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**MEDIA INFORMATION**

### **FSCS Publishes its Plan and Budget: 2011/12**

The Financial Services Compensation Scheme (FSCS) today publishes its Plan and Budget: 2011/12, which provides its first indicative estimates of its levies on financial services firms for the coming year.

The document provides the Scheme's initial assumptions for likely future claims volumes and recoveries across the full range of the FSCS's work.

In 2011/12, financial services firms are likely to pay a total levy bill of £240m to cover expected costs. That compares with total levies in 2010/11 of £474m. The FSCS will review its claims and funding assumptions, and announce the 2011/12 levy at the end of March.

Of the estimated £240m required, the general insurance provision and general insurance intermediation sub-classes will together account for about £147.5m (£54m and £93.5m respectively) while the investment intermediation sub-class will account for about £40m.

The FSCS says PPI claims are likely to increase to about 20,000 in the coming year. Claims from high-profile investment failures such as Keydata are likely to fall away, and could total about 2,500 claims according to the Scheme.

In addition, the FSCS expects that deposit taking firms will pay £336.6m to cover the 2011/12 interest costs of funding the deposit failures of 2008/09.

The FSCS Plan and Budget provides an overview of the work the Scheme will be doing during 2011/12 to deliver a flexible and responsive compensation service in the face of a widely fluctuating workload. A fast pay-out service is already in place for depositors in a failed bank, building society or credit union who can expect to get their money back in no more than 20 days and the great majority in seven days.

FSCS Chief Executive Mark Neale says: "Our accountability to our stakeholders remains a key priority for us. Our Plan and Budget 2011/12 outlines what we'll be doing over the coming year to meet the expectations of all of our stakeholders - particularly consumers and levy payers.

"We have discussed our estimates for the coming financial year with all the trade organisations and listened to industry concerns about the costs of protecting consumers. We always welcome a healthy debate about our work and encourage the industry to play a constructive role in the FSA's consultation on our future funding. At the same time, we have a statutory duty to compensate people with eligible claims. This helps to build consumer confidence and contributes to financial stability. Our indicative levy for 2011/12 reflects our commitment to providing the best possible service to consumers and the industry."

**Notes to editors**

The full Plan and Budget: 2010/11 contains a break down of the indicative levies by class and sub-class. It is available at <http://www.fscs.org.uk/industry/publications/plan-and-budget/>.

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For general information about the FSCS visit [www.fscs.org.uk](http://www.fscs.org.uk)

Information on the FSCS funding system is available at <http://www.fscs.org.uk/industry/funding/>