

FSCS Podcast #45 Why you need to know about FSCS with Bola Sol

Martyn Beauchamp 00:01

Welcome to Protect your money with FSCS, the podcast from the Financial Services compensation scheme. I'm Martyn Beauchamp, interim CEO at FSCS, and in this series, the fantastic FSCS team will help you understand how we can help protect your money so you can feel confident that your money is safe. I hope you enjoy the podcast.

Jess Spiers 00:26

Welcome to the podcast. I'm your host, Jess Spiers, and I'm Senior Content Manager at FSCS. So FSCS, which is the Financial Services Compensation Scheme exists to protect customers of authorised financial services firms that have gone bust by paying eligible people compensation. We protect lots of financial products, but not all of them. So we created this podcast to help you understand our protection and why it's so important. So whatever your level of financial knowledge, if it's quite basic, or if you're a bit of an expert, we're here to help you feel confident your money is safe.

So I think it's fair to say that our money is more precious than ever at the moment. But do you know if yours is protected, if something was to go wrong and your financial provider went out of business? We know lots of people aren't really sure about who we are or what we do, so we're chatting today to finance expert and author Bola Sol about why she thinks people should know about FSCS. Welcome Bola. Great to have you here today.

Bola Sol 01:25

Thank you. Happy to be here.

Jess Spiers 01:29

Just to say before we start that Bola's views are her own and don't necessarily reflect the views of FSCS.

And Bola, I just want to give you a quick heads up that we're going to be asking you the question we always ask our guests at the end of the episode: So we're all about keeping your money safe FSCS, but which toy got you breaking open your piggy bank as a child?

Okay, Bola, so as well as being a finance author, you're also a qualified financial advisor, and I know you speak to people all the time about money, so why do you think people need to know about FSCS?

Bola Sol 02:01

So when it comes to the FSCS, it provides a safety net for customers of financial institutions that fail, and there is a lot of peace of mind that can come with knowing that, especially when you know we all watch the news and we look at what's going on in the economy, and we may be a bit nervous about where our money is and essentially what our rights are.

So there are also a wide variety of financial products that the FSCS covers, think insurance policies, mortgage advice and beyond, they need to know what the compensation limits are for different types of financial products. They being the customers.

And I think it's so key that we are proactive with knowledge. It's vital when it comes to our money, that we know how we are covered and what we are covered for, and for what amount, because it definitely gives me peace of mind when I have money in certain places and I look and check, okay, this is great. This is FSCS protected, so I feel safe about where my money is, and I can sleep a bit better at night.

Jess Spiers 03:02

Yeah, I couldn't agree more with all of that, actually, and I know your audience is like a sort of younger audience, like Gen Z, millennial audience. What would you say the key money issues affecting them are?

Bola Sol 03:16

That's such a good question. First off, housing affordability, whether it's buying your first place or just looking for a room to rent, there isn't much hope at the moment about where to turn you know, mortgages have gone up recently with interest rates, so people who have been able to afford a home, they are quite nervous about.

Can they continue to afford their home, especially because maybe their salary may not be going up at the same rate as you know, the cost of living, for example, and even when it comes to renting a room, some people have had to move out again, potentially because mortgages have come have gone up, and then, you know, landlords have had to increase their prices. Or people are now looking at options, maybe leaving the town that they grew up in, to move a bit further away, to get a bit more peace of mind and, of course, a lower cost of living. So that's definitely the first one.

The second is job market instability, between gig economy roles, zero-hour contracts and fewer opportunities for long term, stable employment. People are finding it hard to trust companies. And I remember growing up thinking that redundancy was something that happened once you hit a certain point in your life, and that would be, you know,

once you get to the golden years, as they call it. And I remember being made redundant, definitely before I was 30 out, somewhere between 25 and 30, and I just thought to myself, this is this is crazy. I just don't expect that to happen to me.

