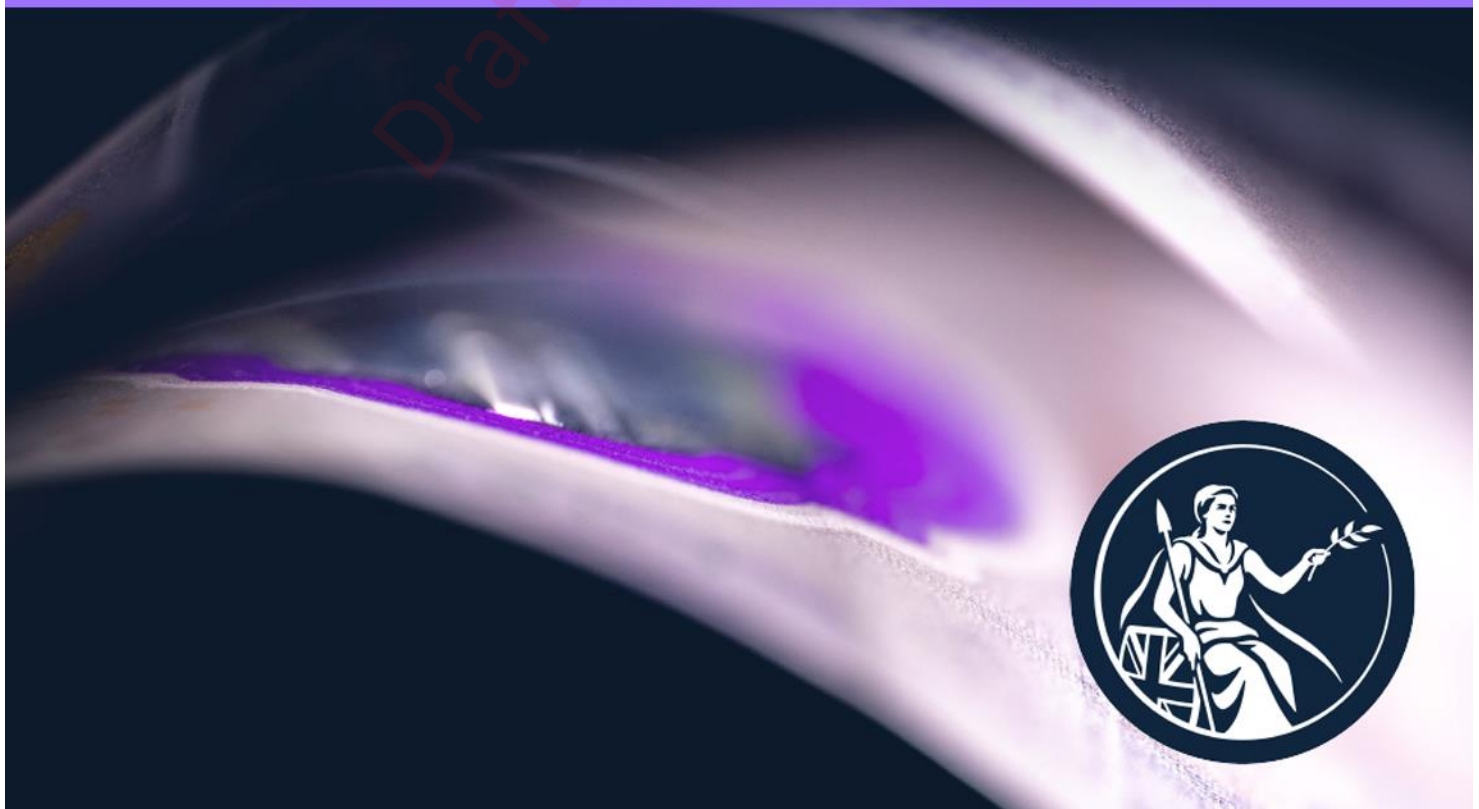


Bank of England PRA

Appendices to CP4/25 – Depositor protection

March 2025

Draft for consultation



Draft for consultation

Contents

Contents	1
1: Draft amendments to the Depositor Protection Part of the PRA Rulebook in connection with the limit of the protection available from the FSCS	2
2: Draft amendments to supervisory statement 18/15 – Depositor protection	27
3: Draft amendments to the Deposit Guarantee Scheme statement of policy	32
4: Draft amendments to the Depositor Protection Part of the PRA Rulebook in connection with the implementation of the proposals made in the Bank Resolution (Recapitalisation) Bill	39

Draft for consultation

1: Draft amendments to the Depositor Protection Part of the PRA Rulebook in connection with the limit of the protection available from the FSCS

PRA RULEBOOK: CRR FIRMS, NON-CRR FIRMS AND NON-AUTHORISED PERSONS: DEPOSITOR PROTECTION (AMENDMENT) INSTRUMENT [2025]

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) 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 137G (The PRA’s general rules);
 - (2) section 137T (General supplementary powers);
 - (3) section 213 (The compensation scheme); and
 - (4) section 214 (General); and
 - (5) section 218A (Regulators power to require information).
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

PRA Rulebook: CRR Firms, Non-CRR Firms and Non-Authorised Persons: Policyholder Protection (Amendment) Instrument [2025]

- C. The PRA makes the rules in the Annexes to this instrument.

Part	Annex
Glossary	A
Depositor Protection	B

Commencement

- D. The Annex comes into force on **dd/mm/yy**.

Citation

- E. This instrument may be cited as the PRA Rulebook: CRR Firms, Non-CRR Firms and Non-Authorised Persons: Depositor Protection (Amendment) Instrument [2025].

By order of the Prudential Regulation Committee

[DATE]

Annex A

Amendments to the Glossary

In this Annex, new text is underlined and deleted text is struck through.

...

EU

has the meaning given in Schedule 1 to the Interpretation Act 1978.

Draft for consultation

Annex B

Amendments to the Depositor Protection Part

In this Annex, new text is underlined and deleted text is struck through.

...

1 APPLICATIONS AND DEFINITIONS

...

