



How safe is your cash?

A guide to the Financial Services
Compensation Scheme (FSCS)

 Savings Champion

Contents

How safe is your cash?	04
What is the Financial Services Compensation Scheme?	07
What protection is in place for savers?	08
· Temporary high balances	
Protecting your savings	11
· How do you know if a firm is authorised?	
What to watch out for	12
· Providers with shared banking licences	
· European compensation schemes	
· Obsolete providers	
How Savings Champion can help	22
Claiming compensation	25
Providers with their own banking licence	26



How safe is your cash?

The banking crisis of 2008 brought into focus issues around the safety of holding larger sums of money with banks and building societies and savers started to question exactly what would happen if their provider went out of business.

The Financial Services Compensation Scheme (FSCS) was set up under the Financial Services and Markets Act 2000 in order to compensate customers if a firm has stopped trading or is unable to pay claims made against it.

There are things to consider - and even to watch out for - to ensure you're fully covered, should the worst happen.

In this guide we answer the following questions; what is the Financial Services Compensation Scheme? what do you need to watch out for? and how do you spread your money to ensure your cash is safe?



What is the Financial Services Compensation Scheme?

The scheme was set up under the Financial Services and Markets Act 2000 and became active on 1 December 2001.

Crucially, the FSCS is free to consumers and is independent of the Government and the financial services industry, including those firms that participate in the scheme.

The Financial Services Compensation Scheme (FSCS) is in place to protect savers and compensate them if their chosen savings provider ceases trading

In a nutshell, the Financial Services Compensation Scheme (FSCS) is in place to protect savers and compensate them if their chosen savings provider ceases trading and is unable to return their funds.

The FSCS exists to protect consumers and is effectively a 'last resort' fund for savers, if their bank or building society goes bust. It is funded by the financial services industry as a whole in the form of a levy, paid by each UK authorised financial services firm.

Any firm that is authorised by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA) is covered by the FSCS.

What protection is in place for savers?

The FSCS currently covers up to £85,000 per person, per banking licence

The FSCS covers a number of different types of financial products and services - for example investments, home finance and some insurance policies, to name just a few. However, importantly from a saver's point of view and what we are looking at in more detail in this guide, are cash deposits.

There is a limit as to how much of your deposits are protected by the FSCS and this currently stands at £85,000 per person, per banking licence. Those with joint accounts would be protected up to £170,000 with each banking licence.

Interestingly, the protection limit is actually at its highest level since the introduction of the FSCS and there have been a number of changes to the limit over the years.

Before 2007, the maximum FSCS pay-out for depositors was just £31,700 per person, made up of 100% of the first £2,000 and then 90% of their next £33,000.

Since then, recognising that this was not enough to reassure savers, in October 2007 the limit was raised to £35,000 and a year later, raised again to £50,000. It was first increased to the current limit of £85,000 on 31 December 2010.

Then, following a period from 1 January 2016 where it was lowered to £75,000, it increased again to its current level of 100% of the first £85,000 from 30 January 2017.

Temporary high balances

Temporary high balance cover protects lump sums of up to £1 million for 6 months, that arise from one of a number of specified major life events.

The FSCS can also protect certain deposits above £85,000 that are held by individuals. So, if you have received a large lump sum as a result of one of a number of specified major life events, temporary high balance cover may apply.

Temporary high balance protection was introduced in 2015 and provides cover of up to £1million per person, per banking licence for a period of no more than 6 months.

This means that you would have time to carefully consider what to do with these funds, rather than making any hasty decisions.

It is important to note that this protection does not cover every type of windfall or lump sum, but a specified list of major events, including inheritance, divorce, proceeds from the sale of your main residence or an insurance pay-out, to name a few.

For more detail, [download our free factsheet](#) on Temporary high balances.

If you are in receipt of a lump sum and would like to discuss where to put those funds to maximise your returns, please call us on [0800 011 9705](tel:08000119705) to speak to one of our expert savings advisers.



Protecting your savings

Does your provider have its own banking licence or is it shared?

