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MEDIA INFORMATION

Icesave default paves the way for help for 300,000 UK consumers

The UK authorities and FSCS are stepping in to help customers of Icesave after the firm was declared in default today (8 October 2008) by the Financial Services Authority (FSA).

The move paves the way for FSCS to help the bank's UK customers. It follows the announcement by the Treasury this morning confirming that the Government will stand behind UK retail Icesave depositors to ensure they are paid out in full.

FSCS is working closely with HM Treasury and the FSA to take the necessary steps to pay people back their money.

FSCS Chief Executive Loretta Minghella said: "We know that many savers with Icesave are anxious about their savings. Following the Chancellor's announcement today retail depositors can be confident they will be repaid in full.

"We are working closely with all concerned on the practical arrangements to get people their money back as quickly as possible. We hope to be in a position to say more about the arrangements by the close of business on Friday, and we will publish updates on our website. "

Consumers can find more information about the FSCS at www.fscs.org.uk.

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Notes to Editors:

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). 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.