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MEDIA INFORMATION

FSCS urges Streetcred customers to send in their claims

The Financial Services Compensation Scheme (FSCS) is making payments to Streetcred credit union customers within days of receiving their completed application forms. The Scheme made the first compensation payments to Streetcred customers just nine days after the credit union closed and only two days after the firm was declared in default. FSCS is optimistic that all claims received in the next month can be decided before Christmas.

FSCS has sent out a total of 3,215 applications forms to all the customers of the failed credit union. However, it has so far only received 493 completed forms back. 438 claims have already been paid, including a number of priority cases*. FSCS has a team of experts on hand to help claimants complete forms if they are having any difficulties. Also any members of the credit union who have not yet received an application form from FSCS and believe they are owed money should contact the Scheme as soon as possible. The team can be contacted on: 020 7892 7300.

FSCS has an excellent track record of dealing with credit union claims very quickly, and is processing claims in days. Individuals facing immediate financial hardship are prioritised.

Streetcred customer Sue Burke from Queensway Rochdale said: "My claim has been processed very quickly and I found the individuals I worked with at FSCS incredibly helpful, kind and thoughtful. Without FSCS I would not have had anyone to turn to for help and may have lost my home."

Loretta Minghella, FSCS Chief Executive commented: "We're here to help. We have a dedicated team in place to process claims and assist claimants. The team is working diligently to ensure all eligible claimants, like Ms Burke are paid as quickly as possible. We just need the credit union's customers to fill in their forms and get them back to us."

There is a limit to the compensation FSCS can pay. Deposits with credit unions are protected by the Scheme up to 100% of the first £35,000.

For more information about the FSCS's work, consumers can visit www.fscs.org.uk.

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Notes to Editors:

*FSCS is processing claims on a daily basis. Please call the FSCS press office for up to date figures.

1. About FSCS

The Financial Services Compensation Scheme (FSCS) is the UK's statutory compensation scheme 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). The service is free to consumers.

2. Authorised firms

The rules under which we operate tell us which types of claims are eligible for compensation, and limit how much compensation we are allowed to pay. They are set by the Financial Services Authority (FSA). 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.

3. Declaring a credit union in default

Before FSCS can pay compensation it must be satisfied that a credit union is unable, or likely to be unable to meet claims. It describes this as being 'in default'. FSCS will declare a credit union default if:

- it has received at least one claim; and
- it is satisfied that the credit union is unable (or likely to be unable) to pay claims against it.

To do this, FSCS reviews the company's financial records to determine its position. Declaring a credit union in default allows consumers who believe they may have lost money as a result of depositing money with that credit union to apply to FSCS for compensation.

4. Processing credit union claims

To claim compensation, members should complete an application form which we send to them. They must provide proof of their deposit with the failed credit union, which we then verify against its books and records. If they have kept clear, accurate, records of their deposits and transactions it will help to speed up payment of compensation. Our practice is to make compensation payments by cheque, but we will consider other alternatives for claimants who do not have a bank or building society account.

Amounts owed to the failed credit union by a member (for example, loans and interest) are taken into account before any compensation is paid.

5. What is a credit union?

A credit union is a financial co-operative which is owned and controlled by its members.

6. Limits of compensation

As the UK's statutory compensation scheme, FSCS can only pay compensation for financial loss where a firm is unable, or likely to be unable to meet claims. For deposits, the compensation limit is 100% of the first £35,000 and applies to each depositor for the total of their deposits with an organisation, regardless of how many accounts they hold or whether they are a single or joint account holder. In the case of a joint account FSCS will assume that the money in that account is split equally between account holders, unless evidence shows otherwise.