

QUESTIONS FOR FIRMS

Here are some questions and answers customers might ask you

1. General Q & As

1.1. What is the Financial Services Compensation Scheme (FSCS)?

The FSCS is the independent body, set up by statute, which may be able to provide you with compensation if we go bust. The FSCS is set up by government, and funded by financial services firms. The FSCS covers a range of products for both individuals and small businesses*. Limits apply depending on the product you have bought. The FSCS does not charge individual consumers for using its service. The FSCS cannot help you if the firm you have done business with is still trading.

*Trustees of large firm pension schemes and large companies for compulsory insurance may be covered by the FSCS. Please contact the FSCS for further information on the eligibility criteria.

1.2. Where does the FSCS fit in?

The FSCS deals with claims against authorised firms (those regulated by the Financial Services Authority (FSA)) that are unable, or likely to be unable, to pay claims against them. This will generally be because a firm has stopped trading and has insufficient assets to meet claims, or is in insolvency. The FSCS describes this as being “in default”.

If a consumer has a complaint about an authorised firm that is still trading they should complain to the firm concerned. But, if after doing that they remain dissatisfied, the Financial Ombudsman Service may be able to consider the complaint. You can get further details at <http://www.financial-ombudsman.org.uk/>

1.3 How can I find out if you are a 'member' of the FSCS?

The FSCS does not have ‘members’, however, it covers business conducted by firms authorised by the FSA. We are regulated by the FSA and our FSA registration number is 122261.

If a consumer has a complaint about an authorised firm that is still trading they should complain to the firm concerned. But, if after doing that they remain dissatisfied, you can take your complaint to the Financial Ombudsman Service. In the unlikely event that Northern Bank Limited trading as Danske Bank, stopped trading, the FSCS may be able to help.

1.4 What is my product classified as?

If you have a savings account including cash ISAs or a current account with a credit balance then these are classified as deposit products.

1.5 How much of my money is covered?

The FSCS has limits; these are applied per person per authorised firm.

- **Deposits:** 100% of the first £85,000 per person per authorised firm from 31 December 2010, in line with European directive requirements.
- **Investments:** 100% of the first £50,000 per person per firm (for claims against firms declared in default from 1 January 2010).
- **Home Finance (e.g. mortgage advice and arranging): £50,000** per person per firm (for claims against firms declared in default from 1 January 2010).
- **Insurance Business: unlimited.** 90% of the agreed claim with no upper limit. Compulsory insurance is protected in full.
- **General insurance advice and arranging: unlimited** (for business conducted on or after 14 January 2005). 90% of the agreed claim with no upper limit. Compulsory insurance is protected in full.

1.6 Will any of my other products affect this coverage?

Many firms operate using different trading names which are not separately authorised entities. You may find that you have deposits with different “banks” but they are actually linked and operate under one single authorisation. This would mean that you are only covered once up to the compensation limit.

Northern Bank Limited does not operate under a single authorisation with any other Bank or Building Society in the UK.

1.7. What if I have a complaint?

You should first complain directly to us and we will consider your complaint. But, if after doing that you remain dissatisfied, you may contact the Financial Ombudsman Service, who may be able to consider your complaint.

Even if we are no longer regulated by the FSA usually we will continue to be covered by the Financial Ombudsman service and must deal with complaints as if we were still regulated.

1.8. What happens if a firm goes bust while the Financial Ombudsman Service is looking at my complaint?

If this happens, the Financial Ombudsman Service will suspend its investigation into your complaint, as it is unable to assist where a firm is unable to pay claims against it. It will write to you explaining that it has referred your case to the FSCS. The FSCS will then contact you to explain how it may be able to help.

1.9 Do I have to pay anything to have a claim considered by the FSCS?

No. The FSCS is a non-profit, independent organisation set up under the Financial Services and Markets Act 2000 (FSMA). It does not charge individual consumers for using its service. It is funded by financial services firms.

1.10 How long would it take to process a claim?

The length of time a claim takes to process will depend upon a number of factors, like the type and complexity of a claim, and the level of information the FSCS needs to gather from other sources. Some of these factors may be entirely outside the FSCS's control, but here are the general guidelines for each claim type:

- The standard deposit claims will be processed within twenty days of a firm defaulting and in a target of seven.
- The FSCS tries to resolve all claims against investment firms, insurance brokers, and mortgage brokers within six months of receipt of your correctly completed Claim Application Form, or within six months of the company being declared in default (whichever is later). Many claims are dealt with within this timeframe, but some do take longer, especially if information from other parties is required.

1.11 Why is there a limit to the compensation available from the FSCS?

The FSCS's rules, set by the FSA, tell them which types of claim are eligible for compensation and limit how much compensation they are allowed to pay. [There are limits to the compensation the FSCS can provide.](#)

To be eligible for compensation you must have lost money because of your dealings with a regulated financial services firm. The FSCS can pay compensation only for financial loss. The FSCS does not protect against poor investment performance or market fluctuations. For example, for investment claims the compensation the FSCS pays would try to take account of the financial position you would have been in had you not invested.

1.12. What are the FSCS's compensation limits?

The FSCS covers business conducted by firms authorised by the FSA. The compensation limits are:

- **Deposits** 100% of the first £85,000 per person per authorised firm from 31 December 2010, in line with European directive requirements.
- **Investments** 100% of the first £50,000 per person per firm (for claims against firms declared in default from 1 January 2010)
- **Home Finance (e.g. mortgage advice and arranging): £50,000** per person per firm (for claims against firms declared in default from 1 January 2010).
- **Insurance Business: unlimited.** 90% of the agreed claim with no upper limit. Compulsory insurance is protected in full

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1.13 How does the FSCS decide whether it can help me with a deposit claim?

To qualify for compensation you must be eligible under the FSCS rules which are made by the FSA, the independent watchdog set up by government under the Financial Services & Markets Act 2000 (FSMA) to regulate financial services in the UK and to protect the rights of consumers. The rules tell the FSCS which types of claim are eligible for compensation, and limit how much compensation they are allowed to pay.

1.14 Can the FSCS compensate firms as well as individuals?

The Scheme was set up mainly to help individuals, although some smaller businesses are also covered. Larger businesses are generally excluded, although there are some exceptions to this. The FSCS's rules, made by the FSA, set out which claims are eligible for protection. The rules form part of the FSA Handbook and can be found under the redress section. (Please also refer to question 2.5 of the Q & As for deposit firms).

1.15 How does the FSCS fund compensation payments?

The FSCS is funded by the financial services industry which has to pay levies to the Scheme. FSA authorised firms are levied each year. The amount firms have to pay depends on the claims volumes and compensation the FSCS is likely to have to deal with that coming year. The FSCS can issue an additional levy during the course of a financial year (up to a current total annual limit of £4.03 billion) and it is able to borrow additional funds if necessary.