1.4 ...

available financial means

means cash, *deposits* and *low-risk assets* which can be liquidated within a period not exceeding seven *business days*.

[Note: Art. 2(1)(12) of the *DGSD*]

...

compensation leaflet rules

means ~~23.7(2), 23.8(2) and 23.9~~

...

compensation sticker and poster rules

means ~~23.4, 23.5, 23.6, 23.7(1) and 23.8(1)~~.

covered deposit

means the part of an *eligible deposit* that does not exceed the coverage levels set out in Chapter 4.

[Note: Art. 2(1)(5) of the *DGSD*]

...

deposit

means:

...

[Note: Art. 2(1)(3) of the *DGSD*]

...

depositor

means the holder or, in the case of a *joint account*, each of the holders, of a *deposit*.

[Note: Art. 2(1)(6) of the *DGSD*]

...

exclusions list

means: a list in the form set out in Section A1 of Annex 3 to this Part.

(1) ~~up to and including 31 December 2016, a list in the form set out in Section A of Annex 3 to this Part;~~
~~[Deleted]~~

(2) ~~from 1 January 2017 until IP completion day, a list in the form set out in Section B of Annex 3 to this Part; and~~ ~~[Deleted]~~

(3) ~~from IP completion day, a list in the form set out in Section C of Annex 3 to this Part.~~ ~~[Deleted]~~

...

low-risk assets

means items falling into the first or second category of Table 1 of Article 336 of the CRR..

~~[Note: Art. 2(1)(14) of the DGSD]~~

...

unavailable deposit

means a *deposit* that is due and payable but has not been paid by a *DGS member* (or, in the case of 3.2(2), a *PRA-authorised person*) under the applicable legal or contractual conditions where either:

...

~~[Note: Art. 2(1)(8) of the DGSD]~~

...

2 ELIGIBILITY

...

2.2 ...

~~[Note: Art. 4(3), 4(6), 5(1), 5(2)(a) and 14(1) of the DGSD]~~

...

4 LIMITS ON COMPENSATION PAYABLE

...

4.2 The maximum compensation sum payable for the aggregate *eligible deposit* for each *depositor* is ~~£85,000~~ £110,000, save that additional compensation may be payable in cases to which 4.3 or 4.4 apply.

~~[Note: Art. 6(1) of the DGSD]~~

~~[Note: Regulation 7A of the deposit guarantee scheme regulations provides for a transitional maximum compensation level of £85,000 until 31 December 2015 for depositors who were, or would have been, eligible for compensation before 3 July 2015 and are eligible for compensation on and after 3 July 2015.]~~

- 4.3 Subject to 4.4, the maximum compensation sum payable for a *temporary high balance* is ~~£1,000,000~~£1,400,000, save that no limit shall apply to the compensation payable for a *temporary high balance* arising from a payment in connection with personal injury or incapacity.

~~[Note: Art. 6(2) of the DGSD]~~

...

5 CALCULATING COMPENSATION

...

5.2 ...

~~[Note: Art. 7(4) of the DGSD]~~

5.3 ...

~~[Note: Art. 7(1) of the DGSD]~~

5.4 ...

~~[Note: Art. 7(2) of the DGSD]~~

5.5 ...

~~[Note: Art. 7(2) of the DGSD]~~

5.6 ...

~~[Note: Art. 7(3) of the DGSD]~~

...

5.7A ...

- (3) The part of the overall *deposit* that relates to a *priority creditor* shall be determined by the FSCS on the basis of the FSCS's ~~reasonable estimator~~reasonable estimate of the amount of the overall *deposit* that would be used to pay the claims to that *priority creditor* on the occurrence of an *insolvency event*.

...

5.8 ...

~~[Note: Art. 7(4) of the DGSD]~~

5.9 ...

~~[Note: Art. 7(7) of the DGSD]~~

...

6 PAYING COMPENSATION

...

6.2 ...

~~[Note: Art. 7(3) of the DGSD]~~

...

9 TIME LIMITS

...

9.3 The applicable time period referred to in 9.2 is the period starting on the day following the *compensation date* and ending seven business days later:

(1) ~~until 31 December 2018: twenty business days later; [Deleted]~~

(2) ~~from 1 January 2019 until 31 December 2020: fifteen business days later; [Deleted]~~

(3) ~~from 1 January 2021 until 31 December 2023: ten business days later; [Deleted]~~

(4) ~~from 1 January 2024: seven business days later; [Deleted]~~

unless 6.2(5) applies (or the FSCS reasonably believes that it may) or in the case of *safeguarded funds*, in which case it ends three months later.

~~[Note: Art. 8(1), (2) and (3) of the DGSD]~~

9.4 ...

~~[Note: Art. 8(5) and (8) of the DGSD]~~

9.5 ...

~~[Note: Art. 8(9) of the DGSD]~~

...

10 TEMPORARY HIGH BALANCES

...

10.7 ...

~~[Note: Art. 6(2) of the DGSD]~~

...

10.8 ...

~~[Note: Art. 8(5)(d) of the DGSD]~~

...

10.10 ...

(2) confirm that the FSCS has determined that the ~~deposit~~eligible deposit is not a *temporary high balance* and that it rejects the *claim*.

...

10.13 ...

(2) a summary of any right to request an internal ~~FSCS~~FSCS review of the decision; and

...

11 MARKING AND INFORMATION REQUIREMENTS

11.1 ...

[~~Note: Art. 5(4) of the DGSD~~]

11.2 ...

[~~Note: Art 5(4) and 7(3) of the DGSD~~]

...

11.4 ...

[~~Note: Art 7(6) of the DGSD~~]

11.5 ...

[~~Note: Art 4(8) and 8(6) of the DGSD~~]

11.6 ...

[~~Note: Art 4(8) and 8(6) of the DGSD~~]

...

12 SINGLE CUSTOMER VIEW REQUIREMENTS

...

12.3 ...

[~~Note: Art. 4(8), 7(6) and 8(6) of the DGSD~~]

...

12.9

...

