

# PS12/10

Financial Services Authority

## Deposit protection: raising consumer awareness



---

# Contents

	Abbreviations used in this paper	3
1	Overview	5
2	New disclosure requirements	8
<b>Annex 1:</b>	List of non-confidential respondents to CP11/29	
<b>Appendix 1:</b>	Made rules (legal instrument)	

---

This Policy Statement reports on the main issues arising from Consultation Paper 11/29 (*Deposit protection: raising consumer awareness*) and publishes final rules.

**Please address any comments or enquiries to:**

Olukemi Yusuph  
Redress Policy  
Financial Services Authority  
25 The North Colonnade  
Canary Wharf  
London E14 5HS

**Telephone:** 020 7066 9132

**Fax:** 020 7066 9133

**Email:** [cp11\\_29@fsa.gov.uk](mailto:cp11_29@fsa.gov.uk)

---

Copies of this Policy Statement are available to download from our website – [www.fsa.gov.uk](http://www.fsa.gov.uk). Alternatively, paper copies can be obtained by calling the FSA order line: 0845 608 2372.

---

# Abbreviations used in this paper

<b>The Authorities</b>	The FSA, Her Majesty's Treasury and the Bank of England
<b>CBA</b>	Cost benefit analysis
<b>COMP</b>	Compensation sourcebook (part of the FSA Handbook)
<b>CP</b>	Consultation Paper
<b>DGSD</b>	Deposit Guarantee Schemes Directive
<b>EEA</b>	European Economic Area
<b>FOS</b>	Financial Ombudsman Service
<b>FSCS</b>	Financial Services Compensation Scheme
<b>FSMA</b>	Financial Services and Markets Act 2000
<b>PS</b>	Policy Statement



# 1

---

## Overview

### Introduction

- 1.1 This Policy Statement (PS) provides our feedback on the responses we received to our consultation in December 2011 on deposit protection and raising consumer awareness.
- 1.2 Awareness of deposit protection is important in maintaining consumer confidence and financial stability. The proposals in CP11/29<sup>1</sup> aim to complement and strengthen existing compensation disclosure requirements aimed at raising consumer awareness. Deposit takers are required to prominently display stickers and posters in branches and on websites (in electronic form) explaining the compensation arrangements.

### Background

- 1.3 Deposits held in the UK are protected in one of two ways if a deposit taker fails:
- i) By the Financial Services Compensation Scheme (FSCS) if the deposit is held by an FSA-authorised deposit taker. This includes:
    - UK banks;
    - UK building societies;
    - UK credit unions;
    - non-EEA banks operating in the UK (branches and subsidiaries); and
    - UK subsidiaries of European Economic Area (EEA) banks.
  - ii) By the EEA home state deposit guarantee scheme if the deposit is held by the UK branch of an EEA deposit taker. So if an EEA branch were to fail, a UK depositor would need to apply for compensation in the country where the bank is based.

---

<sup>1</sup> CP11/29 Deposit protection: raising consumer awareness (December 2011)  
[www.fsa.gov.uk/static/FsaWeb/Shared/Documents/pubs/cp/cp11\\_29.pdf](http://www.fsa.gov.uk/static/FsaWeb/Shared/Documents/pubs/cp/cp11_29.pdf)

- 1.4 The FSCS compensation limit is currently £85,000. This is the sterling equivalent of the €100,000 compensation limit specified under the Deposit Guarantee Schemes Directive (DGSD) for all EEA member states deposit guarantee schemes.
- 1.5 The existence of compensation arrangements in the event that a firm is unable to meet claims against it plays an important role in consumer protection and maintaining confidence in financial services. Consumer awareness of the existence of deposit protection contributes to maintaining financial stability by reducing the likelihood of a run on a deposit taker.
- 1.6 In 2009, we introduced a two-tier strategy aimed at raising consumer awareness, consisting of: (i) a consumer awareness campaign run by the FSCS; and (ii) six-monthly disclosures to depositors by firms (Compensation sourcebook [COMP] Chapter 16). In December 2011, we reviewed the strategy and published proposals to improve the disclosure requirements of deposit takers (CP11/29).
- 1.7 Under proposed changes to the DGSD, deposit takers may, in future, be required to provide a standardised detailed disclosure to intending depositors. It is also proposed that existing depositors receive information about deposit protection via their account statements or internet banking.
- 1.8 We continue to monitor developments in Europe. It is currently unclear when the DGSD will be finalised. We consider that a subsequent consultation would be needed to give effect to any changes.

