



**IMMEDIATE: 28.04.2006**

**MEDIA INFORMATION**

## **FSCS steps in to protect customers of Mortgage Advisory Centre Limited**

The Financial Services Compensation Scheme (FSCS) is stepping in to protect customers of Mortgage Advisory Centre Limited, based at 30 Walker Street, Edinburgh EH3 7HR, who may have lost money after the firm went into liquidation last year. FSCS may be able to help consumers who bought investments from this firm, such as a mortgage endowment policy, if they believe they have suffered a financial loss because of advice received from the company.

“This is good news for customers of Mortgage Advisory Centre Limited; we appreciate that they have been waiting some time to find out what is happening to their claims,” says Loretta Minghella, Chief Executive. “The liquidators have now confirmed that the limited company is unable to meet valid claims for compensation, and we are pleased that we can now consider claims.”

FSCS has declared Mortgage Advisory Centre Ltd in default, which is the final part of a process whereby a regulated financial services firm (such as a financial adviser) has been found by FSCS to be unable to meet claims. This means that customers who have lost money as a result of dealings with such a firm can now make a claim for compensation to FSCS.

FSCS has written to around 2,000 potential claimants of Mortgage Advisory Centre Limited to explain what kinds of claims FSCS may be able to help with, and how to make a claim for compensation. Consumers are being asked to complete an initial questionnaire, which has been sent to potential claimants to help them determine whether they may come within the remit of the Scheme. Anyone who believes they may have a claim against the company but does not receive a letter by 31 May 2006 should contact FSCS on 020 7892 7300. The initial questionnaire is also available online at [www.fscs.org.uk/consumer/latest\\_news](http://www.fscs.org.uk/consumer/latest_news).

FSCS is the UK's single statutory compensation scheme for customers of financial services firms. It provides a free and impartial service to consumers. For claims against investment firms FSCS can pay up to £48,000 in compensation, made up of 100% of the first £30,000 and 90% of the next £20,000. FSCS can only consider claims that are eligible under the rules for the Scheme, which are made by the FSA. Claims fall within its remit if the FSCS has declared a firm in default.

Claims arising before 15 May 1993 are likely to be against the Mortgage Advice Centre when it was a partnership (and therefore a separate legal entity). To date the partnership has not been declared in default by FSCS which means that these claims do not at present come within our remit. If it becomes clear that the partnership is also unable to meet claims against it, we may be able to declare the partnership in default and consider these claims.

### **See Notes to Editors for more information about FSCS.**

For more detailed information about the Scheme's work, consumers can visit [www.fscs.org.uk](http://www.fscs.org.uk).

### **Press Enquiries:**

Suzette Browne: 020 7892 7372

[Suzette.Browne@fscs.org.uk](mailto:Suzette.Browne@fscs.org.uk)

Esther Norris: 020 7892 7572

[Esther.Norris@fscs.org.uk](mailto:Esther.Norris@fscs.org.uk)

## **Notes to Editors:**

### **1. About FSCS**

The Financial Services Compensation Scheme (FSCS) is the UK's statutory fund of last resort for customers of authorised financial services firms. This means that FSCS can pay compensation if a firm is unable, or likely to be unable, to pay claims against it. FSCS is an independent body, set up under the Financial Services and Markets Act 2000 (FSMA). Our service is free to consumers.

### **2. Declaring a firm in default**

Before FSCS can pay compensation it must be satisfied that a firm is unable 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.

FSCS is required to do this before we 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 us for compensation.

### **3. Authorised firms**

Our rules are made by the Financial Services Authority (FSA), the independent watchdog set up by government under FSMA to regulate financial services in the UK and protect the rights of consumers. The rules tell us which types of claim are eligible for compensation, and limit how much compensation we are allowed to pay. Firms need permission from the FSA to carry out a regulated activity, which covers activities such as accepting deposits, insurance business and investment business

Dealing with an authorised firm gives consumers access to the Financial Ombudsman Service (FOS) and FSCS. Consumers can check that the firm they are dealing with is authorised by contacting the FSA's Consumer Helpline on 0845 606 1234.

### **4. Fund of last resort**

As a fund of last resort, FSCS can only pay compensation for financial loss where a firm is unable to meet claims. For investment claims, compensation aims to put consumers back into the position they would have been in had they not invested. The compensation limit for investment claims is £48,000 per person.

### **5. Investment claims**

The kinds of investment claims FSCS handles usually relate to advice – for example, if somebody has been advised to buy an investment product such as an endowment policy, but it was unsuitable for them and they have lost money as a result of the advice they received. FSCS can pay compensation for financial loss arising from, for example, bad advice, negligent investment management and fraud. FSCS can also help if an authorised investment firm stops trading and cannot return its customers' investments or money.