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## **FSCS considering Geologistics judgement**

The Financial Services Compensation Scheme (FSCS) is considering its position following today's judgement by the Court of Appeal in the case of Geologistics Limited.

The Court of Appeal found in Geologistics favour, and rejected FSCS' appeal. FSCS' request for leave to appeal to the House of Lords was refused. FSCS has a month in which to make a request for leave to appeal direct to the House of Lords. An announcement will be made in due course.

FSCS rejected an application for compensation from Geologistics Limited, a policyholder of Independent Insurance Company Limited (in provisional liquidation), for the costs incurred in the defence of an employer's liability claim. The Scheme was unable to pay these costs as it did not consider that this could be included as a protected claim under the PPA. The trial of Geologistics' challenge to this decision, by judicial review, was heard on March 3, 2003 and judgement delivered in Geologistics' favour on March 4. FSCS was granted leave to appeal and the appeal was heard on 27 November.

## **Notes to Editors**

FSCS is the single compensation scheme for the financial services industry, covering deposits, insurance and investments. The independent Scheme acts as a fund of last resort for customers of financial services firms who are unable, or likely to be unable, to pay claims against them. This is generally because they have ceased trading or are insolvent. It is funded by compulsory levies on authorised firms.

FSCS became the UK's single financial services compensation scheme from 1 December 2001, under the terms of the Financial Services and Markets Act 2000 (FSMA). It took over responsibility for compensation from existing compensation schemes including the Deposit Protection Scheme, the Policyholders Protection Scheme, and the Investors Compensation Scheme.

Claims against firms that were insolvent or declared in default before FSCS became operational are handled by the Scheme, although these are covered by the rules governing the separate compensation schemes that existed before that date. In the case of claims against insolvent insurance firms the Policyholders Protection Act (1975) would apply.

**For further information about FSCS visit our website: [www.fscs.org.uk](http://www.fscs.org.uk) or contact:**

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