



**IMMEDIATE: 01.09.09**

**MEDIA INFORMATION**

## **FSCS invites members of four failed credit unions to claim compensation**

The Financial Services Compensation Scheme (FSCS) is stepping in to protect members of four credit unions declared in default in Bradford, Eastbourne, Irvine and Shildon.

The FSCS has started compensating customers of the following credit unions:

- Eastbourne Community Credit Union Limited in Eastbourne;
- Irvine North Credit Union Limited in Irvine;
- South West Durham Credit Union in Shildon; and
- St Brendan's Credit Union Limited in Bradford.

There are approximately 1,500 members in all four credit unions. Application forms have been issued to all members, yet to date the FSCS has only received around 700 claims. Customers of the above four credit unions who have not yet sent back their application forms should get in touch with the FSCS in order to make their claim.

Loretta Minghella, FSCS Chief Executive, said: "The FSCS performs a vital role in protecting consumers and maintaining confidence in the financial services sector. We recognise the uncertainty that credit union closures pose for their members. We have already started paying claims to customers of the failed credit unions and we are doing everything we can to ensure members of all organisations are compensated quickly. People who lost money as a result of the collapse of these credit unions should return their application form to us as soon as possible.

"Anyone who has not yet received a form but believes they have a claim should contact our customer services team."

The FSCS provides a fund of last resort for consumers who have claims against firms regulated by the Financial Services Authority (FSA) that are unable or unlikely to be able to pay them (described by the FSCS as being "in default"). For deposit claims, the Scheme can pay compensation of 100% of the first £50,000 of a loss per person. The FSCS has declared all four credit unions in default, which means that the Scheme can now consider compensation claims from members of any of the credit unions who have lost money.

Details of the four credit unions that the FSCS has recently declared in default can be found below. Consumers who believe they may have a claim should contact the FSCS on 0800 678 1100 or 020 7892 7300, or by email at [enquiries@fscs.org.uk](mailto:enquiries@fscs.org.uk). More information about the FSCS's work and how to claim is available on its website at [www.fscs.org.uk/consumer](http://www.fscs.org.uk/consumer).

**Eastbourne Community Credit Union Limited**, 44 GROVE ROAD, EASTBOURNE, EAST SUSSEX, BN21 4TY

**Irvine North Credit Union Limited**, REDBURN COMMUNITY CENTRE, DICKSON DRIVE, IRVINE, Ayrshire, KA12 9HB

**South West Durham Credit Union**, 75 CHURCH STREET, SHILDON, COUNTY DURHAM, DL4 1DT

**St Brendan's Credit Union Limited**, RIMSWELL HOLT, GREENGATES, BRADFORD, WEST YORKSHIRE, BD10 0EY

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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 £50,000 per person per firm.

**2. Declaring a firm in default**

Before 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.

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 FSCS. Consumers can check that the firm they are dealing with is authorised by contacting the FSA's Consumer Helpline on 0845 606 1234.