



# Protecting your money

A guide to how the Financial  
Services Compensation Scheme  
(FSCS) protects your money



## About this leaflet

This leaflet explains what FSCS is and how we protect your money. You should still talk to your financial services firm to discuss how our protection applies to the products and services you have bought from that firm.

## About FSCS

FSCS is the body that can pay you compensation if your financial services provider goes bust.

In brief, that means we can pay you compensation if a financial services firm stops trading and you lose money because of your dealings with it.

FSCS is independent. It was set up by government under the Financial Services and Markets Act 2000. The financial services industry funds FSCS and the compensation we pay. We do not charge anyone for using our services.

## What is a financial services firm?

Examples of financial services firms include:

- banks
- building societies
- credit unions
- insurance companies
- insurance brokers
- financial advisors
- mortgage brokers
- investment firms.

## What is a financial services product?

Examples of financial services products are:

- current accounts
- savings accounts
- ISAs
- investments
- insurance policies.

We also cover financial advice, insurance broking and mortgage advice and arranging.

There are limits to how much compensation we can pay, and these are different for different types of financial products. For us to pay you compensation, your financial services firm must be authorised by the Financial Conduct Authority (FCA), or the Prudential Regulation Authority (PRA).

## What sort of firms does the FSCS cover?

We only cover financial services firms that the FCA or the PRA have authorised to do business in the UK.

So you should always check that the firm has an authorisation (sometimes referred to as a Firm Reference Number).

## How to find out if your financial services firm is authorised

There are four main ways to check that a firm is authorised:

1. Check the documents the firm gave you – they often show the FCA or PRA authorisation number.
2. Check the firm's website – the FCA or PRA authorisation number is often in the 'legal information' section.
3. Call the firm and ask for their FCA or PRA authorisation number.
4. Use the Financial Services Register at [www.fca.org.uk/firms/systems-reporting/register/search](http://www.fca.org.uk/firms/systems-reporting/register/search), which has details of every financial services firm authorised to do business in the UK.

Some firms appear on the Financial Services Register as 'EEA-authorised'. Depending on the type of firm, this may mean we would not protect you. The firm may instead take part in a compensation scheme in the country where their head office is based. You should check with the firm about the protection you will have.

## What products does FSCS cover?

We cover five different types of business:

- Deposits, such as bank accounts and cash ISAs.
- Arranging and advising about home finance such as mortgages.
- Insurance policies, such as motor and house insurance.
- Insurance broking.
- Investment business, including financial advice.

The following sections explain what each type includes, and the compensation limits.

### > Deposits

FSCS protects your deposits. A deposit is money in accounts like current and savings accounts, including cash ISAs. If your bank, building society or credit union goes bust, we may be able to pay compensation.

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### *Compensation limit*

We protect up to £85,000 per person per authorised firm.

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There are two important points to remember about the deposit compensation limit.

1. The limit applies to individuals not accounts. This means that for joint accounts the limit applies to each named account holder. So, for example, if you have a joint account with your spouse or partner, and no other accounts of your own, you could each receive up to £85,000 under the deposit limit. That means we would protect up to £170,000 of savings in a joint account.
2. The limit applies per authorised firm. This is important because sometimes a firm operates more than one brand under the same authorisation number. This means individuals with accounts held with different brands operating under the same authorisation number will only be entitled to a total of £85,000.

### *The deposit limit*

If you have a current account with Bank X and savings with Bank Y and they share one authorisation, they are classed as a single firm. This means your limit for compensation is £85,000 in total, shared across Bank X and Bank Y.

You should therefore check:

1. whether you hold deposits with a bank or building society that shares authorisation with another brand, and
2. whether your total deposits with all those brands are more than £85,000.

### *How to find out if your bank or building society is part of a larger banking group*

Your bank or building society should provide this information to you at least annually on your printed statement or electronically. There are three other ways to check:

1. Ask your bank or building society whether it trades under different names with a single authorisation.
2. Visit the page on the FCA's website which shows banks that are part of a larger banking group: [www.fca.org.uk/consumers/complaints/how-to-claim-compensation/banking-and-saving/banking-and-savings-brands](http://www.fca.org.uk/consumers/complaints/how-to-claim-compensation/banking-and-saving/banking-and-savings-brands).
3. Compare your banks' and building societies' authorisation numbers to check if any are the same – if they are the same, they share authorisation.

The diagram below shows an example:



## > Arranging and advising about home finance such as mortgages

FSCS may be able to help if a firm has advised you to enter into a mortgage agreement that wasn't suitable for you, and you lost money as a result. If the firm goes bust and cannot pay back the money it owes you, we can pay compensation.

### *Compensation limit*

We protect up to £50,000 per person per authorised firm.

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## > Insurance policies

FSCS can pay compensation if your insurance firm goes bust and cannot pay valid claims under your policy or return your premiums. The types of policies we cover include motor, home, pet, travel and payment protection insurance (PPI).

We also cover long-term policies such as life or pension policies.

### *Compensation limit*

Our main aim is to get continuity of cover for policyholders. This means, for example, we may try to transfer your insurance policy to a new insurance provider. If this is impossible, we can pay compensation of 90% of your claim with no upper limit. We protect in full any compulsory insurance, like third-party motor insurance.

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## > Insurance broking

FSCS can pay compensation if:

- you were mis-sold an insurance policy and lost money, or
- you were a victim of fraud, and the broker who sold you the policy has gone bust and cannot return your premiums or money owed to you.

The types of policies we cover include motor, home, pet, travel and payment protection insurance (PPI).

### *Compensation limit*

We can pay compensation of 90% of your claim with no upper limit. We protect in full all compulsory insurance, like third-party motor insurance.

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## > Investment business

FSCS can pay compensation if you lose money because of:

- bad or misleading investment advice,
- negligent management of investments,
- misrepresentation, or
- fraud, and the firm concerned has gone bust and cannot return your investments or money owed.

We do not pay compensation if your investment does not perform as well as you hoped.

### *Compensation limit*

We protect up to £50,000 per person per authorised firm.

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## Who can claim FSCS compensation?

Individuals and small companies can claim compensation from us. Larger companies are generally excluded.

## How long would it take to get my money back?

In most cases for deposits, FSCS aims to pay compensation within seven days of a bank, building society or credit union failing. We will pay any remaining claims, which are likely to be more complex, within 20 working days.

For other financial services products, we try to resolve claims within six months.

## What does FSCS not cover?

We do not cover some financial products. Here are some examples:

- Money held on pre-paid credit cards.
- Christmas or other savings clubs.
- ‘Boiler room’ scam investments – ‘products’ sold by unauthorised firms, often abroad, that defraud customers of their money.
- Losses arising purely from investment performance.
- Some electronic payment services (such as PayPal) or currency bureaux.
- Insurance policies for marine, aviation or transport business.
- Credit insurance or reinsurance.
- Mortgage lending or administration.

## Find out more

This leaflet explains how FSCS protects your money. For specific information about how this applies to your individual circumstances you should speak to your financial services provider(s) or advisor.

If you would like more information about FSCS, including how to make a claim, please visit our website at [www.fscs.org.uk](http://www.fscs.org.uk), or call us on **0800 678 1100**.