So what's happening now is I'm finding, and a lot of my generation and Gen Z are finding that, you know, certain companies only need you for a specific time period and dependent on how you came into the company. So was it through a graduate scheme, for example, very much depends on how well they may look after you, because some may say, okay, you know, your role is up, it's time to go. Or some may say, you know, we actually like you. Are you able to pivot? So that's definitely another thing. Job market instability.

And of course, and I've spoken about it, cost of living, rising costs are dampening people's ability to have fun, myself included, from even things like food, utilities and transportation, it's disproportionately affecting people before they've reached peak earning potential. So that's some of the things that I'm constantly talking to my friends about, saying, Remember, we're not at peak earning potential yet, and that's the silver lining I'm holding on to, because we just know that, you know, the cost of living is going up.

We're having to say no. I'm even having to say no to a lot more occasions and think very carefully about, you know, what's more important. So I'm like, okay, shelter. I want to keep my home. I want to keep my mortgage, and, you know, I actually want to eat good food. So now it's, you know, now it's a thing of someone invites you somewhere. How are you getting there, and how much does it cost? So definitely, the cost of living is something that many people are thinking about too.

Jess Spiers 06:10

Some pretty hefty things, and when you think about it, so it's like, where you live, your job, you know, your social life and having enjoyment, the cost of living. So there's a lot going on for people, isn't there?

Bola Sol 06:21

Yeah, definitely there really is.

Jess Spiers 06:25

And what do you think – so, do you think your audience are aware of FSCS at all? And if so, to what extent?

Bola Sol 06:31

So, I think that they know to look for FSCS protected before getting a financial product out with a banking institution. However, I truly think that's as far as it goes. There's definitely something to looking at magic markers, for example, looking at things that you can say, okay, this signifies that this is okay, or this is protected. And then people go off about their business. But I think that is, that is the extent to which it's covered.

Jess Spiers 06:58

Yeah, and I think we hear that a lot. So we're definitely best known for our protection for deposits, so money in your bank, building society or credit union. But we do protect a lot of other financial products too, but we know that people just don't know that, and they don't know whether to check before they commit to, say, a pension or an investment, whether it's going to be FSCS protected if something goes wrong, people often don't realise that it's completely free to claim with us as well if they come direct. So that's the thing we always want people to know.

And I think the other thing I'd mention at this point is that there is actually a quick and easy way for people to proactively check if their money is protected on our website. So we have built three protection checkers that you can use to check if your money is safe. And so we've got one for money in your bank, building society and credit union that we just mentioned. We've got a protection checker for pensions, and we've got another one for investments, and you can find all of those on our website at www.fscs.org.uk/check.

And as I said, it is like a really handy way for people to take control with their money and be proactive. It only takes a few minutes to check each of these sometimes we can't give a definitive answer whether we would be able to protect your money or not. So we always recommend that you ask your financial firm or advisor, and they'll be able to tell you if you would be FSCS protected if they ever did go out of business. And I think it's really important that people know this while their firm or adviser is still trading, rather than after the event if they did go bust.

So Bola, how can you see these protection checkers helping people, particularly your younger audience?

Bola Sol 08:39

I think it will help people make more informed decisions about what they're doing and why, because so often, especially when it comes to investments, you know, there is, there is a lot of noise out there about how to invest, and you know, once you hear adverts, you hear capital at risk. But do you really understand what that means.

When my audience know, for example, that they can just go on the website and it will take a few minutes to check and they can think, Okay, this is about money in my bank account because maybe I'm saving for a house in the future, or I'm actually worried about my pension, or thinking about how much is in there, how is it protected in, you know, different economic cycles, for example.

Or I'm an investor. I know a lot of people who work in investment banking, who work in private equity, for example. So there's someone as well that they may want to check. I think this is great. People are always on the go, whether you're on your phone or on your laptop. The fact that you can just check very quickly, and it will take a few minutes, I think it's going to give additional peace of mind, because what people are looking for, in my opinion, is probably a specific product, and they can say, yeah, it's listed there. I checked on the FSCS website, and that's how conversations get started. For people to know this was available to me, I was able to check it.

