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MEDIA INFORMATION

FSCS pays out £326m in compensation to consumers and works towards streamlining its claims process in 2012/13.

The Financial Services Compensation Scheme (FSCS) paid out £326m in compensation to consumers in 2012/13, according to its Annual Report and Accounts 2012/13 published today (4 July). The Scheme has come to the aid of more than 85,000 consumers during the year, protecting them when firms went bust.

FSCS received 62,030 new claims in 2012/13, 36% less than the number of claims received during 2011/12. Although the volume of claims has decreased, there has been an increase in the complexity of insolvencies and claims arising from firm failures in the investment sector. There has also been a steep increase in Payment Protection Insurance (PPI) claims to 19,035, up from just over 13,800 in 2011/12 (excluding claims relating to Welcome Financial Services Limited).

FSCS has been working towards minimising its costs to the levy payer and has recovered funds totalling £777m from the estates of failed firms, including £729m from the major banking failures of 2008.

FSCS is also investing in its claims process to provide consumers with a better and more streamlined service, including the ability to submit claims online. The investment will also enable the Scheme to scale-up its service quickly and cost effectively in response to big failures.

Mark Neale, FSCS Chief Executive says: "FSCS is a force for financial stability. The Scheme plays a vital role in protecting consumers when authorised firms go bust. FSCS protection underpins consumer confidence and, in doing so, contributes to a stable and thriving financial services industry. Research shows that the more aware people are of FSCS, the more confident they are. That is why we work hard to compensate people with valid claims.

"At the same time, we take our accountability to the industry very seriously and constantly strive to improve our performance. We have to deal with a huge amount of uncertainty. FSCS must live both in the here and now and in the future. We will continue striving to improve our service for the benefit of consumers and the industry which funds FSCS protection for them."

In its bid to raise awareness of the protection FSCS provides to consumers, FSCS launched the second phase of its awareness programme in January 2013, communicating messages of protection and reassurance using digital, print and radio. The campaign has been aided by the introduction of the new disclosure rules which came into force in August 2012 requiring banks, building societies and credit unions to prominently display FSCS information inside their branches and online.

Mark Neale says: "The industry has come a long way in the last year in promoting FSCS protection to consumers. But there is more to do and we look forward to working with firms to make more people aware of the protection FSCS provides."

To view the FSCS Annual Report and Accounts 2011/12 please visit:

www.fscs.org.uk/industry/publications/annual-reports/

Further information about FSCS is available on its website at www.fscs.org.uk.

Notes to Editors:

Claims received

FSCS received 62,030 new claims in 2012/13, compared with 96,930 in 2011/12. The total number of decisions made comes to 52,522.

Compensation paid

FSCS paid out £326m in 2012/13, down from £347m in 2011/12. However, compensation in the General insurance provision sector increased to £80m compared to £54.3m in 2011/12.

FSCS running costs

The running costs of FSCS in 2012/13 were £58.9m, excluding Welcome claims and the major bank loans, compared with a budget of £61m.