	Field Identifier	Field descriptor	Notes
	Customer details		
...
13	Customer date of birth	Date of birth [if applicable and where held by the firm <u>firm</u>].	DDMMYYYY Maximum number of characters in field: 8
...

...

14 SINGLE CUSTOMER VIEW AND EXCLUSIONS VIEW REPORTING

...

14.3 A *firm* must notify the ~~PRA~~PRA and ~~FSCS~~FSCS of a material change in the *firm's* SCV system within 3 months of the change.

...

14.8 A *firm's*~~firm's~~ SCV effectiveness report must contain:

...

16 FIRMS' DISCLOSURE OBLIGATIONS - INFORMATION AND EXCLUSIONS

...

16.2 A *firm* must:

- (4) ~~before entering into a contract on deposit-taking, inform each intending depositor of deposits to be held at a UK or Gibraltar establishment of the firm of the exclusions from deposit guarantee scheme protection that fall within 2.2(4)(b) and 2.2(4)(k), if applicable. [Deleted]~~

[Note: Art. 16(1), (2), (3) and (4) and Art. 19(2) of the DGSD]

...

16.3 ...

[Note: Art. 16(4) of the DGSD]

17 FIRMS' DISCLOSURE OBLIGATIONS - STATEMENTS OF ACCOUNT

...

17.1 ...

[Note: Art. 16(1) and (3) of the DGSD]

...

18 REFERENCES TO THE DEPOSIT GUARANTEE SCHEME IN ADVERTISING

...

18.1 ...

[Note: Art. 16(5) of the DGSD]

19 DISCLOSURE OF TRANSFER OF DEPOSITS

19.1 ...

[Note: Art. 16(6) of the DGSD]

20 DISCLOSURE OF WITHDRAWAL OR EXCLUSION FROM THE DEPOSIT GUARANTEE SCHEME

20.1 ...

[Note: Art. 16(7) of the *DGSD*]

...

21 METHOD OF COMMUNICATION

21.1 ...

[Note: Art. 16(8) of the *DGSD*]

...

23 DEPOSIT COMPENSATION INFORMATION – BRANCHES AND WEBSITES

...

23.2 In this Chapter, references to: 'compensation sticker', and 'compensation poster', 'general FSCS compensation sticker' and 'general FSCS compensation poster' are references to ~~the sticker and poster~~ those documents in the form set out in Annex 2 to this Part.

23.3A A firm must ensure the appropriate FSCS information is prominently displayed in all the appropriate places at each:

(1) UK branch (see 23.3B);

(2) Gibraltar branch (in the case of a UK firm with a branch in Gibraltar) (see 23.3B); and

(3) third-party premises, at which a depositor may, in person:

(a) make deposits to, and withdrawals from, an account held with the firm; or

(b) carry out other transactions with the firm,

(see 23.3C).

23.3B At a UK branch or a Gibraltar branch, these are:

(1) in the window of the premises:

(a) if the firm accepts deposits under a single brand or trading name: the compensation sticker or compensation poster;

(b) if the firm accepts deposits under multiple brands or trading names: the compensation sticker;

(2) inside the premises: the compensation poster; and

(3) at each cashier window or desk: the compensation sticker.

23.3C At third-party premises, these are:

(1) in the window of the premises: the general FSCS compensation poster or the general FSCS compensation sticker;

(2) inside the premises: the general FSCS compensation sticker;

(3) at each cashier window or desk: the general FSCS compensation sticker.

23.3D If it is not possible to comply with a requirement in 23.3B or 23.3C due to the physical design of the relevant premises, the *firm* must ensure that the appropriate FSCS information is displayed in an alternative place of equivalent prominence at that premises.

~~23.4 A *firm* that accepts deposits under a single brand or trading name must prominently display the compensation sticker and compensation poster in each *UK branch* (and, in the case of a *UK firm* with a *branch* in Gibraltar, each Gibraltar *branch*) in the following ways:~~

~~(1) displaying the compensation sticker or compensation poster in the *branch* window; and~~

~~(2) displaying:~~

~~(a) the compensation sticker at each cashier window or desk; and~~

~~(b) the compensation poster inside the *branch*. [Deleted]~~

~~23.5 A *firm* that accepts deposits under multiple brands or trading names must prominently display the compensation sticker and compensation poster in each *UK branch* (and, in the case of a *UK firm* with a *branch* in Gibraltar, each Gibraltar *branch*) in the following ways:~~

~~(1) displaying the compensation poster in the *branch* window; and~~

~~(2) displaying:~~

~~(a) the compensation sticker at each cashier window or desk; and~~

~~(b) the compensation poster inside the *branch*. [Deleted]~~

...

23.7 A *firm* that *accepts deposits* under a single brand or trading name must, in a way that best brings the information to ~~depositors'~~depositors' attention:

(1) display prominently (in electronic form) the compensation sticker; and

(2) provide from the compensation sticker an electronic link to the compensation leaflet.

...

24 DUTIES OF THE FSCS

...

24.3 ...

[Note: Art. 16(1) and Art. 16(3) of the DGSD]

...

24.6 ...

[Note: Art. 4(10) of the *DGSD*]

24.7 ...

[Note: Art. 4(11) of the *DGSD*]

...

24.9 ...

[Note: Art. 4(4) of the *DGSD*]

24.10 ...

[Note: Art. 8(7) of the *DGSD*]

24.11 ...

[Note: Art. 4(12) of the *DGSD*]

25 CLAIMS AGAINST THE FSCS AND CHALLENGING FSCS DECISIONS

...

25.4 ...

[Note: Art. 9(1) and (3) of the *DGSD*]

26 CONFIDENTIALITY

26.1 ...

[Note: Art. 4(9) of the *DGSD*]

...

28 SUBROGATION

...

28.2 ...

[Note: Art. 9(2) of the *DGSD*]

...

31 FUNDING - AVAILABLE FINANCIAL MEANS

...

31.2 ...

[Note: Art. 10(1)(first paragraph) of the *DGSD*]

31.3 ...

[Note: Art. 11(1) of the *DGSD*]

32 FUNDING - USE OF EXISTING MANDATORY CONTRIBUTIONS

...

