



IMMEDIATE: 04.06.09

MEDIA INFORMATION

FSCS protection on the way for customers of Echelon Wealth Management Ltd

Hundreds of former customers of Echelon Wealth Management Ltd could be in line for compensation after the Financial Services Compensation Scheme (FSCS) declared the Glasgow firm in default.

Echelon went into liquidation in October 2008 and does not have the money to pay claims against it. That means it is in default and the FSCS can step in to protect the firm's customers who may be able to claim up to £48,000 in compensation.

The company was a "contracts for difference"¹ broker and the liquidators believe up to 900 people could have claims against the firm for the return of cash balances held.

Liquidators Smith and Williamson are working closely with the FSCS and will provide the Scheme with the information it needs to value claims. The FSCS will send application forms to customers of Echelon Wealth Management Ltd by the end of June. Once the Scheme receives the information from the liquidators, it will begin processing claims against the firm.

FSCS Chief Executive, Loretta Minghella, says: "The FSCS is gearing up to help customers of Echelon Wealth Management Ltd. We will make the first payments to Echelon customers this month. You may be able to claim up to £48,000 if you have lost money from your dealings with the firm. Once you receive a form, please return it to us so we can assess your claim. We are ready to help."

Claims for about 35 investors who have already returned application forms will be a priority and FSCS expects to make the first compensation payments in June. The Scheme is aiming to complete claims within six months of receiving an application form.

The FSCS is the UK's statutory compensation scheme for customers of authorised financial services firms. It protects investment business, deposits, life and general insurance as well as home finance advice and arranging. During the last year, the Scheme has come to the aid of more than 3million UK consumers after several major failures including five banks and a number of investment intermediary firms.

The firm details are below:

Echelon Wealth Management Ltd, 272 BATH STREET, GLASGOW,
LANARKSHIRE, G2 4JR.

You can find more information about the FSCS on its website at www.fscs.org.uk

Press Enquiries:

Mark Oakes:	020 7892 7370	mark.oakes@fscs.org.uk
Sarah McShane:	020 7892 7882	sarah.mcshane@fscs.org.uk
Suzette Browne:	020 7892 7372	suzette.browne@fscs.org.uk

Notes to editors

¹ A Contract for Difference (CfD) is a contract between two parties where the buyer will receive from (or pay to) the seller, the difference between the value of an asset, such as a share in a company at expiry of the contract and its value at the time of the contract. The buyer of such a CfD could also have the option to buy shares at the later date although the CfD does not confer a right to buy them. The holder of a CfD on a company's shares has an economic interest in the company, without direct ownership of shares in the company.

1. About FSCS

The Financial Services Compensation Scheme (FSCS) is the UK's statutory compensation scheme for customers of authorised financial services firms. This means that FSCS can pay compensation if a firm is unable, or likely to be unable, to pay claims against it. FSCS is an independent body, set up under the Financial Services and Markets Act 2000 (FSMA). Our service is free to consumers.

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 Financial Services Authority (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.