## **Response to consultation**

- 1.9 We received 19 responses to our proposals from firms, trade bodies, individuals and consumer groups. Respondents, almost unanimously, agreed that consumer awareness of deposit protection plays an important role in maintaining consumer confidence and financial stability. In response to feedback received, we have amended some of the original proposals but do not consider these to be significant amendments.

## **Structure of this Policy Statement**

- 1.10 This PS contains one substantive chapter: **Chapter 2, New Disclosure Requirements**, which provides feedback and final policy on the new disclosure requirements.
- 1.11 The Annex lists the non-confidential respondents to CP11/29, and the Appendix contains the instrument making the final changes to our Handbook.



## Next steps

- 1.12 All deposit takers are expected to be compliant with the rules by **31 August 2012** with the exception of Northern Ireland credit unions who are expected to comply with these rules at the same time as they become subject to other FSA disclosure rules.<sup>2</sup>

## Who should read this Policy Statement?

### Firms

- 1.13 This PS should be read by all deposit takers, including banks, building societies and credit unions operating in the UK.

### CONSUMERS

This PS will be of interest to consumers and consumer representative groups. The aim of the new rules is to ensure that consumers are aware of the protection that applies to the deposits they hold in banks, building societies and credit unions if their deposit taker fails. It is also to ensure that consumers are informed of the limits of that protection to enable them to make informed decisions.

---

<sup>2</sup> The responsibility for regulating Northern Ireland Credit Unions transferred to the FSA on 31 March 2012. Northern Ireland Credit Unions have been made aware of the transitional provisions that apply specifically to them.

# 2

---

## New disclosure requirements

- 2.1 This chapter sets out the feedback received to our proposals in CP11/29.
- 2.2 In our CP we proposed that deposit takers should prominently display, in their branches and on their websites, posters or stickers detailing deposit protection arrangements using wording prescribed by the FSA. In addition, a standard FSCS leaflet must be available to consumers.
- 2.3 We further proposed that incoming EEA branches would have to comply with the requirements but reference their home state deposit guarantee scheme and specifically note that they are not members of the FSCS.

### **Strengthened measures**

- 2.4 In CP11/29, we stated that the case for the additional measures was to:
  - a. offer consumers clear, accessible, accurate and consistent information about deposit protection;
  - b. provide consumer-friendly material that alerts, but doesn't alarm, them about the existence of deposit protection whether from the FSCS or an EEA scheme;
  - c. point to ways in which they can find additional information should they wish to do so; and
  - d. avoid unnecessary cost and duplication by building on the investments already made by the FSCS and efforts made by firms.

## Comments received on the specific question and our response

*Q1: Do you believe it is important for consumer confidence and financial stability that UK consumers should be made aware of deposit protection? If so, do you agree with the aims set out above for additional measures?*

- 2.5 There was almost unanimous acceptance of the role that consumer awareness of deposit protection plays in maintaining consumer confidence and financial stability. Those in support of additional measures asked us to ensure that the new rules are proportionate and flexible, taking into account a firm's size, structure and nature.
- 2.6 Those respondents that oppose additional measures feel that the new rules would lead to a high level of duplication (without adding substance) and increased costs to firms.
- 2.7 They also feel there is a risk that these additional measures would cause consumers to believe there will be a downturn in the economy or that their provider could be in difficulties. This could result in a negative impact on consumer confidence and cause them concern.

### Our response

We are pleased that most respondents agree that consumer awareness of deposit protection is important for consumer confidence and stability.

We do not believe that existing rules go far enough to raise consumer awareness of deposit protection to mitigate the risk of a potential run on a deposit taker.

We have responded to most of the reservations expressed by amending our proposals as explained later in the PS.

## FSCS participant firms – UK and non-EEA deposit takers

- 2.8 We proposed that the FSCS stickers and posters will contain the following statement:
- ‘Your deposits are protected up to £85,000 by the Financial Services Compensation Scheme, the UK's deposit protection scheme. Any deposits you hold above this amount are not covered.
- Please ask (or click) here for further information or visit [www.fscs.org.uk](http://www.fscs.org.uk).’<sup>3</sup>
- 2.9 The CP did not specify the content of the FSCS leaflet but suggested topics that the FSCS may want to include.

