



**IMMEDIATE: 12.06.08**

**MEDIA INFORMATION**

## **FSCS helps credit union savers recoup their cash**

The Financial Services Compensation Scheme (FSCS) has started paying compensation to 520 members of the Inner Preston Credit Union in Preston, Lancashire and 96 members of the Peterlee Credit Union in Peterlee, Durham. Both credit unions shut their doors to business, and FSCS declared the firms in default. In the case of Inner Preston Credit Union, the first claim was paid just seven days after the institution was declared in default.

FSCS Director of Claims, Jonathan Clark says: "FSCS performs a vital role in protecting consumers and maintaining confidence in the financial services sector. We recognise the uncertainty that credit union closures pose for their members. We have moved quickly to help the members of these two credit unions get their money back. It is important that individuals of failed financial firms know that we are here to help. FSCS has a very good record of processing deposit claims quickly; we pay more than 96% of all credit union claims within two weeks of receiving an application form. Everything is being done to make sure the people affected by the closure of both Inner Preston Credit Union and Peterlee Credit Union receive their money as quickly as possible."

FSCS is the UK's statutory compensation scheme for consumers who have claims against FSA regulated firms that are unable or unlikely to be able to pay them (described by FSCS as being "in default"). For deposit claims, FSCS can pay compensation of 100% of the first £35,000 of a loss per person.

FSCS has sent application forms to all the members of the credit unions affected, to enable them to claim compensation from the Scheme. Members of the credit union who have not received an application form from FSCS should contact the Scheme on 020 7892 7300.

The full name and address of the credit unions are:

- **Inner Preston Credit Union**, 40 CANNON STREET, PRESTON, LANCASHIRE, PR1 3NT
- **Peterlee Credit Union**, 13 UPPER YODEN WAY, PETERLEE, COUNTY DURHAM, SR8 1AX

**For more information about FSCS see Notes to Editors section or visit [www.fscs.org.uk](http://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**

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

FSCS's rules are made by the Financial Services Authority (FSA), the independent watchdog set up by the Government under Financial Services and Markets Act 2000 (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.