

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 <i>claim</i> | |
| | (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 <i>claim</i> | 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 <i>claim</i> | Unlimited |
| | (5) In all other cases: 90% of <i>claim</i> | Unlimited |
| <i>Protected debt management business</i> | 100% of <i>claim</i> | £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]

- 10.2.8 **R** **Claims against more than one member in respect of a single protected contract of insurance to be treated as a single claim**
- 10.2.9 **R** **Claims arising under COMP 3.2.4 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]
- 10.2.14 **R** **Claims in cases where a principal and its appointed representative are both in default**
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*.