First of all, if you have less than £85,000 with any one banking licence, you can be confident that your savings will be protected by the FSCS should the worst happen and your chosen provider goes out of business.

The key here is to make sure you know which providers come under the same banking licence so that you don't inadvertently go over the limit.

The table from page 14 onwards shows the providers with shared licences, with a list of those with their own licence included at the end of this guide.

Alternatively, you can [refer to our handy guide](#), to see whether your chosen provider has its own licence or a shared one.

Do you have more than £85,000 with one provider?

If you have more than £85,000 with any one banking licence, you are currently exposed to the risk that your chosen provider goes bust and not all of your funds are covered by the FSCS.

It is vital that you take action and move some of those funds or get in touch with us on [0800 011 9705](#) to find an alternative home for some, if not all, of your money.

Did you know peer to peer lending is not covered by the FSCS?

How do you know if a firm is authorised?

All firms authorised by the FCA and PRA are covered by the FSCS.

There are a number of ways to check this:

1. Check the documents given to you by the provider for the Firm Reference Number (FRN) or authorisation number.
2. Check the provider's website – the FRN or authorisation number is generally contained in the 'legal information' section.
3. Call the provider and ask for its FRN or authorisation number.
4. Use the Financial Services Register, which has details of each authorised firm.

What to watch out for

Providers with shared banking licences

As mentioned earlier, an important aspect of protecting your savings and ensuring that you don't breach the FSCS limit is knowing whether your chosen bank or building society has its own banking licence or shares one with another provider.

Providers that share a banking licence are not always obvious and can be easy to miss

In all these cases, the £85,000 limit relates to the combined amount held with any of these providers.

For example, a whole host of providers come under the Bank of Scotland banking licence, such as Halifax, Birmingham Midshires and Saga to name but a few. Having more than £85,000 spread between these providers would mean that the excess is not protected by the FSCS.

The key point here is that you wouldn't automatically put some of these providers together and the fact that they share a banking licence can be very easy to miss.

To see whether your provider has its own or shares a banking licence, [click here for our handy FSCS tool](#) or take a look at the table on the following page.



Providers with shared banking licences

Name of provider	Banking licence	Other providers under the same banking licence
The AA (opened since 02/09/2015)	Bank of Ireland (UK) PLC	Post Office Money, Bank of Ireland UK
The AA (opened before 02/09/2015)	Bank of Scotland PLC	Aviva, Bank of Scotland, Birmingham Midshires (BM Savings), Halifax, Intelligent Finance (IF), Saga (accounts opened before 30/09/2019), St. James's Place Bank
Allied Irish Bank	AIB Group (UK) PLC	First Trust Bank (NI)
Aviva	Bank of Scotland PLC	Bank of Scotland, Birmingham Midshires (BM Savings), Halifax, Intelligent Finance (IF), Saga (accounts opened before 30/09/2019), St. James's Place Bank, The AA (accounts opened before 02/09/2015)
Bank of Ireland UK	Bank of Ireland (UK) PLC	The AA (accounts opened since 02/09/2015), Post Office Money
Bank of Scotland	Bank of Scotland PLC	Aviva, Birmingham Midshires (BM Savings), Halifax, Intelligent Finance (IF), Saga (accounts opened before 30/09/2019), St. James's Place Bank
Birmingham Midshires (BM Savings)	Bank of Scotland PLC	Aviva, Bank of Scotland, Birmingham Midshires (BM Savings), Halifax, Intelligent Finance (IF), Saga (accounts opened before 30/09/2019), St. James's Place Bank
Britannia	The Co-operative Bank PLC	The Co-operative Bank, Smile
Cahoot	Santander UK PLC	Santander
Chelsea Building Society Clydesdale	Yorkshire Building Society	Yorkshire Building Society
Bank	Clydesdale Bank PLC	Yorkshire Bank, B and Virgin Money
The Co-operative Bank	The Co-operative Bank PLC	Britannia, Smile
Family Building Society	National Counties Building Society	National Counties Building Society
First Direct	HSBC Bank PLC	HSBC
First Trust Bank (NI)	AIB Group (UK) PLC	Allied Irish Bank (GB)
Halifax	Bank of Scotland PLC	Aviva, Bank of Scotland, Birmingham Midshires (BM Savings), Intelligent Finance (IF), Saga (accounts opened before 30/09/2019), St. James's Place Bank, The AA (accounts opened before 02/09/2015)
HSBC	HSBC Bank PLC	First Direct
Intelligent Finance (IF)	Bank of Scotland PLC	Aviva, Bank of Scotland, Birmingham Midshires (BM Savings), Halifax, Saga (accounts opened before 30/09/2019), St. James's Place Bank, The AA (accounts opened before 02/09/2015)
Marcus	Goldman Sachs International Bank	Saga (accounts opened since 30/09/2019)
National Counties Building Society	National Counties Building Society	Family Building Society
Post Office Money	Bank of Ireland (UK) PLC	The AA (accounts opened since 02/09/2015), Bank of Ireland UK
Saga (opened before 30/09/2019)	Bank of Scotland PLC	Aviva, Bank of Scotland, Birmingham Midshires (BM Savings), Halifax, Intelligent Finance (IF), St. James's Place Bank, The AA (accounts opened before 02/09/2015)
Saga (opened since 30/09/2019)	Goldman Sachs International Bank	Marcus
Santander	Santander UK PLC	Santander, Cahoot