32.2 ...

[Note: Art. 10(4) (third paragraph) of the *DGSD*]

32.3 ...

[Note: Art. 10(4) (third paragraph) and Article 10(2) (second paragraph) of the *DGSD*]

33 FUNDING - FSCS'S POWER TO LEVY AND LIMITS ON LEVIES

...

33.4 ...

[Note: Art. 10(8) of the *DGSD*]

34 FUNDING - DGS COMPENSATION COSTS LEVY

...

34.2 ...

[Note: Art. 10(1)(second paragraph) of the *DGSD*]

34.3 ...

[Note: Art. 10(2) (third and fourth paragraphs) of the *DGSD*]

34.4 ...

[Note: Art. 13(1) of the *DGSD*]

34.5 ...

[Note: Art. 13(1) (fifth paragraph) of the *DGSD*]

...

...

53 TRANSITIONAL PROVISIONS – APPLICATION OF COMP [DELETED]

53.1 In this Chapter the following definitions shall apply:

COMP

means the Compensation Sourcebook of the *PRA Handbook* in force immediately before 3 July 2015

relevant person

has the definition in the *Glossary* in force immediately before 3 July 2015

in default

has the definition in the *Glossary* in force immediately before 3 July 2015

protected deposit

has the definition in the *Glossary* in force immediately before 3 July 2015

claim

has the definition in the *Glossary* in force immediately before 3 July 2015 ~~[Deleted]~~

53.2—The rules in *COMP* continue to apply to the *FSCS* in relation to a protected deposit *claim* in respect of a *relevant person in default* before 3 July 2015. ~~[Deleted]~~

54 TRANSITIONAL PROVISIONS – FIRMS’ ADDITIONAL DISCLOSURE OBLIGATIONS

54.1 As soon as practicable and in any event by 1 September 2015, a *firm* must provide to a *depositor* the coverage information set out in Annex 4 to this Part.

~~[Deleted]~~

~~[Note: Art. 19(2) of the *DGSD*]~~

54.2 As soon as practicable after 31 December 2015 and in any event by 1 July 2016, a *firm* must:

(1) provide to a *depositor*:

(a) the *information sheet*, and

(b) the *exclusions list*, and

(2) if applicable, inform the *depositor* of the exclusions from *deposit guarantee scheme* protection that fall within 2.2(4)(b) and 2.2(4)(k).

~~[Note: Art. 16(3) of the *DGSD*]~~

~~[Deleted]~~

54.3 As soon as practicable after ~~[date new rules come into effect]~~ and in any event by ~~[6 months after date new rules come into effect]~~, a *firm* must provide to a *depositor*:

(1) the *information sheet*, and

(2) the *exclusions list*.

54.4 For the purpose of 16.2, from ~~[date new rules come into effect]~~ until ~~[6 months after date rules come into effect]~~, a *firm* may use the *information sheet* and *exclusions list* that was in compliance with the rules in force immediately before ~~[date the new rules come into effect]~~.

54.5 Until ~~[date six months after new rules come into effect]~~, for the purposes of complying with rules ~~[23.3A to 23.3D]~~, a *firm* may use the compensation sticker and compensation poster that was in compliance with the rules in force immediately before ~~[date new rules come into effect]~~.

57 TRANSITIONAL PROVISIONS – WITHDRAWALS ~~[DELETED]~~

57.1 This Chapter does not apply to the *FSCS*. ~~[Deleted]~~

57.2 A *firm* must, as soon as reasonably practicable and in any event no later than 1 October 2015, notify any *affected person* identified in accordance with 57.4 about the change to the *coverage level*. ~~[Deleted]~~

57.3 A notification under 57.2 must include:

(1) a statement explaining that on 1 January 2016, the affected person's eligible deposits will be covered by the FSCS up to the coverage level; and

(2) an explanation of how the affected person may request to reduce their aggregate eligible deposits in accordance with 57.6. [Deleted]

57.4-A firm:

(1) must identify its *affected persons* for the purposes of 57.2 by reference to a date that is as close as reasonably practicable to the date on which it starts sending those notifications; and

(2) may exclude *restricted persons* from the notification in 57.2. [Deleted]

57.5-57.6 applies where the following conditions are met:

(1) a *person* (or a *person* who has authority to act on behalf of that *person*) makes a request to a *firm* that has the effect of being a request to reduce that *person's* aggregate *eligible deposits*;

(2) the request is made on or before 31 December 2015;

(3) that *person* is an *affected person* on the date on which the request is made; and

(4) the request is not made subsequent to a previous payment made under 57.6. [Deleted]

57.6 If a *firm* receives a request that meets the conditions in 57.5, it must, by the earlier of:

(1) two months of receipt of that request; and

(2) 31 January 2016,

enable the *affected person* to reduce their aggregate *eligible deposits* by only an amount determined in accordance with 57.7 and 57.8 without charge, penalty or loss of interest. [Deleted]

57.7 The amount referred to in 57.6 in relation to an *affected person* is the lesser of:

(1) the amount requested in accordance with 57.5(1);

(2) the larger of:

(a) the excess above the *coverage level* held by that *person* at the date of that request; or

(b) the excess above the *coverage level* that is reasonably likely, taking account of the accrual of interest or additional credits required by that *person's* contract with the *firm*, to be held by that *person*, on:

(i) 1 January 2016; or

(ii) the maturity of an account or product held by that *person* at the date of that request; and

(3) £10,000. [Deleted]

57.8 In the case of a *joint account*, the amount in 57.7 shall be calculated for each *affected person* on the basis set out in 5.4 and 5.5. [Deleted]

57.9 ~~Where a request is made before 1 October 2015 that has not been actioned by the *firm* at that date, but which meets the conditions in 57.5, the time period in 57.6(1) is deemed to commence on 1 October 2015. [Deleted]~~

57.10 ~~A *firm* may determine the account or product from which the *eligible deposits* are withdrawn under 57.6, except it may not determine the *eligible deposits* are withdrawn from a transactional account without the consent of the *affected person* (or a *person* who has authority to act on behalf of the *affected person*). [Deleted]~~