<sup>3</sup> The statement will appear as written with the first statement and second statement on separate lines. The second statement should also appear in smaller font.

## Comments received on the specific questions and our response

*Q2: Do you have any comments on the proposed statement to be included in FSCS posters and stickers?*

*Q3: Is the information set out above the right information to include in the FSCS information leaflets for consumers to take away? If not, what information should (or should not) be provided?*

- 2.10** Respondents had two main concerns about the proposed wording on the posters and stickers. The first concern was that the statements wrongly implied that compensation is available on all deposits. The second was that it was not clear whether the FSCS limit applies to monies held in one single account; all deposits held with a single bank; or to all accounts held with firms within a banking group.
- 2.11** Other concerns expressed about the wording were that because the proposed statement did not name the deposit taker, there is lack of clarity for the consumer. Another respondent felt that the text does not cater for UK firms that have branches in the EEA. They suggested that the proposed text should also include details of additional local deposit protection offered to such customers (the example given was of a deposit taker who, in addition to the FSCS protection of £85,000, stated that its German branch customers are protected up to £15m by a voluntary Deposit Insurance scheme).
- 2.12** In relation to the FSCS leaflets, most respondents were broadly supportive of the proposed content of the leaflets. Those who felt that the proposed information could be improved on had various suggestions, including the following:
- To achieve greater clarity and consistency in relation to eligibility, it is important that information leaflets refer customers to the FSCS website for detailed information.
  - Do not include information relating to set-off, timing of payout and conditions to which compensation payments are subject, as these are too technical and ill-suited to be communicated in the proposed leaflet. It may detract from the main message, i.e. that savings are protected.
  - The proposed wording needs to be complemented by further wording that clearly specifies where a customer could obtain further information on how compensation would specifically apply to them.

## Our response

We have modified the statements and requirements on how to display the compensation posters/stickers originally proposed for UK and non-EEA firms (the requirements on how and where to display the posters and/or stickers is covered after paragraph 2.22).

The changes to the statements make it clear that only eligible deposits are covered, that cover is per individually-authorized deposit taker and requires firms to include any brands they operate as follows.

### **Wording for compensation stickers for all deposit takers (including deposit takers with multiple brands/trading names) and wording for compensation posters for deposit takers with a single brand/trading name**

‘Your eligible deposits with [insert name of firm] are protected up to a total of £85,000 by the Financial Services Compensation Scheme, the UK’s deposit protection scheme. Any deposits you hold above the £85,000 limit are not covered.

Please [ask/click here– delete as appropriate] for further information or visit [www.fscs.org.uk](http://www.fscs.org.uk).<sup>4</sup>

### **Wording for compensation posters for deposit takers with multiple brands/trading names**

‘Your eligible deposits with [insert name of firm] are protected up to a total of £85,000 by the Financial Services Compensation Scheme, the UK’s deposit protection scheme. This limit is applied to the total of any deposits you have with the following: [insert names of brands as appropriate]. Any total deposits you hold above the £85,000 limit between these brands are not covered.

Please [ask/click here – delete as appropriate] for further information or visit [www.fscs.org.uk](http://www.fscs.org.uk).<sup>5</sup>

The statement included on a firm’s compensation sticker is potentially different from the statement included on its compensation poster as including information on multiple brands/trading names on the stickers would lead to them looking ‘too busy’.

In recognition of the fact that smaller credit unions may be reliant on the sample material provided by the FSCS and may find it difficult to customise the stickers and posters, a credit union that accepts deposits under a single brand or trading name is permitted to use the following text.

4 The statement will appear as written with the first statement and second statement on separate lines. The second statement should also appear in smaller font.

5 The statement will appear as written with the first statement and second statement on separate lines. The second statement should also appear in smaller font.

### Optional wording for Credit Unions with a single brand/trading name

‘Your eligible deposits are protected up to a total of £85,000 by the Financial Services Compensation Scheme, the UK’s deposit protection scheme. Any deposits you hold above the £85,000 limit are not covered.

Please [ask/click here – delete as appropriate] for further information or visit [www.fscs.org.uk](http://www.fscs.org.uk).<sup>6</sup>

We acknowledge that the text does not cater for the existence of voluntary Deposit Insurance schemes. Its aim is to highlight the protection available from the recognised compensation schemes under the Deposit Guarantee Schemes Directive.

We have shared the suggestions in relation to the leaflets with the FSCS.

