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FSCS publishes first Annual Report (2001/02) as a single compensation scheme

The Financial Services Compensation Scheme (FSCS) has today (Tuesday) published its first Annual Report as the single compensation scheme for customers of authorised financial services firms.

At the end of FSCS' first year, management costs were some 23% less expensive than if separate compensation schemes had continued to operate. "Rationalisation does make excellent financial and operational sense," says FSCS Chairman, Nigel Hamilton.

FSCS also made a 26% saving on its projected budget for the period 1 December 2001 (when FSCS took on responsibility for compensation) – 31 March 2002. The Report can be downloaded from its newly updated website, which is also launched today.

New website launched

The new website provides detailed information on how to claim, compensation limits and the rules under which it operates, as well as information for levy payers – authorised financial firms that fund the compensation payments made by the Scheme.

"It is vital that our stakeholders know who we are and how we can help them," says Suzanne McCarthy.

"This updated and more functional website should help consumers who have a claim against a failed firm, or think they might have, to claim compensation. It should also be a valuable resource for our industry stakeholders."

The website also provides a database of firms declared 'in default'. If a firm is declared in default by FSCS it means that the Scheme is satisfied the firm is unable, or likely to be unable, to pay claims against it, and it opens the way for a firm's customers to claim compensation from the Scheme. The website is available at www.fscs.org.uk

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NOTES FOR EDITORS

FSCS acts as a safety net for customers of authorised financial firms and is funded by the industry. The Scheme can pay compensation if a regulated firm is unable (or likely to be unable) to pay claims against it. In general, this is when a firm stops trading or is insolvent. FSCS covers deposit-takers (e.g. banks, building societies and credit unions), insurance and investment firms.

It became the UK's single financial services compensation scheme from 1 December 2001, when it took over from existing compensation schemes including the Deposit Protection Board, the Policyholders Protection Board, and the Investors Compensation Scheme.

Its new website, at www.fscs.org.uk, offers visitors comprehensive information about how the Scheme works, and what it covers. Visitors can also download guides and information published by FSCS that explain what happens when consumers need to claim compensation from it and search for firms declared 'in default'.