Name of provider	Banking licence	Other providers under the same banking licence
Smile	The Co-operative Bank PLC	The Co-operative Bank, Britannia
St. James's Place Bank	Bank of Scotland PLC	Aviva, Bank of Scotland, Birmingham Midshires (BM Savings), Halifax, Intelligent Finance (IF), Saga (accounts before 30/09/2019), The AA (accounts before 02/09/2015)
Yorkshire Bank	Clydesdale Bank PLC	Clydesdale Bank, B and Virgin Money
Yorkshire Building Society	Yorkshire Building Society	Chelsea Building Society
Virgin Money	Clydesdale Bank PLC	Clydesdale Bank, Yorkshire Bank and B

European compensation schemes

Name of provider	Country	Compensation scheme
AgriBank	Malta	The Depositor Compensation Scheme in Malta, covering banks which are licensed by the Malta Financial Services Authority
Fidor Bank UK	Germany	FIDOR Bank AG is a member of the Compensation Scheme of German Banks GmbH The
Ikano Bank	Sweden	Swedish Deposit Insurance Scheme (which is managed by the Swedish National Debt
MoneyCorp Bank Limited	Gibraltar	Office, 'Riksgälden') The Gibraltar Deposit Guarantee Scheme (GDGS)

European compensation schemes

A number of providers are operating in the UK savings market, but their parent company is based outside the UK, though within the European Economic Area (EEA).

This means that they are covered by their own country's compensation scheme, rather than the UK FSCS and you will need to check the amount protected. Generally, deposits held with providers covered by European compensation schemes are protected up to a maximum of €100,000 per customer.

Schemes vary between countries - check carefully

In this respect these schemes work in a similar way to the FSCS, but it is important to be aware that if your chosen provider goes out of business, generally it is the relevant European scheme that you will need to deal with and the money may be paid out in Euros.

Firstly, it is important that you check the details of each scheme carefully, as they can vary between countries.

Be mindful of the exchange rate

Secondly, it is important to be mindful of the exchange rate between Sterling and Euros, as this will govern how much of your sterling-based deposit will be covered by the scheme. It is advisable to take into account currency fluctuation when deciding how much to place with these providers.

A number of key providers in today's savings market are covered by European schemes, such as AgriBank, which comes under the Maltese scheme and Ikano Bank, which is covered by the Swedish equivalent.

Examples of some of providers that are covered by European compensation schemes are included in the table on the previous page.

There is no reason not to consider using these providers, but it is important that you investigate and are comfortable with the scheme that it comes under or call us for more information.

Our FSCS tool can also be used to confirm whether a provider comes under a European scheme and provides details of which scheme would apply.