---

## Incoming EEA branches

- 2.13 We proposed that firms who participate in EEA schemes design their own stickers and posters, which include the following prescribed statement:

‘Your deposits are protected up to 100,000 euro by [insert name of compensation scheme] the [insert home state of scheme] deposit protection scheme and are not protected by the UK Financial Services Compensation Scheme. Any deposits you hold above this amount are not covered.

Please ask (or click) here for further information or visit [insert website address of scheme].<sup>7</sup>

- 2.14 The CP did not propose that EEA branches should provide a leaflet unless a leaflet is available in English from the home state compensation scheme.

## Comments received on the specific question and our response

*Q4: How should EEA deposit takers’ stickers and posters be produced? Should EEA deposit takers produce their own stickers and posters, or should we require firms to follow a template?*

- 2.15 Respondents were split on this question. Half suggested that a prescribed template would mean that EEA deposit takers are subject to the same requirements as their UK authorised counterparts and ensure consistency. The other half felt that firms should be allowed to produce their own material, while taking into consideration the size and format of the material produced by the FSCS for UK firms.

<sup>6</sup> The statement will appear as written with the first statement and second statement on separate lines. The second statement should also appear in smaller font.

<sup>7</sup> The statement will appear as written with the first statement and second statement on separate lines. The second statement should also appear in smaller font.

- 2.16 Respondents also expressed similar concerns about the proposed wording on the posters and stickers for EEA deposits takers as were expressed about the UK and non-EEA firm wording. It was also suggested that the wording for EEA firms should not differ from those participating in the UK scheme other than to specify the name of the relevant home state scheme. It was argued that a reference to a lack of coverage by the FSCS could be seen as prejudicial towards home state schemes, as it could be seen to imply that the relevant EEA scheme is somehow inferior to the FSCS.

### Our response

We have decided that EEA firms must follow the same format as UK firms.

We have also changed the statements originally proposed for EEA firms in the same way as for UK and non-EEA firms. The changes make it clear that only eligible deposits are covered, cover is per individually authorised deposit taker and requires firms to include any brands they operate as follows.

#### **Wording for compensation stickers for all deposit takers (including deposit takers with multiple brands/trading names) and wording for compensation posters for deposit takers with a single brand/trading name**

'Your eligible deposits with [insert name of firm] are protected up to a total of 100,000 euro by [insert name of compensation scheme] the [insert home state of scheme] deposit protection scheme and are not protected by the UK Financial Services Compensation Scheme. Any deposits you hold above the 100,000 euro limit are not covered.

Please [ask/click here – delete as appropriate] for further information or visit [insert website address of scheme].<sup>8</sup>

#### **Wording for compensation posters for deposit takers with multiple brands/trading names**

'Your eligible deposits with [insert name of firm] are protected up to a total of 100,000 euro by [insert name of compensation scheme] the [insert home state of scheme] deposit protection scheme and are not protected by the UK Financial Services Compensation Scheme. This limit is applied to the total of any deposits you have with the following: [insert names of brands as appropriate]. Any total deposits above the 100,000 euro limit are not covered.

Please [ask/click here – delete as appropriate] for further information or visit [insert website address of scheme].<sup>9</sup>

The specified wording above applies to all incoming EEA branches, however, in the event that the wording or rule contradicts the requirements of an EEA home

8 The statement will appear as written with the first statement and second statement on separate lines. The second statement should also appear in smaller font.

9 The statement will appear as written with the first statement and second statement on separate lines. The second statement should also appear in smaller font.

state regulator, EEA firms can apply to us for a waiver from the specific rule that provides the contradiction that we will consider.

The reference to a lack of coverage by the FSCS is meant to ensure that consumers are aware of the deposit protection they have and who they have it with. It is important for a UK-based consumer, who may automatically assume that because they are based in the UK their deposits are protected by the FSCS, to know when they are protected by an alternative scheme.

---

## How should this information be disclosed?

**2.17** We proposed that in branches, the information should be displayed as a sticker or poster displayed in the branch window and by either:

- a sticker at the teller windows; or
- a poster displayed inside the branch.

**2.18** We also proposed that the equivalent material should be provided on all web pages where consumers can open a new account, with links to additional information provided.

## Comments received on the specific questions and our response

*Q5: Have we identified the most appropriate ways for firms to display the stickers and posters in branches?*

*Q6: Do you agree that deposit takers should also display the specified deposit protection information on their websites?*

**2.19** A number of respondents explained they do not operate a branch network. Others explained that even though they operate branches, these are not accessible to ‘walk in’ customers and have no counter or cashier facilities.

