

## Compensation Scheme to cover 100% of depositors' claims up to £35,000



Clive Briault



“ At a time of market uncertainty it is important for consumers to know their deposits are properly protected.”

FSA/PN/105/2007  
1 October 2007

The Financial Services Authority (FSA) has increased the limit of Financial Service Compensation Scheme (FSCS) cover for deposits to 100% of the first £35,000 of each depositor's claim. This increase applies from 1 October 2007.

The previous compensation limit was a maximum of £31,700 (100% of the first £2,000 and 90% of the next £33,000 of depositors' eligible claims).

Clive Briault, FSA Managing Director of Retail Markets, said:

"At a time of market uncertainty it is important for consumers to know their deposits are properly protected. The action we have taken is designed to help reassure depositors with accounts up to £35,000 that they are 100% covered. The Government has indicated that it will propose further changes relating to financial services compensation arrangements in the UK designed to give consumers confidence that their savings and deposits are safe and secure."

The FSA will work closely with the Government and the FSCS on the forthcoming review of compensation arrangements.

### Notes for editors

---

1. The new limit does not apply for claims against firms declared in default before 1 October 2007.
2. The amendments to the FSA Compensation Sourcebook have been made without following the normal consultation and cost benefit analysis procedures in line with Financial Services and Markets Act section 155 (7) which allows the FSA to waive these procedures if it "considers that the delay involved in complying with them would be prejudicial to the interests of consumers".
3. The FSCS is funded by the financial services industry. The FSA consulted earlier this year changes to the funding of the compensation elements of the FSCS with a view to increasing the amount of funds available in the events of a default. Currently there is a levy cap of approximately £2.7 billion available to meet depositors' claims.

4. The FSA as regulator is responsible for setting the compensation and eligibility limits that apply to the FSCS. The current limits have been in force since the FSCS started operating in December 2001 under the Financial Services and Markets Act 2000.
5. [Rules](#) relating to the change in compensation limits.
6. The FSA regulates the financial services industry and has four objectives under FSMA: maintaining market confidence; promoting public understanding of the financial system; securing the appropriate degree of protection for consumers; and fighting financial crime.
7. The FSA aims to promote efficient, orderly and fair markets, help retail consumers achieve a fair deal and improve its business capability and effectiveness.

More **Press releases**:

- [2007](#)
- [2006](#)
- [2005](#)

- [2004](#)
- [2003](#)
- [2002](#)
- [2001](#)
- [2000](#)
- [1999](#)

- [Legal information](#) |
- [Freedom of information](#) |
- [Privacy policy](#) |
- [Data protection](#) |
- [Contact us](#)