So this, this is really helpful information, because a lot of people, they don't know where to go. And sometimes I'm on panels and I'm speaking, and people are like, you know, where exactly do we go? What is the, what is the marker? So this is a great marker, for sure.

Jess Spiers 10:07

Yeah, that's really interesting. It's almost like the kind of word-of-mouth element as well.

Bola Sol 10:12

Yeah, word of mouth is so powerful, far, I wouldn't say far, more powerful than social media, but definitely, I think it shouldn't be underestimated.

Jess Spiers 10:22

Yeah, agree. So as well as people keeping their money safe, I know that you're really passionate about women and money. Could you tell us a little bit more about that?

Bola Sol 10:33

For sure! Of course, I absolutely love talking about women and money. Women often face financial hurdles, such as the gender pay gap career breaks because of caregiving reasons, and the need for larger retirement pots due to longer life expectancy. These factors can make financial independence feel like climbing a steep hill. And I say that because, you know, I've been on a treadmill when you're coming on the incline, and it can feel steep, and the same goes for our financial independence.

With the FSCS protection, it ensures that the money that we set aside, whether for savings, pensions or investments, is safeguarded, providing peace of mind and empowering women to take bolder steps in their financial planning. By securing your funds, FSCS gives you the confidence to dream bigger. I'm all about dreaming bigger. That's what my mum always says. She's always like, dream big.

So whether you're saving for your first home, building a business or starting a family, planning for retirement, knowing your money is protected removes one layer of uncertainty.

Jess Spiers 11:37

The confidence to dream bigger. I think that's going to be our new strap line. I love it. You mentioned pensions there, and I know you're a big advocate of starting a pension as early as possible, so in your 20s or 30s, even though it might not be, you know, top of mind for people of age?

Bola Sol 11:54

Yeah, definitely. I cannot say it enough. I always tell people never opt out of your pension, starting early in your 20s and 30s, even, is the best way to ensure a comfortable retirement, consistent contributions and compound growth works wonders over time. But what happens if the pension provider fails? Because that's something we have to think of. We hear of companies going bust, you know, we say, what happens to your pension? That's where FSCS protection comes in.

If a covered provider cannot meet its obligations, the FSCS steps in to protect your hard-earned retirement funds, reinforcing the importance of proactive and protected planning, which I just think is honestly so brilliant, because at times, we have so many things to deal with, especially as women, and you have to ask yourself, who's going to help me here? And that's really where the FSCS can come in and where the protection comes in.

Jess Spiers 12:48

Yeah, absolutely. And as you say, we can protect pensions. So if you have a pension, or you're advised to get one, and your provider or the advisor you use has gone out of business, you may be able to claim compensation with FSCS. And you know, we can never say for sure a blanket we would be able to cover you, because everyone's case is completely individual, so we have to assess each one as they come.

But I would definitely encourage people to check out our pension protection on our website. And again, that's www.fscs.org.uk.

So another thing that I know that you're really big on Bola is about people having an emergency fund. So what would you what would you say to people on that?

Bola Sol 13:32

Yeah, thanks. And I just love what you said about sorry, just to go back about pensions. It definitely is, case by case. But onto emergency funds, one of my favourite topics. I've been banging on about this pre-2020, and pre-2020, sounds like a lifetime ago, but an emergency fund is your financial cushion, your safety net for life's unexpected moments, whether it's sudden car repairs, medical emergencies or job losses, this fund provides a buffer that protects you from falling into debt.

So for example, as well something I said, I said medical emergencies, but there could also be family emergencies too, whether that's in the same country you're in or abroad, and the FSCS protection extends to savings accounts, ensuring that even in the rare event of a financial institution failing, your emergency funds are secure up to the limits of the scheme. This reassurance lets you focus on rebuilding rather than worrying about losing what you've saved.

Jess Spiers 14:30

Yeah, absolutely. It makes so much sense, doesn't it? Have an emergency fund because, like you said, you never know what's gonna happen. Your boiler breaks or you know it could be anything, couldn't it? But I think for some people, it's obviously really difficult to have that emergency fund if things are tight anyway, what would you say to those people?

