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MEDIA INFORMATION

FSCS invites more than 300 members of two credit unions to claim compensation

The Financial Services Compensation Scheme (FSCS) is stepping in to protect members of two failed credit unions. FSCS is processing claims for customers of Khalsa (Bradford) Credit Union Limited in Bradford and Polmaise Community Credit Union Limited in Stirling, Scotland, which became insolvent at the end of last year. In the case of Khalsa (Bradford) Credit Union Limited, FSCS made the first payment just seven days after the firm was declared in default.

There are approximately 200 members in both Polmaise Credit Union and Khalsa Credit Union but very few application forms have been returned to FSCS. The Scheme has received just 68 and 20 completed application forms respectively and urges members of these credit unions to return their forms.

Loretta Minghella, FSCS Chief Executive said: "FSCS is ready to help members of Khalsa Credit Union and Polmaise Credit Union. We are doing everything we can to ensure members of both these credit unions are compensated for their lost savings quickly. 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, so if you are owed compensation, you are likely to receive it within that time. Anyone who has not yet received a form but believes they have a claim should contact our customer services team. "

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 FSCS as being "in default"). For deposit claims, we can pay compensation of 100% of the first £50,000 of a loss per person. FSCS has declared both credit unions in default, which means that the Scheme can now consider compensation claims from members of either credit union who have lost money.

Customers of either firm who have not received an application form and believe they have a claim should contact FSCS on 020 7892 7300.

The full name and addresses of the credit unions are listed below:

Khalsa (Bradford) Credit Union Limited, 10 PASTURE CLOSE, CLAYTON, BRADFORD, WEST YORKSHIRE, BD14 6LY.

Polmaise Community Credit Union Limited, ALPHA COMMUNITY EDUCATION CENTRE, LAMONT CRESCENT, FALLIN, STIRLING, SCOTLAND FR7 7EJ

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 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. UK's statutory Compensation scheme

As the UK's statutory compensation scheme, 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 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.

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.