

## **PPI claims increasing says FSCS and consumers losing millions to claims companies**

Consumers could fork out almost £7m in fees to claims management companies for PPI claims during 2013/14, according to the Financial Services Compensation Scheme (FSCS). The news comes after the FSCS, which financial services companies fund, announced its industry levy for the year. It says consumers don't need to use the companies to make a claim.

FSCS is predicting it will receive an increasing number of payment protection insurance (PPI) claims during the year. And the costs of compensating victims of PPI mis-selling could hit £54m in this financial year.

Claims management companies (CMCs) take up to 25% of a claim for compensation. And about 50% of the claims FSCS now receives come from these companies. That means consumers could be unnecessarily forking out £6.75m of their compensation this year. With the average FSCS payment being about £4,000, those who use CMCs lose around a £1,000, or roughly the cost of a sun-soaked one week holiday for two in Tenerife.

"The Financial Services Compensation Scheme is independent. And it's free to consumers. It protects people when financial services firms go bust. You don't need to pay a third party to make a claim to the FSCS. We are here to help. The process is simple; you won't lose a penny of any compensation you are due." says Mark Neale, FSCS Chief Executive.

All in, FSCS forecasts that it will receive in the region of 16,000 PPI claims during the year.

FSCS protects savings, investments and insurance as well as mortgage broking. It has protected more than 4.5m people and paid out more than £26bn since 2001.

You can find out more information about FSCS protection at [www.fscs.org.uk](http://www.fscs.org.uk), you can follow us on Twitter @FSCSNews or visit [www.youtube.com/FSCSProtected](http://www.youtube.com/FSCSProtected)

### **Notes to editors**

FSCS can pay out when a company which has mis-sold PPI to consumers goes bust. For claims relating to the selling or arranging of general insurance, including PPI, the FSCS will compensate 90% of the value of the claim, with no upper limit.