**2.20** Most respondents welcomed the approach, which allows firms the flexibility to choose either to display stickers or posters in branches. However, one respondent suggested that, given the significant size of some city bank branches, it may be appropriate to display the information in both cashier windows and on branch posters.

**2.21** Those who operate branches made the following points:

- Stickers on windows could create security issues, e.g. obscuring the view of the cashier in relation to the customer, branch entrance or security cameras.



- Space is restricted on information boards. They currently display other information that has to be provided on the Financial Ombudsman Service (FOS), fraud and identity, interest rates, etc. We were asked whether the FSCS poster could be combined with FOS information, for example, to work within the restriction of branches?
- Stickers and posters could look vulgar.
- No consideration appears to have been given to the dulling of the impact of the message that is likely to result from repetition.

**2.22** All respondents agreed that where the deposit taker operates a website, deposit protection information should be displayed. However, most felt that the proposal to display information on every page where they advertise a new product is impractical. They suggested an approach where providers are able to decide the most appropriate way of displaying this information.

### **Our response**

Deposit takers who do not operate branches or whose branches are not accessible to customers would not be required to display posters or stickers in branches. But, as is the case with credit unions with no permanent location, we would expect the FSCS material to be displayed with equal prominence wherever or whenever there is customer contact.

We require that:

- All deposit takers must display both compensation stickers in the cashiers windows/desks and compensation posters in the branches.

In addition:

- Deposit takers with multiple brands/trading names must display the compensation poster in branch windows.
- Deposit takers with single brands/trading names must display the compensation poster or compensation sticker in branch windows.

The language included in the compensation posters and stickers has been confirmed in our responses after paragraphs 2.12 and 2.16. The language on the posters will be determined by whether the deposit taker has single or multiple brands/trading names.

Deposit takers are allowed flexibility in how the information is displayed in order not to compromise branch security and maximise the use of limited space, however, we do not expect that FSCS information would be combined with other regulatory information (e.g. the FOS). The messages are different and combining the two may confuse consumers.

In response to the argument that the message would be dulled if consumers see the same poster or sticker repeatedly, we would suggest that the message is reinforced the more times it is seen, which builds consumer confidence.

In response to feedback received, we have decided that where the deposit taker operates a website, the specified deposit protection information should be displayed in a way that best brings the information to the depositor's attention. We expect deposit takers to decide the most appropriate way of displaying this information.

However, we consider that if the information is displayed on the front page of the firm's website or a pop-up box on logging on to the website, the requirement to communicate in a way that best brings the information to depositors' attention would have been satisfied. For the avoidance of doubt, when we refer to websites we also mean mobile banking sites, which are accessed through mobile handsets or tablet computers.

---

## Implementation date

- 2.23 The draft rules were published in CP11/29. We stated that we aimed to have the rules in place by May 2012 and give firms three months to implement the new requirements.

## Comments received on the specific questions and our response

*Q7: Do you have any comments on the draft rules?*

*Q8: Do you agree with the proposed three-month implementation period for firms?*

- 2.24 Respondents asked that their responses to questions one to six be reflected in the rules accordingly and also asked that the rules are amended to clarify:
- that the disclosure rules only apply to institutions that actually hold protected deposits;
  - whether deposit takers will be able to add wording to or brand the FSCS material; and
  - who is responsible for ensuring that the FSCS materials contain the relevant wording, the FSCS or the firm.
- 2.25 There was an observation that the rules do not allow for the potential scenario that could occur when an EEA firm obtains a top-up through the FSCS.
- 2.26 Some respondents felt that a three-month implementation period is reasonable. Others requested a longer implementation period on the basis that the period is too short for entities with large branch networks and that the website architecture for most deposit takers is linked to fixed periodic 'release dates'.

### Our response

The new rules, like all other COMP 16 rules, apply to firms that accept deposits in the UK.

The FSCS will not be providing materials for firms to purchase, but instead will make material available for UK and non-EEA firms to print themselves. Credit unions will be provided with sample packs.

For the avoidance of doubt, the FSCS material will reflect the relevant wording.

The FSCS material should not be changed or rebranded except to include firm names, brand names or trading names as required by the Rules.

