



FOR IMMEDIATE RELEASE: 28 May 2003

FSCS will protect credit union members

The Financial Services Compensation Scheme (FSCS) has stepped in to protect the members of two insolvent credit unions it has recently declared in default.

Under FSCS' rules, eligible depositors will receive 100% of the first £2,000 and 90% of the next £33,000. The maximum amount of compensation payable for claims is £31,700.

To be able to pay compensation to credit union members, FSCS needs to be satisfied that the credit union cannot return its members' money, which is what FSCS determines as being 'in default'.

Following confirmation by the Financial Services Authority (FSA) that these credit unions were potentially insolvent, FSCS carried out its own investigations into their solvency. FSCS will send application forms to each credit union's members to enable them to claim compensation from the Scheme.

Details of the two credit unions are attached.

FSCS also covers insurance and investments, and can pay compensation when a regulated firm is unable, or likely to be unable, to pay claims against it. This is usually when a firm is insolvent, or has stopped trading. Different compensation limits apply to claims against investment and insurance firms.

More information

For more detailed information about the Scheme's work, consumers can visit www.fscs.org.uk or telephone FSCS on 020 7892 7300. The Scheme publishes a short consumer guide, *How we can help*, and a more detailed guide to claiming compensation, *How we handle your claim for compensation: deposits and investments*. Copies can be downloaded from its website www.fscs.org.uk or can be requested by telephoning FSCS on the above number.

FSCS can only pay compensation according to its rules. These are contained in the FSA's Handbook, and are available from its website: www.fsa.gov.uk/handbook under Redress, Compensation. FSCS is independent from the FSA, although accountable to it.

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FSCS DEFAULT DECLARATIONS

The following credit unions have been declared in default by FSCS:

Leicester City Council Employees Credit Union, The Credit Union Office,
Leicester City Council, New Walk Centre, Welford Place, Leicester, Leicestershire
LE1 6ZG

Leasowe Credit Union Limited, The Leasowe Community Centre, Twickenham
Drive, Leasowe, Merseyside L46 1PF