Name of obsolete provider	What happened next for customers
Abbey National	Customers transferred to Santander
Airdrie Savings Bank	No longer provides cash savings - funds returned to customers
Alliance & Leicester	Customers transferred to Santander
Anglo Irish Bank	Provider renamed - now Allied Irish Bank
Barnsley Building Society	Customers transferred to Yorkshire Building Society
Bradford & Bingley	Customers transferred to Santander
Cheltenham & Gloucester	Customers transferred to TSB Bank
Chesham Building Society	Customers transferred to Skipton Building Society
Cheshire Building Society	Customers transferred to Nationwide Building Society
City of Derry Building Society	Customers transferred to Progressive Building Society
Derbyshire Building Society	Customers transferred to Nationwide Building Society
Duncan Lawrie Limited	No longer provides cash savings - funds returned to customers
Dunfermline Building Society	Customers transferred to Nationwide Building Society
Egg Banking	Customers transferred to Yorkshire Building Society
GE Capital Direct	No longer provides cash savings - funds returned to customers
Governor Money	No longer provides cash savings - funds returned to customers
Harrods Bank	Provider renamed - now Tandem
Holmesdale Building Society	Customers transferred to Skipton Building Society
ING Direct / Barclays Direct	Customers transferred to Barclays Bank
Islamic Bank of Britain	Provider renamed - now Al Rayan Bank
Laiki Bank UK	Customers transferred to Bank of Cyprus UK
Northern Rock	Customers transferred to Virgin Money
Norwich & Peterborough Building Society	Customers transferred to Yorkshire Building Society
Raphaels Bank	No longer provides cash savings - funds returned to customers
Scarborough Building Society	Customers transferred to Skipton Building Society
Selftrade	No longer provides cash savings - funds returned to customers
Shepshed Building Society	Customers transferred to Nottingham Building Society
Standard Life Cash Savings	Customers transferred to Barclays Bank
Stroud & Swindon Building Society	Customers transferred to Coventry Building Society
Universal Building Society	Customers transferred to Newcastle Building Society
Whiteaway Laidlaw Bank	Provider renamed - now Shawbrook Bank

Obsolete providers

Finally, you may have had an older account with a provider that no longer offers cash savings or one that has been taken over by another bank or building society.

The key here is to be aware of where your funds currently reside – it is possible the account was transferred to a provider that you already have funds with, in which case you may be at risk of going over the FSCS limit.

Always check your paperwork or get in touch with us to check what may have happened to your funds.

The table on the left contains some of the changes that have happened over our lifetime for reference, please let us know if you need any further assistance.

How Savings Champion can help

In addition to this guide and **our handy FSCS tool**, Savings Champion can help you pick through the minefield of shared banking licences.

Call us on **0800 011 9705** to check your chosen provider or to find an alternative home for your savings.

For those with larger sums to invest, we also offer our **Cash Advice Service**, which not only maximises the amount of interest you can get, but also ensures that your savings are protected by the FSCS or European equivalent.

Our Cash Advice Service takes the hassle out of opening multiple savings accounts to keep within the FSCS limit, saving you valuable time, as well as money.

So, if you have more than £250,000 in cash savings, call us today on **0800 011 9705** to speak to one of our savings advisers and see how we can help to supersize your savings.



Claiming compensation

Individuals and small companies can claim compensation from the FSCS. Large companies can also claim compensation, though there are some exclusions that could apply.

In most cases, the FSCS aims to pay compensation within seven days of a bank or building society going out of business. More complex deposit claims could take longer, but should take no more than 20 working days.

It is important to note that there is no charge or fee for the service provided by the FSCS – it is a non-profit, independent organisation.

There is no charge for the service provided by the FSCS

Once you are made aware that there is a problem with your chosen provider, you should get in touch with the FSCS as soon as possible. Whilst there are no set time limits for claiming compensation – it makes sense to take action as soon as possible.

Contact the FSCS if you are in financial hardship

The FSCS states that if you are facing immediate financial hardship as a result of a firm going out of business, it will try to deal with your claim as a priority. In this situation, you should get in touch with the FSCS as soon as possible.