57.11 ~~57.6 does not:~~

(1) ~~prevent the *firm*:~~

~~(a) calculating interest in respect of the period after the reduction under that rule to reflect the reduced amount of the deposit; or~~

~~(b) adjusting the rate of interest in respect of the period after the reduction under that rule in accordance with a pre-existing link in the deposit contract between the rate of interest and the size of the deposit;~~

~~(2) prevent a *credit union* calculating a discretionary dividend on a share account by reference to the *affected person's* balance on a single reference date if this is its usual practice; or~~

~~(3) require a *firm* to enable a *restricted person* to reduce their aggregate *eligible deposits*. [Deleted]~~

57.12 ~~A contravention of 57.6 by a *firm* is actionable at the suit of a *private person* who suffers loss as a result of the contravention, subject to the defences and other incidents applying to actions for breach of statutory duty. [Deleted]~~

57.13 ~~A *person* who is not a *private person* may exercise the right afforded by 57.12, if a case prescribed by regulation 6(2) of the Financial Services and Markets Act 2000 (Rights of Action) Regulations 2001 for the purposes of section 138D(4) Financial Services and Markets Act 2000 applies. [Deleted]~~

57.14 ~~57.6 comes into force on 1 October 2015. [Deleted]~~

57.15 In this Chapter the following definitions shall apply:

affected person

means a “relevant person”, within the meaning given in regulation 7A(4) of the *deposit guarantee scheme regulations*, whose aggregate *eligible deposits*:

(1) are greater than the *coverage level* (unless the *firm* is required to make payments to or to the order of that *person* before 1 January 2016 that are likely to result in that *person* ceasing to have aggregate *eligible deposits* over the *coverage level* on that date); or

(2) are reasonably likely, on:

(a) 1 January 2016; or

(b) the maturity of an account or product held by that *person*,

to be greater than the *coverage level*, taking account of the accrual of interest or additional credits required by that *person's* contract with the *firm*; and

coverage level

means the coverage level set out in 4.2, as that provision is applied on 1 January 2016;

restricted person

means an *affected person* in relation to whom a *firm* will only be able to comply with 57.6:

(a) in contravention of a legal requirement on the *firm*;

(b) in contravention on the *firm's* policy on managing the risk of "money laundering", within the meaning given in the *FCA Handbook*; or

(c) by allowing the withdrawal of a deposit that is held as collateral by the *firm* for an amount owed to it (provided that the *firm* has given the *affected person* or a person for whom the *affected person* is providing surety the option of repaying the indebtedness and reducing the collateral deposit under 57.6 by equivalent amounts).

private person

has the meaning given by regulation 3 of the Financial Services and Markets Act 2000 (Rights of Action) Regulations 2001. [Deleted]

...

Draft for consultation

ANNEX 1 – INFORMATION SHEET (CHAPTER 16)

The Financial Services Compensation Scheme ('FSCS') protects deposits made by most individuals and businesses. Your account statement will confirm whether your deposits with [name of firm] are eligible for FSCS protection. Details of certain exclusions from the FSCS's protection are set out in the exclusions list after this information sheet.

Basic information about the protection of your eligible deposits [Deleted]	
Eligible deposits in [insert name of firm] are protected by: [Deleted]	the Financial Services Compensation Scheme ("FSCS") ¹ [Deleted]
Limit of protection:	<p>£85,000 <u>£110,000</u> per depositor per bank / building society / credit union.²</p> <p><u>If [name of bank] goes out of business the eligible deposits with [names of banks under same banking licence] will be added up and the £110,000 will be applied to the total balance. For example, if you hold a savings account with £80,000 and a current account with £40,000, FSCS will pay you £110,000 and you may lose £10,000.</u></p> <p><u>To ensure the FSCS can pay you promptly please ensure that [name of bank] has your up-to-date contact details including your email address.</u></p> <p>[where applicable]The following trading names are part of your bank / building society / credit union:</p> <p>[insert all trading names which operate under the same licence]</p>
If you have more eligible deposits at the same bank / building society / credit union: [Deleted]	All your eligible deposits at the same bank / building society / credit union are "aggregated" and the total is subject to the limit of £85,000. ² [Deleted]

<p>If you have a joint and group accounts with other person(s):</p>	<p><u>Each eligible accountholder is entitled to £110,000 protection in total. For example, if there are two account holders, you will each be entitled to £110,000 protection, giving a total of £220,000.</u></p> <p><u>Eligible deposits in business accounts are treated as if made by a single depositor. This means these types of account will only be protected up to £110,000.</u></p> <p>The limit of £85,000 applies to each depositor separately.³</p>
<p><u>Temporary high balances</u></p>	<p><u>If you have a 'temporary high balance' you may be entitled to more than £110,000 protection for six months from when the amount was first deposited or legally transferred. Temporary high balances are deposits connected with certain events, including:</u></p> <ul style="list-style-type: none"> <u>(a) Transactions relating to the purchase and sale of your main home.</u> <u>(b) Major life events such as death, your marriage or civil partnership, divorce, retirement, redundancy, disability or incapacity.</u> <u>(c) Compensation for personal injuries or wrongful conviction.</u>
<p><u>How the FSCS will pay you</u> <u>Reimbursement period in case of bank, building society or credit union's failure:</u></p>	<p><u>FSCS will typically return deposits within 7 working days by cheque or electronic payment into an alternative account. Payments may take longer in exceptional circumstances, for example if there is a temporary high balance, or the deposit is held on behalf of underlying beneficiaries.</u></p> <p><u>20 working days⁴</u></p>
<p><u>Currency of reimbursement:</u></p> <p><u>[Deleted]</u></p>	<p><u>Pound sterling (GBP, £)</u></p> <p><u>[Deleted]</u></p>
<p>To eContact details for further questions about [insert name of firm] for enquiries relating to your account:</p>	<p><u>[insert name of firm and contact details]</u></p> <p><u>Financial Services Compensation Scheme</u> <u>40th Floor Beaufort House</u> <u>45 St Botolph Street</u></p>

