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MEDIA INFORMATION

FSCS invites Redcar and District Credit Union members to claim compensation

The Financial Services Compensation Scheme (FSCS) is stepping in to protect over 100 members of Redcar and District Credit Union.

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

Kate Bartlett, Director of Operations says: “We are doing everything we can to ensure that members of Redcar and District Credit Union are compensated for their lost savings quickly. People who have lost money as a result of the collapse of this credit union should return their application form to us as soon as possible. So far the Scheme has received just 30 application forms from the 105 sent, so we urge members of this credit union to get in touch.”

Anyone who has not yet received a form but believes they have a claim should contact our customer services team on 020 7892 7300.

The full name and address of the credit union is:

Redcar and District Credit Union Limited LARKSWOOD COMMUNITY CENTRE,
LARKSWOOD ROAD, REDCAR, CLEVELAND, TS10 4SW

For more information about FSCS see Notes to Editors section or visit www.fscs.org.uk

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Notes to Editors:

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 the 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). The FSCS does not charge individual consumers for using its services.

2. UK's statutory Compensation scheme

The FSCS covers investments, deposits, insurance, mortgage advice and arranging (from 31 October 2004), and advice about general insurance and the arranging of policies (from 14 January 2005).

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.

3. 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.

4. 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.