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MEDIA INFORMATION

FSCS steps in to help credit union savers in Edgbaston

The Financial Services Compensation Scheme (FSCS) is stepping in to protect members of Rotton Park and Winson Green Credit Union Ltd. FSCS declared the organisation 'in default' on Monday 3rd March and has already processed the first claims from customers of the credit union based in Edgbaston, Birmingham.

The credit union got into financial difficulty and the Financial Services Authority (FSA) restricted its permissions to lend money. The organisation was referred to FSCS and, following investigations into the credit union's solvency; FSCS has now declared it in "default". This means that the credit union is unable to pay claims against it.

There are approximately 610 members of Rotton Park and Winson Green Credit Union. FSCS expects the value of claims to reach about £300,000.

Jonathan Clark, FSCS Director of Claims, comments: "FSCS performs a vital role in protecting consumers and maintaining confidence in the financial services sector. We have stepped in to help members of this credit union and are doing everything possible to ensure they get compensation for their lost savings fast. We have a very good record of processing deposit claims quickly, which the recent collapse of the Streetcred Credit Union in Rochdale highlighted. We process more than 94% of all credit union claims in a month or less."

Rotton Park and Winson Green customer Janet Haley from Birmingham comments: "I am so glad the FSCS has stepped in to help people like me who had money in the credit union. I was worried that my money would be gone forever but thankfully FSCS has now been able to give it back to me. I'm sure there will be a lot of other grateful customers who would have lost savings if it had not been for the compensation scheme."

FSCS provides a safety net 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 at the level of 100% of the first £35,000 of loss per person.

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

The full name and address of the credit union is listed below:

Rotton Park & Windsor Green Credit Union Limited, 260 DUDLEY ROAD, BIRMINGHAM, WEST MIDLANDS, B18 4HL

For more information about FSCS see Notes to Editors section or visit 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. UK's statutory Compensation scheme

As the UK's statutory compensation scheme, FSCS can only pay 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 deposit claims is £35,000 per person.

3. 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'. FSCS 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 FSCS for compensation.

4. Authorised firms

FSCS's 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.