quality compensation service benefits the industry by aiding consumer confidence."

Notes to editors:

- The FSCS is an independent body set up under the Financial Services and Markets Act 2000 and protects deposits, insurance, investments and mortgage business. It can pay compensation only for financial loss and its service is free to consumers.
- The current limit for investment claims is £48,000 (100% of the first £30,000 and 90% of the next £20,000), per claimant, per firm.
- Details of the investment firm are provided below. Consumers who believe they may have a claim should contact the FSCS on 020 7892 7300, or by email at enquiries@fscs.org.uk.
- The Financial Services Authority (FSA) has declared Square Mile Securities Limited in default for all Investors Compensation Directive (ICD) claims.

For more information about the FSCS visit www.fscs.org.uk

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