

## **Crisis leads to 22 million adults changing their attitude to keeping money in banks**

*43% say their attitude to keeping their money in banks and building societies has shifted since 2007*

Just over half (54%) of people say the financial crisis has made no difference in the way they keep their money. By contrast over four in ten (43%), equivalent to almost 22 million adults in the UK, say their attitude towards their money in banks and building societies has changed, new research by the Financial Services Compensation Scheme (FSCS) reveals.

On the fifth anniversary of the run on Northern Rock 17% of those questioned say they have spread their money across more institutions, while 9% have reduced the number of accounts they have money in. 15% would like to avoid using banks and building societies but feel they do not have a choice, while 2% say they have removed their money entirely.

If they heard their bank appeared to be in trouble a quarter of people (25%) say they would definitely try to withdraw their money, while a further four in ten would possibly seek to do so.

**[Mark Neale, Chief Executive of FSCS](#)**, said: “The run on Northern Rock was a seminal moment and changed how people feel about their money. The images of people queuing to withdraw their cash remain imprinted in the minds of many and show just how important it is for consumers to have complete confidence their money is safe.

“Over the last five years there has been a significant improvement in the protection for people’s savings and deposits, with a much higher limit and faster pay-outs. Recent rules mean that for the first time consumers will be able to see information about the protection available to them in bank and building society branches and on their websites.

“Since 2007 the financial services industry has improved the quality of information it gives to consumers about FSCS but it can do more. Increased consumer confidence is in everyone’s interest and we want firms to go the extra mile to help deliver it.”

FSCS now protects savings and deposits up to £85,000, compared to total compensation of £31,700 (100% of the first £2,000 and 90% of the next £33,000) in 2007. Five years ago pay-outs were also net of any balances owed in loans/mortgages. A single customer view of funds with each institution now means the vast majority of customers will get their money back in seven days, compared to up to nine months in 2007.

FSCS protects consumers if banks, building societies or credit unions go bust. Since 2001 it has helped more than 4.5 million people and paid out more than £26 billion. The financial services industry pays for FSCS through a compulsory levy.

**-ENDS-**

## Notes to Editors

### 1. About the 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), and funded by a levy on authorised financial services firms. FSCS does not charge individual consumers for using its service. For more information visit [www.fscs.org.uk](http://www.fscs.org.uk)

FSCS aims to pay compensation in the majority of cases within seven days of a bank, building society or credit union failing. Any remaining claims, which are likely to be more complex, will be paid within 20 working days. This is the Europe-wide target for pay outs following the failure of all deposit takers within the EEA.

### 2. The run on Northern Rock

On the evening of Thursday 13 September 2007 it was revealed that Northern Rock had asked for, and been granted, emergency funding support from the Bank of England (in its role as lender of last resort). Northern Rock had relied heavily on the markets, rather than savers' deposits, to fund its mortgage lending but found that the markets had dried up. The following day customers queued to withdraw money from Northern Rock in what was the biggest run on a British bank for more than a century.

### 3. About FSA disclosure requirements

Since 31 August 2012 UK-authorised banks, building societies and credit unions have been obliged to tell their customers their savings and deposits are protected by FSCS. They need to do this by displaying compensation stickers or posters in branch windows, along with a sticker at the cashier's window or desk, and a further poster in a prominent position inside. The UK branches of foreign banks from the European Economic Area (EEA) have to specify that their customers are not covered by FSCS and clearly state which national scheme provides protection. This is as a result of FSA rules which were announced on [28 May 2012](#).

### 4. About the research

The research was carried out by GfK NOP, who interviewed 1,000 individuals aged 16+ and residing in the UK between 20 and 22 August 2012. The interviews were conducted online via GfK NOP's online panel of over 200,000 internet users. GfK NOP Limited is a Company Partner of the Market Research Society (MRS). All work was carried out in accordance with the MRS Code of Conduct and the ISO 20252 international standard for market, opinion and social research.

The calculation on the number of adults starts with the latest [ONS statistics](#) (see table-1-united-kingdom-2010') from mid-2010. This showed there are 50,653,900 people aged over 16 in the UK, after the total number of under 16 year olds (11,608,100) is subtracted from the total UK population (62,262,000). Multiplying this by 0.43 gives 21,781,177.