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Russell Waterman

By email:

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Our refs: IRU/9/383

Email/18972/2009

8th May 2009

Dear Mr. Waterman,

FREEDOM OF INFORMATION ACT REQUEST: FINANCIAL SERVICES COMPENSATION SCHEME

Thank you for your enquiry dated 26th April 2009 asking for information under the Freedom of Information (Fol) Act 2000, which we received on 27th April 2009.

You asked that:

... As the FSCS (the Financial Services Compensation Scheme) is a limited company, is the minimum compensation of £50k they promise to consumer investors if their bank goes bankrupt backed by yourselves or any other government agency? If it is, can you please tell me the act, statute or precedent of law where this is confirmed? ...

In answer to your question, the Financial Services Compensation Scheme (FSCS) pays compensation in accordance with the scheme rules, which are made by the Financial Services Authority (FSA) under powers in the Financial Services and Markets Act 2000 (FSMA). The rules are to be found in the Compensation Sourcebook section of the FSA Handbook, which is available on their website (www.fsa.gov.uk).

<http://fsahandbook.info/FSA/html/handbook/COMP>

You may find the FSCS website (www.fscs.org.uk) of interest, where you will find further information and guidance on the scheme.

The Government has made clear that it stands behind the FSCS and has taken steps to ensure that it has access to immediate liquidity through borrowing from the public sector. FSMA includes provision (section 223B - inserted by section 173 of the Banking Act 2009) to allow for this to happen in the most efficient manner using borrowing from the National Loans Fund.

All Acts of Parliament after 1997, including those cited above, are available online at the UK Statute Law Database website.

<http://www.statutelaw.gov.uk/>

I bring to your attention that FSA and parliamentary documents are parliamentary copyright and a legal statement regarding their copyright is attached.



I hope this answers your question fully but if you have any queries about this letter, please contact us at the email account given in the header to this letter. It would help us, if you could remember to quote the IRU reference number (also in the header) in any future communications.

Yours sincerely,

Information Rights Unit
On behalf of HM Treasury

Parliamentary Copyright.

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Your right to complain under the Freedom of Information Act 2000

If you are not happy with this reply, you may request a review by writing to HM Treasury, Information Rights Unit, 2/S2, 1 Horse Guards Road, London SW1A 2HQ. Email foi.responses@hm-treasury.gov.uk.

Any review request must be made within 2 months of the date of this letter.

It would assist our review if you set out which aspects of the reply concern you and why you are dissatisfied.

If you are not content with the outcome of your complaint, you may apply directly to the Information Commissioner for a decision. Generally, the ICO cannot make a decision unless you have exhausted the complaints procedure provided by the Treasury. The Information Commissioner can be contacted at: The Information Commissioner's Office, Wycliffe House, Water Lane, Wilmslow, Cheshire SK9 5AF.