When the compensation limit was harmonised at 100,000 euro (£85,000) from 31 December 2010, the likelihood of topping up became extremely rare.<sup>10</sup> We do not expect this to become an issue and so no provision has been made for topping up in the new requirements.

We have considered the requests for a longer implementation period, but given the importance of ensuring that consumers are informed about deposit protection, we are keeping a three-month implementation period.

## Cost benefit analysis

- 2.27 The cost benefit analysis was partly based on responses received to a survey sent to deposit takers through the relevant trade bodies.<sup>11</sup>

### Comments received on the specific question and our response

*Q9: Do you have any comments on our analysis of the costs and benefits of the proposals?*

- 2.28 A number of respondents acknowledged that the costs had been estimated from information that they had provided to the FSA and did not have any major objections. However, some observed that while monetary costs had been analysed, the additional costs include manpower resulting from increased queries had not been accounted for.
- 2.29 A respondent challenged the assumption that all credit unions have only one branch. Some of the larger credit unions have several permanent branches. Most smaller credit unions have various community collection points and each of these needs to be equipped with the appropriate materials. They suggested that the CBA does not take account of the size of

<sup>10</sup> An incoming EEA firm may apply to obtain 'top-up' into the FSCS if the level or scope of the cover of its home state is less than that provided by the FSCS.

<sup>11</sup> The British Bankers' Association, Building Societies Association, Association of British Credit Unions, Scottish League of Credit Unions, Ace Credit Unions and UK Credit Unions. We did not survey non-EEA deposit takers or Northern Ireland credit unions.

many credit unions and their limited resources and the fact that they do not present a systemic risk to financial stability.

- 2.30** A respondent felt that the benefits stated are not clear. It is therefore difficult to know how this activity will be evaluated and if it has been successful in meeting its aims. Another felt that the cost analysis does not include any consideration of the opportunity cost of space within the branch being foregone to display FSCS information.
- 2.31** A respondent observed that the cost analysis assumes ten posters per branch and was unclear how this relates to the draft proposal of one or two (depending on use of stickers) per branch? Does this mean the posters would have to be updated during the year, and if so what updates would be required and under which timeline?

### Our response

Paragraph 18 of the CBA in the CP considered the additional costs that may result from increased queries. We estimated that the cost per query could be up to £1.67 per query, in staff time.

The proposals recognise the size of credit unions and the fact that they provide very little risk to financial stability. We have provided optional disclosure wording on posters and stickers for credit unions that operate single brands. Paragraphs 3.17 and 3.18 of the CP also confirm our acknowledgement that not all credit unions have a permanent location or website.

The benefits of the proposals relate to raising consumer awareness and improving market confidence (with the aim of reassuring consumers that their money will be protected in the event of a deposit taker's failure). The FSCS carries out regular consumer awareness surveys and shares the result with the FSA. This has helped and will continue to help us to assess the effectiveness of our disclosure rules.

The rules state that where the physical design of the branch means that it is not possible to comply with the minimum standard of a sticker or poster in the branch window and a sticker and poster in the branch, a firm may display the sticker and poster in an alternative place in the branch, provided it has equal prominence.

The assumption of ten posters per branch in the CBA is on a 'worse case' scenario basis. For example, we would expect that a small single brand deposit taker with one branch would require a minimum of two stickers and two posters. We would only expect posters and stickers to be updated if the deposits compensation limit changes, we therefore do not expect a yearly update.

The changes to the policy proposed in this paper are not expected to materially change the costs and benefits estimated in the original consultation. Therefore, we consider that the original CBA remains valid.

## Annex 1

---

# List of non-confidential respondents

Association of British Credit Unions Limited

BNY Mellon

British Bankers Association

Building Societies Association

CAF Bank

Cyprus Deposit Guarantee Scheme

Duncan Lawrie Limited

Handelsbanken

ICICI Bank UK plc

Israel Nyman

Piraeus Bank

TD Bank N.V

The Consumer Council of Northern Ireland

The Financial Services Consumer Panel

Triodos Bank

Yorkshire Building Society

Three respondents asked for their responses to remain confidential



## Appendix 1

---

# Made rules (legal instrument)

**COMPENSATION SOURCEBOOK (DEPOSIT-TAKING FIRMS' DISCLOSURE REQUIREMENTS) INSTRUMENT 2012**

**Powers exercised**

- A. The Financial Services Authority makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 ("the Act"):
- (1) section 138 (General rule-making power);
  - (2) section 156 (General supplementary powers);
  - (3) section 157(1) (Guidance);
  - (4) section 213 (The compensation scheme); and
  - (5) section 214 (General).
- B. The rule-making powers listed above are specified for the purpose of section 153(2) (Rule-making instruments) of the Act.

