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MEDIA INFORMATION

FSCS steps in to protect members of Havant Area Savers Credit Union

The Financial Services Compensation Scheme (FSCS) is stepping in to help members of Havant Area Savers Credit Union after declaring the credit union in default.

The FSCS is working with the credit union to get the information it needs to pay back depositors quickly. The FSCS will aim to pay compensation in the vast majority of cases within seven days, and pay any remaining claims, which are likely to be more complex, within twenty working days.

Havant Area Savers Credit Union has just under 260 members with accounts totalling some £86,000. The FSCS declared it in default late yesterday, which means the Scheme is satisfied that the credit union is unable, or likely to be unable, to pay back its members' deposits.

The FSCS's Chief Executive Mark Neale said: "We are committed to providing compensation as quickly as possible to eligible members of Havant Area Savers Credit Union who are now unable to access their funds. Those members will be entitled to compensation of up to £85,000 each, and they won't need to complete an application form to make a claim. Once we have the information we need about their account, we'll be able to pay them compensation automatically."

More information about Havant Area Savers Credit Union can be found on the FSCS website, www.fscs.org.uk.

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Notes to Editors:

1. UK's statutory Compensation scheme

As the UK's statutory compensation scheme, the FSCS can only pay for financial loss where a firm is unable to meet claims. The compensation limit for deposit claims is £85,000 per person per firm.

2. Declaring a firm in default

Before the FSCS can pay compensation it must be satisfied that a firm is unable to meet claims. It describes this as being 'in default'. The Scheme will declare a firm in default if:

- it has received at least one claim; and
- it is satisfied that the firm is unable (or likely to be unable) to pay claims against it.

The FSCS is required to do this before paying compensation to eligible claimants. Declaring a firm in default allows consumers who believe they may have lost money as a result of their dealings with that firm to apply to us for compensation.

3. Authorised firms

Our rules are made by the FSA, the independent watchdog set up by government under FSMA to regulate financial services in the UK and protect the rights of consumers. The rules tell us which types of claim are eligible for compensation, and limit how much compensation we are allowed to pay. Firms need permission from the FSA to carry out a regulated activity, which covers activities such as accepting deposits, insurance business and investment business.

Dealing with an authorised firm gives consumers' access to the Financial Ombudsman Service (FOS) and the FSCS. Consumers can check that the firm they are dealing with is authorised by contacting the FSA's Consumer Helpline on 0845 606 1234.