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MEDIA INFORMATION

FSCS sends forms to savers at Heritable and Kaupthing Singer & Friedlander

More than 1,200 retail depositors at the Heritable and Kaupthing Singer & Friedlander banks are a step closer to compensation today with the news that the Financial Services Compensation Scheme (FSCS) is sending out compensation claim forms now to individual savers who did not transfer to ING Direct. The Scheme will send forms to about 2,000 business account holders early next week.

The move comes after the FSCS finalised the first stage of its process for compensating customers of the firms working closely with Ernst and Young, the administrators of the two banks. FSCS received the details of over 16,000 accounts from the administrators earlier this week. They included the contact details for 1,200 individual retail customers of the two firms whose accounts did not transfer to ING Direct. As a result, they, along with small business customers, may be eligible to claim from FSCS.

FSCS has already helped more than 157,000 customers of Kaupthing Singer & Friedlander and 22,000 customers of the Heritable by paying a total of £3bn towards the transfer of their accounts to ING Direct. This brings the total number of consumers helped by the FSCS in relation to bank failures to about 2.7m in the last month.

FSCS Chief Executive Loretta Minghella says: "Our message to Heritable and Kaupthing Singer & Friedlander savers entitled to our protection is simple: your money is safe. FSCS is ready to compensate eligible savers with the two banks.

"The forms have started going out to more than a thousand people who had accounts with the Heritable, and with Kaupthing Singer & Friedlander, which were not transferred to ING Direct. When you get your form, please return it to us as soon as possible. That will help us to get the job done. Our claims teams are standing by to process claims swiftly."

Anyone with an account with Heritable or Kaupthing Singer & Friedlander who thinks they may be entitled to claim but who does not receive an application form by Thursday 23 October should ring the FSCS Customer Services Team on 020 7892 7300.

As well as the compensation to which eligible depositors are entitled from FSCS, depositors may be entitled to HM Treasury supplemental payments for those whose balances exceed the amount FSCS may pay (i.e. above the FSCS's £50,000 limit). The FSCS expects to process payments on behalf of HM Treasury so depositors will not need to contact HM Treasury separately at this time.

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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.