



Insignis

Cash Solutions

Insignis Cash Solutions' Guide to the FSCS

Insignis Cash Solutions specialise in active management of client deposits. This can include helping clients gain incremental FSCS protection by opening multiple accounts across various financial institutions with an elegant one-signature solution. Here is our guide to how the FSCS protects your deposits.

What is the Financial Services Compensation Scheme and how can it protect my savings?

The Financial Services Compensation Scheme is "the UK's statutory fund of last resort for customers of financial services firms." It is an independent body providing the UK deposit guarantee scheme under the Financial Services & Markets Act 2000 (FMSA). For the most thorough information on all things FSCS please refer to <http://www.fscs.org.uk/> or contact them on 0800 678 1100.

What is a Deposit Guarantee Scheme for?

Deposit guarantee schemes exist to protect depositors against authorised firms that are unable to pay or become insolvent. The European Commission requires all countries to provide a last resort protection to consumers in the event of a bank failure. Rules exist in the form of an EU directive for offering a limited level of protection, faster pay out and improved internal financing of the schemes by each bank. This provides protection on both an individual front and a wider economic level.

Is there an equivalent European Scheme?

Some deposits with overseas banks are covered by the European Deposit Guarantee Scheme and cover the equivalent of €100,000.

What does FSCS cover?

FSCS pays compensation to consumers of financial services firms. For customers of banks and building societies, FSCS protects deposits in current and savings accounts of an individual or company. Firms covered by the Scheme must be authorised by the the UK financial services regulators. You can check a bank's registration at <https://register.fca.org.uk/>

What are the compensation limits and who sets the limit?

The UK based FSCS system guarantees protection of £85,000 per person per institution/Banking licence. In January 2017, the level of protection rose from £75,000 per person per banking licence to reflect the changed exchange rate since the Brexit vote. Joint accounts for individuals are also covered. Each holder will receive up to £85,000 under the deposit limit so FSCS would protect up to £170,000 of savings in a joint account.

How would I know if a bank was covered by the FSCS?

All firms authorised by the UK financial services regulators will be covered by the FSCS. You can check a bank's registration at <https://register.fca.org.uk/>.

Are businesses and charities eligible for protection under the FSCS?

Yes, the FSCS protects charities and businesses up to the deposit limit of £85,000 per banking license. The exception is financial services firms which are excluded from FSCS protection.

What are the timescales for payment of compensation?

The FSCS aim to pay compensation in most cases within seven days of a bank or building society failing, although complex cases might take up to 20 days. Temporary high balances are paid out within 3 months provided all supporting evidence is given.

Is there any protection above this limit offered by FSCS?

Yes, there is a clause for cover of life events which bring about temporary high balances. The limit to this temporary high balance is £1m covered for a period of 6 months and written evidence will be necessary for a claim.

In the case of temporary high balances (THB) additional protection is offered by FSCS. Such cases would include the sale of a primary residential property, money collated for the purchase of a primary property, compensation claim funds, redundancy payments, divorce settlements or legacy payments. A full list of temporary high balance conditions can be found at www.prarulebook.co.uk. Temporary high balances take longer to be paid compensation.

Is jointly owned property or a second property affected by the FSCS temporary high balances rule?

Regardless of whether a property is in joint names the THB cover is up to £1m for a period of 6 months. The scheme will only cover a person's primary residence under the rules.

What if I have more than £85,000 in a single bank or building society account?

Any sum up to £85,000 will be covered by FSCS if the bank is unable to meet its financial obligations to depositors. All banks are required to make good internal financing arrangements to protect depositor's money but should a bank go out of business, claims above the FSCS limits will be made directly to their liquidators. (See also Temporary High Balances information above).

Am I charged for the FSCS cover?

The FSCS is a non-profit, independent organisation and does not charge consumers for its service. Funding for FSCS is generated by levies on authorised firms in the financial services industry.

Are UK held dollar accounts covered by FSCS?

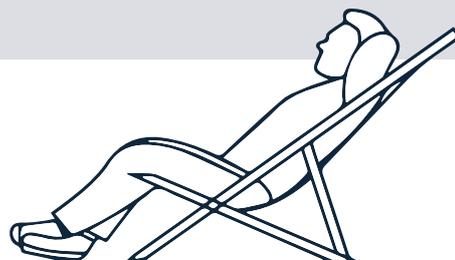
On-shore UK-based \$ bank accounts are covered by FSCS up to the equivalent of £85,000. All compensation claims are paid in sterling.

When was the FSCS scheme put in place?

The FSCS was set up under the Financial Services and Markets Act 2000, becoming operational on 1 December 2001. Its mission is to provide a trusted compensation service for customers, which raises public confidence in the financial services industry.

Sources:

<http://www.fscs.org.uk>
<http://www.bankofengland.co.uk/publications/Pages/news/2016/083.aspx>
<http://www.prarulebook.co.uk/rulebook/Content/Chapter/213752>
http://europa.eu/rapid/press-release_MEMO-15-6165_en.htm?locale=en
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