To contact the FSCS for further information on compensation:	<p>London EC3A 7QU</p> <p>Tel: 0800 678 1100 or 020 7741 4100</p> <p>Email: ICT@fscs.org.uk</p>
<u>Contact details for more information on FSCS protection</u>	<p>You can find more information on FSCS protection on its website at www.fscs.org.uk or by contacting it using the details below:</p> <p>Tel: 0800 678 110</p> <p>Email: enquiries@FSCS.org.uk</p>
More information: [Deleted]	http://www.fscs.org.uk [Deleted]
Acknowledgement of receipt by the depositor:	

Additional information (all or some of the below)

~~¹Scheme responsible for the protection of your eligible deposit~~

~~Your eligible deposit is covered by a statutory Deposit Guarantee Scheme. If insolvency of your bank, building society or credit union should occur, your eligible deposits would be repaid up to £85,000 by the Deposit Guarantee Scheme.~~

~~²General limit of protection~~

~~If a covered deposit is unavailable because a bank, building society or credit union is unable to meet its financial obligations, depositors are repaid by a Deposit Guarantee Scheme. This repayment covers a maximum of £85,000 per bank, building society or credit union. This means that all eligible deposits at the same bank, building society or credit union are added up in order to determine the coverage level. If, for instance a depositor holds a savings account with £80,000 and a current account with £20,000, he or she will only be repaid £85,000.~~

~~[only where applicable] This method will also be applied if a bank, building society or credit union operates under different trading names. [insert name of the account holding bank, building society or credit union] also trades under [insert all other trading names of the same bank, building society or credit union]. This means that all eligible deposits with one or more of these trading names are in total covered up to £85,000.~~

~~In some cases eligible deposits which are categorised as “temporary high balances” are protected above £85,000 for six months after the amount has been credited or from the moment when such eligible deposits become legally transferable. These are eligible deposits connected with certain events including:~~

- ~~1. (a) certain transactions relating to the depositor’s current or prospective only or main residence or dwelling;~~
- ~~2. (b) a death, or the depositor’s marriage or civil partnership, divorce, retirement, dismissal, redundancy or invalidity;~~
- ~~3. (c) the payment to the depositor of insurance benefits or compensation for criminal injuries or wrongful conviction.~~

More information can be obtained under <http://www.fscs.org.uk>

³Limit of protection for joint accounts

In case of joint accounts, the limit of £85,000 applies to each depositor.

However, eligible deposits in an account to which two or more persons are entitled as members of a business partnership, association or grouping of a similar nature, without legal personality, are aggregated and treated as if made by a single depositor for the purpose of calculating the limit of £85,000.

⁴Reimbursement

The responsible Deposit Guarantee Scheme is the Financial Services Compensation Scheme, 10th Floor Beaufort House, 15 St Botolph Street, London, EC3A 7QU, Tel: 0800 678 1100 or 020 7741 4100, Email: ICT@fscs.org.uk. It will repay your eligible deposits (up to £85,000) within 20 working days until 31 December 2018; within 15 working days from 1 January 2019 until 31 December 2020; within 10 working days from 1 January 2021 to 31 December 2023; and within 7 working days from 1 January 2024 onwards, save where specific exceptions apply.

Where the FSCS cannot make the repayable amount available within 7 working days, it will, from 1 June 2016 until 31 December 2023, ensure that you have access to an appropriate amount of your covered deposits to cover the cost of living (in the case of a depositor which is an individual) or to cover necessary business expenses or operating costs (in the case of a depositor which is not an individual or a large company) within 5 working days of a request.

If you have not been repaid within these deadlines, you should contact the Deposit Guarantee Scheme since the time to claim reimbursement may be barred after a certain time limit. Further information can be obtained under <http://www.fscs.org.uk>

Other important information

In general, all retail depositors and businesses are covered by Deposit Guarantee Schemes. Exceptions for certain deposits are stated on the website of the responsible Deposit Guarantee Scheme. Your bank, building society or credit union will also inform you of any exclusions from protection which may apply. If deposits are eligible, the bank, building society or credit union shall also confirm this on the statement of account.

...

ANNEX 2 – CONTENT OF COMPENSATION STICKERS AND POSTERS (CHAPTER 23)

1	The compensation stickers must contain the following statements only:
	...
(1)	"Your eligible deposits held by a UK/Gibraltar [delete as appropriate] establishment of [insert name of firm] are protected up to a total of £85,000/110,000 by the Financial Services Compensation Scheme, the UK's deposit guarantee scheme. Any deposits you hold above the limit are unlikely to be covered. Please ask/click here [delete as appropriate] for further information or visit www.fscs.org.uk ." As an alternative, for <i>credit unions</i> or <i>Northern Ireland credit unions</i> that <i>accept deposits</i> under a single brand or trading name:

		<p>"Your eligible deposits are protected up to a total of £85,000<u>£110,000</u> by the Financial Services Compensation Scheme, the UK's deposit guarantee scheme. Any deposits you hold above the limit are unlikely to be covered. Please ask/click here [delete as appropriate] for further information or visit www.fscs.org.uk "</p>

2	The compensation posters must contain the following statements only:	
	...	
(1)	<p><i>Firms that accept deposits under a single brand or trading name</i></p> <p>"Your eligible deposits held by a UK/Gibraltar [delete as appropriate] establishment of [insert name of firm] are protected up to a total of £85,000<u>£110,000</u> by the Financial Services Compensation Scheme, the UK's deposit guarantee scheme. Any deposits you hold above the limit are unlikely to be covered.</p> <p>Please ask/click here [delete as appropriate] for further information or visit www.fscs.org.uk"</p> <p>As an alternative, for <i>credit unions</i> or <i>Northern Ireland credit unions</i> that <i>accept deposits</i> under a single brand or trading name: "Your eligible deposits are protected up to a total of £85,000<u>£110,000</u> by the Financial Services Compensation Scheme, the UK's deposit guarantee scheme. Any deposits you hold above the limit are unlikely to be covered.</p> <p>Please ask/click here [delete as appropriate] for further information or visit www.fscs.org.uk"</p>	
(2)	<p><i>Firms that accept deposits under multiple brands or trading names</i></p> <p>"Your eligible deposits held by a UK/Gibraltar [delete as appropriate] establishment of [insert name of firm] are protected up to a total of £85,000<u>£110,000</u> by the Financial Services Compensation Scheme, the UK's deposit guarantee scheme. This limit is applied to the total of any deposits you have with the following: [insert names of brands as appropriate]. Any total deposits you hold above the limit between these brands are unlikely to be covered.</p> <p>Please ask/click here [delete as appropriate] for further information or visit www.fscs.org.uk"</p>	

3	Each of the statements in 1, and 2 <u>and 5</u> must appear as written with the first and second statements on separate lines. The second statement must appear in smaller font.	

