

Chapter 8

Rejection of application and withdrawal of offer



8.1 Application and Purpose

Application

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

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

Purpose

8.1.3 **G** In some circumstances, it may be appropriate for the *FSCS* to reject an application for compensation, or withdraw an offer of compensation. The purpose of this chapter is to set out when those circumstances arise.



8.2 Rejection of application for compensation

Inaccurate or incomplete applications

8.2.1 **R** If an application for compensation contains any material inaccuracy or omission, the FSCS may reject the application unless this is considered by the FSCS to be wholly unintentional.

8.2.2 **G** A rejection under **COMP 8.2.1 R** does not mean that the claimant cannot receive compensation. A rejected application may be resubmitted, with the appropriate amendments. An application rejected under **COMP 8.2.3 R** may be resubmitted if **COMP 8.2.5 R** applies.

Limitation periods and claims extinguished by operation of law

8.2.3 **R** The FSCS must reject an application for compensation if:

- (1) the FSCS considers that a civil claim in respect of the liability would have been defeated by a defence of limitation at the earlier of:
 - (a) the date on which the *relevant person* (or, where applicable, a *successor*) is determined to be *in default*; and
 - (b) the date on which the claimant first indicates in writing that he may have a claim against the *relevant person* (or, where applicable, a *successor*);unless **COMP 8.2.4 R** or **COMP 8.2.4A R** applies; or
- (2) the liability of the *relevant person* (or, where applicable, a *successor*) to the claimant has been extinguished by the operation of law, unless **COMP 8.2.5 R** applies.

8.2.4 **R** For *claims* made in connection with *protected investment business, protected home finance mediation, protected non-investment insurance distribution, protected debt management business or protected funeral plan business*, the FSCS may disregard a defence of limitation where the FSCS considers that it would be reasonable to do so.

8.2.4A **R** For a *claim* which falls to be dealt with (or has properly been dealt with) under a *consumer redress scheme*, the FSCS must disregard a defence of limitation which became available after the scheme was made or imposed.

Dissolved companies

8.2.5 **R** For claims made in connection with *protected investment business*, *protected non-investment insurance distribution*, *protected home finance mediation*, *protected debt management business* or *protected funeral plan business*, if a *relevant person* (or, where applicable, a *successor*), incorporated as a *company*, has been dissolved with the result that its liability to the claimant has been extinguished by operation of law, the *FSCS* must treat the claim, for the purposes of paying compensation, as if the *relevant person* or a *successor*, as appropriate, had not been dissolved.

8.2.6 **G** ■ COMP 8.2.5 R means that the *FSCS* will be able to pay compensation in cases where:

- (1) the *company* was declared in default on or after 1 December 2001; and
- (2) at the time the application for compensation is made, the *company* has been dissolved.

Protected investment business: claims covered by the pensions review

8.2.7 **R** The *FSCS* may reject an application for compensation if:

- (1) it relates to an event or transaction which has been reviewed under the provisions of a 'deemed scheme' as defined in the Financial Services and Markets Act 2000 (Transitional Provisions) (Reviews of Pensions Business) Order 2001 (SI 2001/2512); and
- (2) as a result of the review in (1) no redress was payable, or redress was paid, in accordance with the regulatory standards for the review of such events or transactions, and the terms of any scheme order, applicable as at the date of the review.

8.2.8 **G** The purpose of ■ COMP 8.2.7 R is to allow the *FSCS* to reject claims relating to pensions review cases where a review was carried out in accordance with the relevant regulatory standards applicable at the time. 'Deemed schemes' are those review schemes set up before *commencement* (that is, 30 November 2001) but which are treated as schemes for review of past business under the Act, namely the pensions review and *FSAVC* review.



8.3 Withdrawal of offer of compensation

- 8.3.1** **R** The *FSCS* may withdraw any offer of compensation made to a claimant if the offer is not accepted or if it is not disputed within 90 days of the date on which the offer is made.
- 8.3.2** **R** Where the amount of compensation offered is disputed, the *FSCS* may withdraw the offer but must consider exercising its powers to make a reduced or interim payment under **COMP 11.2.4 R** or **COMP 11.2.5 R** before doing so.
- 8.3.3** **R** The *FSCS* may repeat any offer withdrawn under **COMP 8.3.1 R** or **COMP 8.3.2 R**.
- 8.3.4** **R** The *FSCS* must withdraw any offer of compensation if it appears to the *FSCS* that no such offer should have been made.
- 8.3.5** **R** The *FSCS* must seek to recover any compensation paid to a claimant if it appears to the *FSCS* that no such payment should have been made, unless the *FSCS* believes on reasonable grounds that it would be unreasonable to do so, or that the costs of doing so would exceed any amount that could be recovered.

