

**MEMORANDUM OF UNDERSTANDING**  
**Between**  
**The Fraud Compensation Fund**  
**And**  
**The Financial Services Compensation Scheme**

**Introduction**

1. The Fraud Compensation Fund (FCF) and the Financial Services Compensation Scheme (FSCS) ("the parties") are committed to working together in the public interest to facilitate the payment of compensation in relation to financial losses suffered in the context of occupational pension schemes.
2. Therefore, the aims of this Memorandum of Understanding (MoU) include:
  - a) assisting co-operation and co-ordination between the parties in the performance of their respective statutory functions in the public interest so far as such assistance is lawful;
  - b) providing arrangements for co-operation and the exchange of useful information between the parties, including in relation to claims, operational matters and recoveries; and
  - c) working together in the public interest to support effective customer service and to mitigate any potential double recovery of compensation.
3. This MoU sets out the framework for collaborating on the above matters, in particular through effective liaison and communications between the FCF and the FSCS.

**Legal status and effect**

4. Nothing in this MoU shall, or is intended to:
  - a) create any legal or procedural right or obligation which is enforceable by either of the parties against the other; or
  - b) create any legal or procedural right or obligation which is enforceable by any third party against either of the parties, or against any other third party; or
  - c) prevent either of the parties from complying with any law which applies to them; or
  - d) fetter or restrict in any way whatsoever the exercise of any discretion which the law requires or allows the parties to exercise; or
  - e) create any legitimate expectation on the part of any person that either of the parties to this MoU will do any act (either at all, or in any particular way, or at any particular time) or will refrain from doing any act.
5. Nevertheless, the parties are genuinely committed to pursuing the aims and purposes of this MoU in good faith and intend to act in accordance with its terms on a voluntary basis.

**Roles and responsibilities of the FCF**

6. The FCF is a statutory compensation fund, managed by the Board of the Pension Protection Fund under Part 2 of the Pensions Act 2004.
7. Compensation is payable to occupational pension schemes where the Board considers there are reasonable grounds for believing there has been a scheme asset reduction attributable to

an act/omission constituting an offence involving dishonesty. Eligibility and payment of compensation is prescribed under section 182 to section 187 of the Pensions Act 2004 and regulations made thereunder.

### **Roles and responsibilities of the FSCS**

8. The FSCS was established, as required by the Financial Services and Markets Act 2000 (FSMA), as a limited company.
9. As scheme manager the FSCS is responsible for compensation arrangements for the Financial Conduct Authority (FCA)-regulated activities under rules made by the FCA. It also administers the scheme protecting deposit and insurance provision in accordance with rules made by the Prudential Regulation Authority (PRA) (together the Scheme). The Scheme exists to provide protection for eligible customers of financial services firms. The Scheme protects consumers that suffer financial losses when firms authorised under FSMA are unable, or likely to be unable, to pay claims against them relating to, amongst other services, deposits, life and general insurance policies, investment business, advice and arranging of mortgage business and insurance broking.
10. The FSCS, as Scheme manager, is independent from, but accountable to, both the FCA and the PRA for the effective operation of the Scheme. The day-to-day operation of the Scheme is the responsibility of the FSCS and its board.

### **Information sharing**

11. The FCF and FSCS agree to share information to allow them to fulfil their respective responsibilities.
12. The FCF and FSCS agree the following process:
  - a) the FCF will (subject to appropriate consents) share names of schemes who are the subject of an FCF application at appropriate intervals;
  - b) the FSCS will then check and confirm if that scheme is involved in any FSCS claim; and
  - c) if the scheme is the subject of a FCF application and FSCS claim, then the parties agree to liaise promptly in order to facilitate the sharing of information to support their respective claims' processes, improve customer experience and to mitigate double recovery.
13. The FCF and FSCS also agree to consider reasonable information requests from each other or other requests for additional cooperation.
14. The exchange of information between the FSCS and the FCF will be compliant with the law including, but not limited to, the relevant provisions of:
  - a) The General Data Protection Regulation (GDPR) and, the Data Protection Act 2018 (together the "Data Protection Legislation"), and any subsequent legislation brought into force in England and Wales which supersedes the aforementioned Data Protection Legislation, as well as any relevant codes or conduct or certifications along with any related or analogous legislation;
  - b) Relevant provisions of the Pensions Act 2004.
15. The recipient of information received from the other party will:

- a) Protect the confidentiality and sensitivity of all unpublished regulatory and other confidential information received;
  - b) Keep the information secure;
  - c) Use the information only for proper purposes, such as regulatory, disciplinary or other legal investigations or proceedings; and
  - d) Liaise or co-operate where appropriate to avoid action that prejudices or may prejudice an investigation by another party or person.
16. The parties agree to ensure that disclosures to the other party are lawful.
17. The disclosing party also agrees to notify the recipient of:
- a) Any restrictions on the use to which the information can be put; and
  - b) Any restrictions which apply to the onward disclosure of the information; and
  - c) In the absence of such notification the receiving party will assume that there are no further restrictions except those which apply as a matter of law.
18. The parties agree that, where one party has received information from the other, they will seek consent before passing the information on to a third party, subject to duties under any applicable laws.
19. Some relevant information may be received from third parties. Each body's ability to share such information with the other may in some instances be constrained by legal obligations.
20. Relevant contacts for each organisation for the purposes of this MoU are listed in a confidential annex: Annex A.
21. Problems that arise between the parties will be resolved through discussion by the relevant points of contact as detailed in Annex A, with escalation to more senior managers where necessary.

### **Security and assurance**

22. The parties agree to:
- a) Only use the data for the purposes for which they have received it;
  - b) Store data securely;
  - c) Ensure that only people who have a genuine business need to see the data will have access to it;
  - d) Report data losses or wrongful disclosure to the relevant points of contact as detailed in Annex A;
  - e) Only hold data for as long as necessary;
  - f) Destroy data in line with retention policies; and
  - g) Provide assurance that they have complied with these principles, upon request.

### **Freedom of information**

23. The FCF is subject to the Freedom of Information Act 2000.
24. The FSCS is not subject to the Freedom of Information Act 2000.

25. When there is a request for information from a member of the public under relevant freedom of information law (which is binding on the FCF) and the information to be disclosed has been provided by FSCS, the FCF will inform FSCS and invite representations from FSCS on the potential impact of disclosure.

### **Costs/charges**

26. No charges will be made in relation to the supply of information by either party.

### **Reporting and review arrangements**

27. This MoU will remain in force until terminated by either party.
28. The signatories of the parties will review the operation of the MoU and the effectiveness of co-operation and co-ordination on an annual basis.
29. Any changes to this MoU must be agreed in writing.

### **Transparency**

30. Save for the confidential annex (annex A) referred to at paragraph 20, this MoU is a public document and the parties may publish it as they separately see fit.

### **Signatories**

**Matt Bayman, Director of Scheme Services, for and on behalf of the Board of the Pension Protection Fund (which manages the Fraud Compensation Fund)**

**Sarah Marin, Chief Customer Officer, for and on behalf of the Financial Services Compensation Scheme**

**Date:** 21 December 2023

**Date:** 22 December 2023