**Commencement**

- C. This instrument comes into force on 31 August 2012.

**Amendments to the Handbook**

- D. The Compensation sourcebook (COMP) is amended in accordance with the Annex to this instrument.

**Citation**

- E. This instrument may be cited as the Compensation Sourcebook (Deposit-taking Firms' Disclosure Requirements) Instrument 2012.

By order of the Board  
24 May 2012



## Annex

### Amendments to the Compensation sourcebook (COMP)

In this Annex, the text is all new and is not underlined.

After COMP 16.3, insert the following new section.

#### 16.4 Compensation information: branches and websites

##### Application

- 16.4.1 R (1) This section applies to:
- (a) a *UK domestic firm* in relation to each *branch* in the *EEA* at which it *accepts deposits*;
  - (b) an *EEA firm* or a *non-EEA firm* in relation to each *branch* in the *EEA* at which it *accepts deposits*.
- (2) In this section, references to “compensation sticker” and “compensation poster” are references to the relevant sticker and poster set out in *COMP 16 Annex 1R*.
- (3) In this section, references to “compensation leaflet” are:
- (a) in the case of a *UK domestic firm*, references to the *FSCS’s* standard leaflet with respect to its protection of *deposits*;
  - (b) in the case of an *EEA firm*, references to a leaflet with respect to the protection of *deposits* by the compensation scheme of its *Home State* where such a leaflet is provided electronically and in English by the relevant scheme or, where a leaflet is not available, a link to the *Home State* scheme’s website.

##### Branches

- 16.4.2 R A *firm* that *accepts deposits* under a single brand or trading name must prominently display the compensation sticker and compensation poster in each *branch* in the following ways:
- (1) displaying the compensation sticker or compensation poster in the *branch* window; and
  - (2) displaying:
    - (a) the compensation sticker at each cashier window or desk; and
    - (b) the compensation poster inside the *branch*.
- 16.4.3 R A *firm* that *accepts deposits* under multiple brands or trading names must prominently display the compensation sticker and compensation poster in

each *branch* in the following ways:

- (1) displaying the compensation poster in the *branch* window; and
- (2) displaying:
  - (a) the compensation sticker at each cashier window or desk; and
  - (b) the compensation poster inside the *branch*.

- 16.4.4 R Where the physical design of the *branch* means that it is not possible to comply with any of the requirements of *COMP* 16.4.2R and *COMP* 16.4.3R, a *firm* must display the compensation sticker or the compensation poster in an alternative place in the *branch* that has equal prominence.

#### Websites

- 16.4.5 R A *firm* that *accepts deposits* under a single brand or trading name must, on pages of its website where it advertises new accounts operated by any of its *branches*, in a way that best brings the information to depositors' attention:
- (1) display prominently (in electronic form) the compensation sticker; and
  - (2) provide from the sticker an electronic link to the compensation leaflet.
- 16.4.6 R A *firm* that *accepts deposits* under multiple brands or trading names must, on pages of its website where it advertises new accounts operated by any of its *branches*, in a way that best brings the information to depositors' attention:
- (1) display prominently (in electronic form) the compensation poster; and
  - (2) provide from the poster an electronic link to the compensation leaflet.
- 16.4.7 G The *FSA* considers that if information required to be disclosed under *COMP* 16.4.5R and *COMP* 16.4.6R is displayed prominently on the front page of the *firm's* website or a pop-up box upon logging on to the website, the requirement to communicate in a way that best brings the information to depositors' attention will have been satisfied.
- 16.4.8 G The *FSA* considers that a *UK domestic firm* will comply with *COMP* 16.4.2R, *COMP* 16.4.3R, *COMP* 16.4.4R, *COMP* 16.4.5R or *COMP* 16.4.6R if it displays the relevant compensation sticker and/or compensation poster produced by the *FSCS* in accordance with the requirements of those *rules*.

Request for further information

- 16.4.9 R A *firm* must immediately provide the compensation leaflet to any *person* that requests further information about deposit protection.

