

Chapter 10

Limits on the amount of compensation payable



10.1 Application and Purpose

Application

10.1.1 **R** This chapter applies to the *FSCS*.

10.1.2 **G** It is also relevant to claimants.

Purpose

10.1.3 **G** In most cases it is appropriate for there to be a limit on the amount of compensation payable by the *FSCS* and that there should be some part of the *claim* which is not compensatable and for which the claimant must bear the loss. The purpose of this chapter is to set these limits out.

10.1.4 **G** [deleted]



10.2 Limits on compensation payable

10.2.1 **R** The limits on the maximum compensation sums payable by the FSCS for *protected claims* are set out in **COMP 10.2.3 R**.

10.2.2 **G** The limits apply to the aggregate amount of *claims* in respect of each category of *protected claim* that an *eligible claimant* has against the *relevant person* (or, where applicable, a *successor*). Consequently, a claimant who has, for example, a *claim* against a *relevant person* (or, where applicable, a *successor*) in connection with *protected investment business* of £70,000, and a further such *claim* of £20,000 , will only receive the £85,000 limit.

10.2.3 **R** Table Limits

This table belongs to COMP 10.2.1R

Type of claim	Level of cover	Maximum payment
<i>Protected investment business (except where the designated investment is a long-term care insurance contract that is a pure protection contract)</i>	100% of claim	£85,000
<i>Protected investment business where the designated investment is a long-term care insurance contract that is a pure protection contract</i>	100% of claim	Unlimited
<i>Protected home finance mediation</i>	100% of claim	£85,000
<i>Protected non-investment insurance distribution</i>	(1) where the claim is in respect of a liability subject to compulsory insurance: 100% of claim	Unlimited
	(2) where the <i>claim</i> is in respect of: (a) a <i>relevant omission</i> ; and (b) a professional indemnity insurance contract, or would be in respect of a professional indemnity	Unlimited

Type of claim	Level of cover	Maximum payment
	insurance contract, if the insurance contract had been effected: 100% of claim	
	(3) where the <i>claim</i> is: (a) in respect of a <i>relevant omission</i> ; (b) in respect of a <i>relevant general insurance contract</i> or would be in respect of a <i>relevant general insurance contract</i> if the insurance contract had been effected; and (c) arises from the death or incapacity of the <i>policyholder</i> owing to injury, sickness or infirmity: 100% of claim	Unlimited
	(4) where the <i>claim</i> is in respect of: (a) a <i>relevant omission</i> ; and (b) a <i>pure protection contract</i> , or would be in respect of a <i>pure protection contract</i> if the insurance contract had been effected: 100% of claim	Unlimited
	(5) In all other cases: 90% of claim	Unlimited
<i>Protected debt management business</i>	100% of claim	£85,000
<i>Protected funeral plan business</i>	100% of claim	£85,000

10.2.4 G COMP 12 sets out the *rules* the FSCS will follow when calculating the amount of compensation payable.

10.2.5 G ■ COMP 12.4.4R includes further limits relating to certain claims against *pre-IP completion day incoming EEA firms*, where the act or omission giving rise to the *claim* arose before *IP completion day*. These reflect the *Investor Compensation Directive*, which will continue to apply to *EEA State compensation schemes* after *IP completion day*, under which compensation may be payable by the *pre-IP completion day incoming EEA firm's EEA State compensation scheme*.

Claims in cases where there is a successor

10.2.5A R No claimant shall be eligible to make a claim under the compensation scheme in respect of both the relevant person and a successor arising from the same act or omission by the relevant person.

10.2.6 R [deleted]

10.2.7 R [deleted]

Claims against more than one member in respect of a single protected contract of insurance to be treated as a single claim

10.2.8 R

Claims arising under COMP 3.2.4 R

10.2.9 R If a firm has a claim under COMP 3.2.4 R, the FSCS must treat the share of the shortfall of each customer as if it were a protected claim for the purposes of calculating the limits of compensation payable, within COMP 10.2, in relation to that customer.

10.2.10 R [deleted]

10.2.11 R [deleted]

10.2.12 R [deleted]

10.2.13 G [deleted]

Claims in cases where a principal and its appointed representative are both in default

10.2.14 R No claimant shall be eligible to make a claim under the compensation scheme in respect of both a principal and its appointed representative arising from the same act or omission by the appointed representative.