4	In 1(1), 2(1), and 2(2) and 5 the limit figures must appear in bold font.
5	<u>The general FSCS compensation sticker and the general FSCS compensation poster must contain the following statements only:</u>
	<p><u>"Your eligible deposits held by a UK establishment of a PRA regulated bank are protected up to a total of £110,000 by the Financial Services Compensation Scheme, the UK's deposit guarantee scheme. This limit is applied to the total of any deposits you have with the same PRA regulated bank (which may operate under multiple brands or trading names). Any deposits you hold above the limit with the PRA regulated bank are unlikely to be covered.</u></p> <p><u>Please ask/click here [delete as appropriate] for further information or visit www.fscs.org.uk"</u></p>

...

ANNEX 3 – EXCLUSION LIST (CHAPTER 16)

Section A1

As set out in the Depositor Protection Information Sheet, deposits held by individuals and businesses will be generally eligible for FSCS protection up to the compensation limit. However, some exclusions do apply. Details of the most common exclusions are set out below. For full details of the exclusions please see the Depositor Protection Part of the PRA Rulebook.

A deposit is excluded from protection if it meets any of the following criteria:

(1) The account holder is:

- a credit institution
- a financial institution
- an investment firm
- an insurance undertaking
- a reinsurance undertaking
- a collective investment undertaking
- a pension or retirement fund¹
- a public authority, other than a small local authority.

Note that:

- a) Deposits held on behalf of underlying beneficiaries who are eligible for FSCS protection, are not excluded.
- b) Personal pension schemes, stakeholder pension schemes or occupational pension schemes for micro, small and medium sized companies are not excluded.

(2) It is not held at a UK establishment of a bank, building society or credit union. Or, in the case of a bank, building society or credit union incorporated in the UK, it is not held at an establishment in Gibraltar.

(3) The deposit is involved in any transactions where there is a link to a criminal conviction for money laundering. For example, it is transferred from an account held by someone who has been convicted of money laundering.

~~Section A (up to and including 31 December 2016) [Deleted]~~

~~A deposit is excluded from protection if:~~

~~(1) The holder and any beneficial owner of the deposit have never been identified in accordance with money laundering requirements. For further information, contact your bank, bank building society or credit union.~~

~~[Deleted]~~

~~(2) The deposit arises out of transactions in connection with which there has been a criminal conviction for money laundering. [Deleted]~~

~~(3) It is a deposit made by a depositor which is one of the following:~~

- ~~• credit institution~~
- ~~• financial institution~~
- ~~• investment firm~~
- ~~• insurance undertaking~~
- ~~• reinsurance undertaking~~
- ~~• collective investment undertaking~~
- ~~• pension or retirement fund¹~~
- ~~• public authority, other than a small local authority. [Deleted]~~

~~The following are deposits, categories of deposits or other instruments which will no longer be protected from 3 July 2015:~~

- ~~• deposits of a credit union to which the credit union itself is entitled~~
- ~~• deposits which can only be proven by a financial instrument² unless it is a savings product which is evidenced by a certificate of deposit made out to a named person and which exists in a Member State on 2 July 2014)~~
- ~~• deposits of a collective investment scheme which qualifies as a small company³~~
- ~~• deposits of an overseas financial services institution which qualifies as a small company⁴~~
- ~~• deposits of certain regulated firms (investment firms, insurance undertakings and reinsurance undertakings) which qualify as a small business or a small company⁵— refer to the FSCS for further information on this category~~

~~For further information about exclusions, refer to the FSCS website at www.FSCS.org.uk~~

¹ ~~Deposits by personal pension schemes, stakeholder pension schemes and occupational pension schemes of micro, small and medium sized enterprises are not excluded~~

² ~~Listed in Section C of Annex 1 of Directive 2014/65/EU~~

³ ~~Under the Companies Act 1985 or Companies Act 2006~~

⁴ ~~See footnote 3~~

⁵ ~~See footnote 3~~

~~Section B (from 1 January 2017) [Deleted]~~

~~A deposit is excluded from protection if:~~

~~(1) The holder and any beneficial owner of the deposit have never been identified in accordance with money laundering requirements. For further information, contact your bank, bank building society or credit union. [Deleted]~~

~~(2) The deposit arises out of transactions in connection with which there has been a criminal conviction for money laundering. [Deleted]~~

~~(3) It is a deposit made by a depositor which is one of the following: [Deleted]~~

- ~~• credit institution~~
- ~~• financial institution~~
- ~~• investment firm~~
- ~~• insurance undertaking~~
- ~~• reinsurance undertaking~~
- ~~• collective investment undertaking~~
- ~~• pension or retirement fund⁶~~
- ~~• public authority, other than a small local authority.~~

For further information about exclusions, refer to the FSCS website at www.FSCS.org.uk

⁶Deposits by personal pension schemes, stakeholder pension schemes and occupational pension schemes of micro, small and medium sized enterprises are not excluded

Section C (from IP completion day) [Deleted]

A deposit is excluded from protection if it meets any of the following criteria:

~~(1) The holder and any beneficial owner of the deposit have never been identified in accordance with money laundering requirements. For further information, contact your bank, bank building society or credit union. [Deleted]~~