Language

- 16.4.10 R A *UK domestic firm* that accepts *protected deposits* through an overseas *branch* may provide the information required by this section in the local language (which may be either the compensation sticker, poster or leaflet in that language or the *firm's* own translation of that sticker, poster or leaflet).

## 16 Annex 1R Content of compensation sticker and poster

- 1 The compensation stickers must contain the following statements only:

### UK domestic firms and non-EEA firms

- (1) “Your eligible deposits with [insert name of firm] are protected up to a total of £85,000 by the Financial Services Compensation Scheme, the UK's deposit protection scheme. Any deposits you hold above the £85,000 limit are not covered.

Please ask/click here [delete as appropriate] for further information or visit [www.fscs.org.uk](http://www.fscs.org.uk).”

As an alternative, for *credit unions* that *accept deposits* under a single brand or trading name:

“Your eligible deposits are protected up to a total of £85,000 by the Financial Services Compensation Scheme, the UK's deposit protection scheme. Any deposits you hold above the £85,000 limit are not covered.

Please ask/click here [delete as appropriate] for further information or visit [www.fscs.org.uk](http://www.fscs.org.uk)”

### Incoming EEA firms

- (2) “Your eligible deposits with [insert name of firm] are protected up to a total of 100,000 euro by [insert name of compensation scheme] the [insert home state of compensation scheme] deposit protection scheme and are not protected by the UK Financial Services Compensation Scheme. Any deposits you hold above the 100,000 euro limit are not covered.

Please ask/click here [delete as appropriate] for further information or visit [insert website address of scheme].”

- 2 The compensation posters must contain the following statements only:

### UK domestic firms and non-EEA firms

- (1) Firms that *accept deposits* under a single brand or trading name

“Your eligible deposits with [insert name of firm] are protected up to a total of £85,000 by the Financial Services Compensation Scheme, the UK's deposit protection scheme. Any deposits you hold above the £85,000 limit are not covered.

Please ask/click here [delete as appropriate] for further information or visit [www.fscs.org.uk](http://www.fscs.org.uk).”

As an alternative, for *credit unions* that *accept deposits* under a single brand or trading name:

“Your eligible deposits are protected up to a total of £85,000 by the Financial Services Compensation Scheme, the UK's deposit protection scheme. Any deposits you hold above the £85,000 limit are not covered.

Please ask/click here [delete as appropriate] for further information or visit [www.fscs.org.uk](http://www.fscs.org.uk)”

(2) Firms that *accept deposits* under multiple brands or trading names

“Your eligible deposits with [insert name of firm] are protected up to a total of £85,000 by the Financial Services Compensation Scheme, the UK's deposit protection scheme. This limit is applied to the total of any deposits you have with the following: [insert names of brands as appropriate]. Any total deposits you hold above the £85,000 limit between these brands are not covered.

Please ask/click here [delete as appropriate] for further information or visit [www.fscs.org.uk](http://www.fscs.org.uk)”

### **Incoming EEA firms**

(3) *Incoming EEA firms* that *accept deposits* under a single brand or trading name

“Your eligible deposits with [insert name of firm] are protected up to a total of 100,000 euro by [insert name of compensation scheme] the [insert home state of compensation scheme] deposit protection scheme and are not protected by the UK Financial Services Compensation Scheme. Any deposits you hold above the 100,000 euro limit are not covered.

Please ask/click here [delete as appropriate] for further information or visit [insert website address of scheme].”

(4) *Incoming EEA firms* that *accept deposits* under multiple brands or trading names

“Your eligible deposits with [insert name of firm] are protected up to a total of 100,000 euro by [insert name of compensation scheme] the [insert home state of compensation scheme] deposit protection scheme and are not protected by the UK Financial Services Compensation Scheme. This limit is applied to the total of any deposits you have with the following: [insert names of brands as appropriate]. Any total deposits above the 100,000 euro

limit are not covered.

Please ask/click here [delete as appropriate] for further information or visit [insert website address of scheme].”

- 3 Each of the statements in 1 and 2 must appear as written with the first and second statements on separate lines. The second statement must appear in smaller font.

**PUB REF: 002498**

The Financial Services Authority  
25 The North Colonnade Canary Wharf London E14 5HS  
Telephone: +44 (0)20 7066 1000 Fax: +44 (0)20 7066 1099  
Website: [www.fsa.gov.uk](http://www.fsa.gov.uk)

Registered as a Limited Company in England and Wales No. 1920623. Registered Office as above.