

### **FSCS announces its final levy for 2017/18 at £363m**

The Financial Services Compensation Scheme (FSCS) has announced its levy for 2017/18.

FSCS will levy firms £363m this year, £15m less than it forecast in its Plan and Budget 2017/18 in January. This includes management expenses of £69.2m. The levy in 2016/17 totaled £337m.

The final levy is broadly in line with the indicative forecast FSCS published in January.

Although the levy on life and pensions advisers remains unchanged at £100m, FSCS's forecast of compensation costs remains above this at £146m – down from its earlier forecast of £163m. FSCS will keep this under review and, if needed, will raise a supplementary levy later in the year to cover compensation costs above the £100m limit.

General insurance intermediaries will pay £5m more, and investment intermediaries £4m more than FSCS forecast in January.

Better claims data from brokers in relation to the failure of Enterprise Insurance is the main reason for the reduction in FSCS's compensation forecast for general insurance providers for the 2016/17 levy year. FSCS will have a £23m surplus in the general insurance provision sector at the end of the 2016/17 levy year (30 June 2017). It will offset this surplus against compensation costs for this sector in the 2017/18 levy year, along with expected recoveries of £86m.

Mark Neale, Chief Executive of FSCS, said: "FSCS exists to help people with nowhere else to turn when financial services firms fail. We protect thousands of people every year and provide compensation which the industry funds. This helps to generate consumer confidence.

“Although the indicative forecasts we published in January and our final levy numbers this year are broadly similar, firms know that our levies can be unpredictable owing to the nature of some failures and the claims they generate. We welcome the continued support of levypayers at this time. We know that many are also engaged in the ongoing FCA review of the FSCS funding model, and encourage a full debate to settle the basis of FSCS funding for the foreseeable future”

A full explanation of the 2017/18 annual levy is contained in the latest edition of [Outlook](#), the newsletter FSCS produces for the industry.

### Final levies by funding class

Funding classes	Indicative Levy	Final Levy £m	Variance
Deposits (SA01)	11	9	(2)
General insurance provision (SB01)	52	52	0
General insurance intermediation (SB02)	13	18	5
Life & pensions provision (SC01)	-	-	-
Life & pensions intermediation (SC02)	171	147	(24)
Investment provision (SD01)	9	10	1
Investment intermediation (SD02)	84	88	4
Home finance intermediation (SE02)	14	14	-
Base costs	24	25	1
	<b>378</b>	<b>363</b>	<b>(15)</b>

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### Notes to editors

1. The Financial Services Compensation Scheme (FSCS) is the UK's statutory compensation scheme for customers of authorized 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.
2. FSCS is an independent body, set up under the Financial Services and Markets Act 2000 (FSMA), and funded by a levy on authorised financial services firms. FSCS does not charge individual consumers for using its service. For more information visit [www.fscs.org.uk](http://www.fscs.org.uk)
3. Information on FSCS funding is available at: <https://www.fscs.org.uk/industry/funding/>