Bola Sol 14:48

I would say start by building slowly. So if you can't start with, you know, three to six months of expenses, which is what an emergency fund is, could you start with one week, and then could you start with one month? And. So one of the things I say, as well as someone who's even building back her own emergency fund, it does mean that you may have to be in a season of saying no. It may mean that you can't go to certain things, because it's going to cost, and it's going to be okay, because you can go out again another time, but if you're going to get it back up, it may mean you have to say no to certain events.

But also you may have to cut down on expenses. I'm personally cutting down on streaming services, and I'm just like, you know, Bola, call a spade a spade. Now's not the time. And that's those are the honest conversations you have to have of yourself, especially when you just want to get your emergency fund in tip top shape.

Jess Spiers 15:37

Yeah. Very wise words. And I'm also someone who's been reviewing things like internet providers and like you say streaming. Like, do I really need all of these subscriptions? What's more important? You know? So yes, I can definitely, definitely appreciate that. It's been so great chatting to you today, Bola, it's been really interesting. I would love to hear what your key takeaway from the chat is.

Bola Sol 16:02

I would say, first of all, keeping your money safe is about more than just managing finances. It's also about building confidence and resilience. The FSCS plays a crucial role in this by ensuring the protection of our savings and investments and pensions that can give us the freedom to focus on our goals without unnecessary worry and remember financial literacy and security go hand in hand, and together, they create a foundation for a brighter, more stable future.

And something that really stuck with me, of course, is the quick checks that you can do online with www.fscs.org.uk/check. So that's your number one, your money, the one in your bank, building society or credit union, number two, pensions and three investments, which I just think is amazing,

Jess Spiers 16:52

Brilliant. Thank you. And you might just have answered this, but I'm going to ask you, just in case, what action would you recommend people take after listening to this?

Bola Sol 17:01

First of all, I would say, look at the financial products that you currently hold, and go on the FSCS website and just check what you're covered for, how much is it for. And from there, you can make a little bit of a checklist, and, you know, maybe start having conversations about it with your friends and family and say, Oh yeah, you know, I'm FSCS protected. I've checked that, for example. So that's, that's one of the first things I would tell people to do.

Jess Spiers 17:24

That's a great shout. Thank you again for such a great chat today. Bola. So if people want to find out more about you, where should they go?

Bola Sol 17:32

So you can find me on my website, www.bolasol.co.uk, and across all social media, whether that's Bola_Sol, or just Bola Sol on somewhere like TikTok, you can find me and learn more about finance. I have a book called Your Money Life with Penguin and Merky Books, and that is focused on women, that is an evergreen guide about finances in the UK. And the main three sections are healthier, wealthier and happier. And just wanted to say thank you so much for having me.

Jess Spiers 18:03

Well, thank you too. It's been an absolute pleasure. And I have just one final question for you, so I would love to know what was the toy that got you breaking open your piggy bank as a child?

Bola Sol 18:13

Oh my gosh. As someone who has been to the dentist a plethora of times, I'm gonna say it's sweet and I'm I don't want to say I'm embarrassed, because I'm better now, but it was sweets. I would, I would break it open on Fridays. I'd just go to the sweet shop. I just, I had, let's just say, as a child, I had very low ambition. It was just runs of the sweet shop. And it was great, I think, as well, my older siblings told me, like, just eat all the sweets now, because it's not fun when you're older. And they were so right? So I made sure I chewed away on the hardest sweets and paid for it in dentistry work a bit when I was older.

Jess Spiers 18:51

I was laughing in the background, though, because that is yeah, just very honest answer. And yeah, something about being a kid, isn't there? My kids are obsessed by sweets as well, but yes, hopefully they are brushing their teeth enough to wipe out any damage that that's doing.

Well, thank you for that, Bola, and thanks for being such a fantastic guest on the podcast today. So if anybody listening would like to hear more from FSCS, you can find all of our podcast episodes on our website and wherever you usually listen to your podcasts, give us a follow, and you'll never miss a new episode. Thank you for listening.