It is also worth noting that if a bank or building society is declared in default by the FSCS, interest will form part of the compensation amount – so you should factor the potential interest you will receive when deciding how much to deposit with a provider.

FSCS protection is important for savers, giving the peace of mind that if a bank or building society was to fail, you don't lose your hard-earned savings.

However, there is a limit to the protection and it can be tricky to navigate the minefield of shared banking licences.

This is where Savings Champion can help, use our FSCS tool or call us on **0800 011 9705** to check your provider's banking licence.

Alternatively, contact us to find out more about our **Cash Advice Service** – supersize your savings interest and ensure that you have the protection you need for your savings.

Providers with their own banking licence

<p>A Access Bank UK / Sensible Savings Aldermore Al Rayan Bank Arbuthnot Latham Atom Bank Axis Bank UK</p>	<p>F FirstSave FCMB Bank (UK) Limited Ford Money Furness Building Society</p>	<p>N Nationwide Building Society NatWest Newbury Building Society Newcastle Building Society Nottingham Building Society</p>	<p>U Ulster Bank Union Bank of India UK Union Bank UK United Trust Bank Unity Trust Bank</p>
<p>B Bank & Clients Bank of Baroda Bank of East Asia Bank Of India UK Bank of London and the Middle East (BLME) Barclays Bath Building Society Beverley Building Society BFC Bank Buckinghamshire Building Society</p>	<p>G Guaranty Trust Bank UK</p> <p>H Habib Bank AG Zurich Hampden & Co Hampshire Trust Bank Hanley Economic Building Society Harpenden Building Society Hinckley & Rugby Building Society</p>	<p>O OakNorth Bank</p> <p>P Paragon Bank PCF Bank Penrith Building Society Principality Building Society Progressive Building Society Punjab National Bank (International)</p>	<p>V Vernon Building Society Vanquis Bank</p>
<p>C CAF Bank Cambridge & Counties Bank Canara Bank Cater Allen Private Bank Charity Bank Charter Savings Bank C.Hoare & Co. Chorley & District Building Society Citibank Close Brothers Savings Coutts & Co Coventry Building Society Cumberland Building Society Cynergy Bank (formerly Bank of Cyprus UK)</p>	<p>I ICICI Bank UK Investec Bank Ipswich Building Society</p>	<p>Q QIB (UK) plc</p>	<p>W Weatherbys Bank Wesleyan Bank West Bromwich Building Society Wyelands Bank</p>
<p>D Danske Bank Darlington Building Society Dudley Building Society</p>	<p>J Julian Hodge Bank (Hodge Bank) Jordan International Bank</p> <p>K Kent Reliance Banking Services (Kent Reliance) Kingdom Bank</p>	<p>R RCI Bank Redwood Bank Reliance Bank Rothschild Reserve Royal Bank of Scotland</p>	<p>Z Zenith Bank UK</p>
<p>E Earl Shilton Building Society Ecology Building Society</p>	<p>L Leeds Building Society Lloyds Bank Loughborough Building Society</p> <p>M Manchester Building Society Mansfield Building Society Market Harborough Building Society M&S Bank Marsden Building Society Masthaven Bank Melton Mowbray Building Society Metro Bank Milestone Savings Monmouthshire Building Society Monzo</p>	<p>S Saffron Building Society Sainsbury's Bank Scottish Building Society Scottish Widows Bank Secure Trust Bank Shawbrook Bank Skipton Building Society Starling Bank Stafford Railway Building Society State Bank Of India UK Swansea Building Society</p>	
		<p>T Tandem (formerly Harrods Bank) Teachers Building Society Tesco Bank Tipton & Coseley Building Society Triodos Bank UK TSB Bank Turkish Bank UK</p>	

Contact us

Savings Champion

Cambridge House

Henry Street

Bath

BA1 1BT

Telephone: 0800 011 9705

Email: info@savingschampion.co.uk

Website: www.savingschampion.co.uk

Company Registration Number: 07805574

Registered Address: Savings Champion, No 2 The Bourse, Leeds, LS1

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