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Caroline Donellan  
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8 November 2010

Dear Caroline

**CP10/22 Chapter 10 Change to the compensation limit for deposits (COMP)**

Here is the Financial Services Consumer Panel's response to CP10/22 Chapter 10.

The Panel supports the FSA's proposals and welcomes the increased protection given to consumers by increasing the compensation limit for deposits.

The Panel's response to the specific questions in the Paper are set out below.

**Q26: Do you agree that it is appropriate to calculate the UK sterling equivalent of €100,000 on 1 October 2010? If not, please give your reasons.**

Yes, we agree that it is appropriate to calculate the sterling equivalent on 1 October 2010. It is helpful for consumers to know in advance what the new compensation limit will be.

**Q27: Do you agree that it is appropriate to round the currency conversion to the nearest whole £5,000? If not, please give your reasons.**

Yes, we agree that it is appropriate to round the currency conversion to the nearest £5,000 because this will make it easier for consumers to remember the limit.

**Q28: Do you agree with our proposal to increase the limit in the final rules if exchange rates move materially to the consumer's disadvantage before we make the final rules in December 2010? If not, please give your reasons.**

Yes, we agree with your proposal to increase the limit if the exchange rate moves materially before 31 December.

**Q29: Do you agree with our proposal to reconsider whether the proposed limit delivers equivalence with the DGSD at any point within the following five years should currency fluctuations lead to a significant and real terms reduction in cover in the UK? If not, please give your reasons.**

Yes, we agree with your proposals to reconsider the limit if currency fluctuations lead to a significant reduction in cover.

**Q30 Do you agree that the new limit is likely to satisfy our regulatory objectives of consumer protection, public awareness and financial stability?**

The Panel has consistently stated that there should be no upper limit on compensation limits for deposits, but we acknowledge that the limit being proposed is determined by the Deposit Guarantee Schemes Directive.

We recommend that the FSA should have an effective communication programme to make people aware of the change to the compensation limit.

Yours sincerely,

Adam Phillips  
Chairman