

**FINANCIAL SERVICES COMPENSATION SCHEME (LIMITS AMENDMENT)
INSTRUMENT 2009**

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 1 January 2010.

Amendments to the Handbook

- D. The modules of the FSA’s Handbook of rules and guidance listed in column (1) below are amended in accordance with the Annexes to this instrument listed in column (2).

(1)	(2)
Conduct of Business sourcebook (COBS)	Annex A
Insurance: Conduct of Business sourcebook (ICOBS)	Annex B
Mortgages and Home Finance: Conduct of Business sourcebook (MCOB)	Annex C
Compensation sourcebook (COMP)	Annex D

Citation

- E. This instrument may be cited as the Financial Services Compensation Scheme (Limits Amendment) Instrument 2009.

By order of the Board
23 April 2009

Annex A

Amendments to the Conduct of Business sourcebook (COBS)

In this Annex, underlining indicates new text and striking through indicates deleted text.

6 Annex 1G Services and costs disclosure document described in COBS 6.3.7G(1)

...

8. Are we covered by the Financial Services Compensation Scheme (FSCS)? ...

...

Most types of investment business are covered ~~for 100% of the first £30,000 and 90% of the next £20,000 so the maximum compensation is £48,000~~ up to a maximum limit of £50,000.

...

6 Annex 2 Combined initial disclosure document described in COBS 6.3, ICOBS 4.5, MCOB 4.4.1R(1) and MCOB 4.10.2R(1)

...

8. Are we covered by the Financial Services Compensation Scheme (FSCS)? ...

...

Investment

Most types of investment business are covered ~~for 100% of the first £30,000 and 90% of the next £20,000 so the maximum compensation is £48,000~~ up to a maximum limit of £50,000.

Insurance

Insurance advising and arranging is covered ~~for 100% of the first £2000 and 90% of the remainder of the claim, without any upper limit.~~

[or] ...

[Mortgages] [and] [and Home Purchase Plans] [Equity Release Products] ...

[Mortgage], [and] [and Home Purchase] [and] [Equity release] advising and arranging is covered ~~for 100% of the first £30,000 and 90% of the next £20,000 so the maximum compensation is £48,000~~ up to a maximum limit of £50,000.

...

Annex B

Amendments to the Insurance: Conduct of Business sourcebook (ICOBS)

In this Annex, striking through indicates deleted text.

4 Annex 1G Initial disclosure document

...

8. Are we covered by the Financial Services Compensation Scheme (FSCS)? ...

...

Insurance advising and arranging is covered for ~~100% of the first £2000 and 90% of the remainder of the claim, without any upper limit.~~

[or] ...

Annex C

Amendments to the Mortgages and Home Finance: Conduct of Business sourcebook (MCOB)

In this Annex, underlining indicates new text and striking through indicates deleted text.

4 Annex 1R Initial disclosure document

...

8. Are we covered by the Financial Services Compensation Scheme (FSCS)? ...

...

[Mortgage/Home purchase plan] advising and arranging is covered ~~for 100% of the first £30,000 and 90% of the next £20,000 so the maximum compensation is £48,000~~ up to a maximum limit of £50,000.

...

8 Annex 1R Initial Disclosure Document

...

8. Are we covered by the Financial Services Compensation Scheme (FSCS)? ...

...

Equity release advising and arranging is covered ~~for 100% of the first £30,000 and 90% of the next £20,000 so the maximum compensation is £48,000~~ up to a maximum limit of £50,000.

...

Annex D

Amendments to the Compensation sourcebook (COMP)

In this Annex, underlining indicates new text and striking through indicates deleted text.

- 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*. Consequently, a claimant who has, for example, a *claim* against a *relevant person* in connection with *protected investment business* of ~~£30,000~~ £40,000, and a further such *claim* of £20,000, will only receive the £50,000 limit. ~~not receive 100% compensation for both *claims*; instead he will receive £48,000 (100% of the first £30,000 and 90% of the next £20,000). Similarly, if a claimant receives more than one payment in respect of a *claim* or *claims* on one or more *protected contract of insurance*, the claimant will only receive 100% of the first £2,000 of the total paid, and not 100% of the first £2,000 of each payment.~~

Table Limits

- 10.2.3 R This table belongs to COMP 10.2.1R

Type of claim	Level of cover	Maximum payment
...
<i>Protected contract of insurance</i> when the contract is a <i>relevant general insurance contract</i>	(1) Where the claim <u><i>claim</i></u> is in respect of a liability subject to compulsory insurance: 100% of claim <u><i>claim</i></u> .	Unlimited
	(2) Where the claim <u>arises under the Third Party (Rights against Insurers) Act 1930, is in respect of a liability within COMP 5.4.5R(1)(b), and is in connection with an Article 9 default: 90% of the claim.</u>	Unlimited
	(3) (2) In all other cases: 100% × first £2,000 90% of remainder of the claim <u><i>claim</i></u> .	Unlimited

<i>Protected contract of insurance when the contract is a long-term insurance contract</i>	100% × first £2,000 At least 90% of the remaining value of the policy <i>claim</i> as determined in accordance with <i>COMP</i> 12.	Unlimited
<i>Protected investment business</i>	100% × first £30,000 90% × next £20,000 of <i>claim</i>	£48,000 <u>£50,000</u>
<i>Protected home finance mediation</i>	100% × first £30,000 90% × next £20,000 of <i>claim</i>	£48,000 <u>£50,000</u>
<i>Protected non-investment insurance mediation</i>	(1) where the <i>claim</i> is in respect of a <i>liability subject to compulsory insurance</i> : 100% of <i>claim</i>	Unlimited
	(2) In all other cases: 100% × first £2000 90% of the remainder of the <i>claim</i> <i>claim</i>	Unlimited

TP 1.1 Transitional Provisions Table

(1)	(2)	(3)	(4)	(5)	(6)
	Material to which the transitional provision applies		Transitional Provision	Transitional provision: dates in force	Handbook Provisions: coming into force
...
<u>18</u>	<u>Amendments to COMP 10.2.3R introduced by the Financial Services Compensation (Limits Amendment) Instrument 2009</u>	<u>R</u>	<u>Provisions and definitions arising out of (2) only apply to defaults on or occurring after 1 January 2010.</u>	<u>From 1 January 2010 indefinitely</u>	<u>1 January 2010</u>