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MEDIA INFORMATION

FSCS invites members of two failed credit unions to claim compensation

The Financial Services Compensation Scheme (FSCS) has stepped in to protect members of two failed credit unions. The FSCS is processing claims for members of Hull Northern Credit Union Limited and Derby City Credit Union Limited.

Although the two credit unions have over 1,000 members between them, and application forms have been issued to all members, to date the FSCS has only received around 260 claims. Customers of the 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, says: "The FSCS performs a vital role in protecting consumers and maintaining confidence in the financial services sector. 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. We generally pay credit union claims within four weeks of receiving an application form. Anyone who has not yet received a form but believes they may have a claim should contact our Customer Services Team."

The FSCS is the UK's 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 FSCS as being "in default". For deposit claims, the FSCS can pay compensation of up to 100% of the first £50,000 of a loss per person per firm "in default."

Details of the two credit unions 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. More information about the FSCS's work and how to claim is available on its website at www.fscs.org.uk/consumer.

Derby City Credit Union Limited, 97 WILTSHIRE ROAD, CHADDESSEN, DERBY, DERBYSHIRE, DE21 6FB

Hull Northern Credit Union Limited, 99 GREENWOOD AVENUE, KINGSTON UPON HULL, HUMBERSIDE, HU6 9NX

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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 in default.

2. Declaring a firm in default

Before FSCS can pay compensation it must be satisfied that a firm is unable, or likely to be unable, to meet claims. It describes this as being 'in default'. The FSCS 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 the government under FSMA to regulate financial services in the UK and protect the rights of consumers. The rules tell the FSCS which types of claim are protected by the FSCS, what the eligibility criteria for claimants are, and limit how much compensation it is 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.