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THE SAFETY OF MONEY IS PARAMOUNT, SAY CONSUMERS

Consumers rate the safety and security of their money as one of the most important factors when taking out investments, insurance or placing deposits, a MORI poll for the Financial Services Compensation Scheme (FSCS) reveals today.

But the survey also shows that the majority (63%) of consumers either are unaware that there is anyone who would compensate them for their loss, or wouldn't know who to turn to if a financial provider went bust.

The FSCS will be the new one-stop shop for compensation, replacing existing schemes including the Investors Compensation Scheme, Deposit Protection Board and the Policyholders Protection Scheme from 1 December, the date when the Financial Services & Markets Act 2000 comes into force.

FSCS commissioned the MORI research to discover attitudes to financial products, financial advice and awareness of the existence of compensation.

The survey showed that consumers expect protection and compensation when financial providers go out of business, however there is little awareness of where to get independent advice, and who would compensate them if things went wrong.

- The safety & security of money is the most important decision-making factor when placing deposits or making investment decisions, and is one of the top three most important factors for both general and life insurance products.
- 84% believed that a firm or individual needs to be registered with a regulatory body before offering advice or accepting deposits, but only 41% thought they would know how to go about finding out whether a firm or individual is registered.
- Nearly half (45%) didn't know if anyone would compensate them if a financial provider went under with their money, although of those expressing an opinion, over half would expect to get at least three-quarters of their money back.

FSCS acts as a safety net for consumers if an authorised finance company is unable to pay claims against it. This is usually when a firm has gone out of business. The Scheme covers insurance, deposits and investments.

For further information please contact:

Heather Tilston, Head of Communications

Direct line: 020 7892 7370 **Fax:** 020 7892 7371 **E-mail:** Heather.Tilston@fscs.org.uk

Suzette Browne, Communications Assistant

Direct line: 020 7892 7372 **Fax:** 020 7892 7337 **E-mail:** suzette.browne@fscs.org.uk

Notes to editors:

Eight compensation schemes will be replaced by the FSCS as a result of the implementation of the Financial Services & Markets Act. They are:

- Building Societies Investor Protection Scheme;
- Deposit Protection Scheme;
- the Friendly Societies Protection Scheme;
- Investors Compensation Scheme;
- the PIA Indemnity Scheme;
- Policyholders Protection Scheme;
- the Section 43 Scheme (which covers business transacted with listed money-market institutions)
- and the arrangement between the Association of British Insurers and the Investor Compensation Scheme Ltd for paying compensation to widows, widowers and dependents of deceased persons.

Technical note:

MORI conducted a total of 1933 interviews with adults aged 16+ across Great Britain. All interviews were conducted face-to-face, in-home between 25 and 30 October 2001. The data were weighted to reflect the national profile. Where figures do not sum to 100% this may be due to computer rounding, multiple codes or exclusion of 'Don't know'.