~~(2) The deposit arises out of transactions in connection with which there has been a criminal conviction for money laundering. [Deleted]~~

~~(3) It is a deposit made by a depositor which is one of the following: [Deleted]~~

- ~~• credit institution~~
- ~~• financial institution~~
- ~~• investment firm~~
- ~~• insurance undertaking~~
- ~~• reinsurance undertaking~~
- ~~• collective investment undertaking~~
- ~~• pension or retirement fund⁴~~
- ~~• public authority, other than a small local authority.~~

~~(4) It is a deposit of a credit union to which the credit union itself is entitled. [Deleted]~~

~~(5) It is a deposit which can only be proven by a financial instrument² unless it is a savings product which is evidenced by a certificate of deposit made out to a named person and which existed in the UK, Gibraltar or a Member State of the EU on 2 July 2014). [Deleted]~~

~~(6) It is a deposit of a collective investment scheme which qualifies as a small company.³ [Deleted]~~

~~(7) It is a deposit of an overseas financial services institution which qualifies as a small company.⁴ [Deleted]~~

~~(8) It is a deposit of certain regulated firms (investment firms, insurance undertakings and reinsurance undertakings) which qualify as a small business or a small company⁵ refer to the FSCS for further information on this category. [Deleted]~~

~~(9) It is not held by an establishment of a bank, building society or credit union in the UK or, in the case of a bank, or building society incorporated in the UK, it is not held by an establishment in Gibraltar. [Deleted]~~

For further information about exclusions, refer to the FSCS website at www.FSCS.org.uk

⁴ ~~Deposits by personal pension schemes, stakeholder pension schemes and occupational pension schemes of micro, small and medium sized enterprises are not excluded~~

² ~~As listed in Part I of Schedule 2 to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001, read with Part 2 of that Schedule~~

³ ~~Under the Companies Act 1985 or Companies Act 2006~~

⁴ ~~See footnote 3~~

⁵ ~~See footnote 3~~

...

EXTERNALLY DEFINED TERMS

Term	Definition source
<i>EU</i>	s1(2) Interpretation Act 1978

2: Draft amendments to supervisory statement 18/15 – Depositor protection

In this appendix, new text is underlined and deleted text is struck through.

...

2 Eligibility

2.7 Further information on the scope of depositors eligible for Deposit Guarantee Scheme (DGS) protection ~~from 3 July 2015~~ is set out in **Table A**.

2.9

Table A Eligibility for DGS cover of certain classes of depositors ~~from 3 July 2015~~

Depositor	Eligible or ineligible from 3 July 2015
Natural persons	Eligible
Corporates	Eligible (regardless of size) (unless the Corporate falls under any other exclusion)
Partnerships	Eligible (regardless of size) (unless the partnership falls under any other exclusion)
Mutual associations/unincorporated associations	Eligible (regardless of size) (unless the association falls under any other exclusion)
Credit institutions (banks, building societies and credit unions)	Ineligible
Investment firms, insurance undertakings and reinsurance undertakings	Ineligible
Collective investment schemes	Ineligible
Pension schemes and retirement funds	Ineligible with the exception of deposits by: <ul style="list-style-type: none">• personal pension schemes;• stakeholder pension schemes; and• occupational pension schemes (of micro, small or medium enterprises)
Public authorities	Ineligible with the exception of small local authorities
Persons whose claim arises from transactions in connection with which there has been a criminal conviction for money laundering	Ineligible
<u>Trusts</u>	<u>Eligibility based on the underlying beneficiaries. The FSCS will need to ‘look through’ the trust arrangements and determine whether the beneficiaries of the trust are in fact eligible</u>

3 Disclosure

3.1 This chapter sets out the PRA's expectations of how firms will disclose information about ~~the relevant deposit guarantee scheme~~ depositor protection and is intended to be read together with the rules contained in Chapters 16, 17, 18, 19, 20, 21, 22 and 23 of the Depositor Protection Part of the PRA Rulebook.

The information sheet

3.2 Rules relating to the 'information sheet' that must be provided to depositors are set out in Depositor Protection Chapters 16 and 17. The PRA reminds firms that they are responsible for creating the information sheet in accordance with Depositor Protection 16.2 (see also Table B).

3.14 The PRA also does not expect a new information sheet to be provided and acknowledged where an existing ~~customer~~ a depositor is moved into a new account (eg at the end of a fixed rate bond term), unless a new deposit-taking contract is entered into.

Trademarks and FSCS Badge

3.16 Where the information sheet states that firms should 'insert all trading names which operate under the same licence', the PRA expects firms to include all brands and trading names that fall under the same banking licence. Firms may include the relevant brand logos and the FSCS badge, which can be found on the FSCS website.³

3.18 For the avoidance of doubt, all of the ~~'basic information'~~ in Annex 1 of the Depositor Protection rules needs to be provided in the information sheet ~~along with the 'additional information'~~. Limited optionality is indicated in Annex 1 by square brackets, for example, to record the specific firm name and/or marked as 'only where applicable'.

3.25 The PRA considers that a DGS member will comply with Depositor Protection ~~23.4, 23.5~~ 23.2, 23.3A, 23.6, 23.7 and 23.8, if it ~~displays~~ ensures the relevant compensation sticker and/or compensation poster produced by the FSCS is displayed in accordance with the requirements of those rules.

Responsibilities for producing information materials in relation to depositor protection

3.29 Table B summarises the relevant responsibilities for producing information materials, in light of the requirements set out in the Depositor Protection Part and guidance in this chapter.

³ www.fscs.org.uk/industry-resources/fscs-badge-agreement/

Table B Responsibilities for producing information materials

<u>Information material</u>	<u>Relevant Depositor Protection rule(s)</u>	<u>Responsibilities</u>
<u>Information Sheet</u>	<u>Chapters 16 and 17 and Annex 1</u>	<u>To be produced by the firm, to include the categories of information specified at Annex 1.</u>
<u>Exclusions List</u>	<u>Chapter 16 and Annex 3</u>	<u>A list to be produced by the firm in the form set out in Section C of Annex 3.</u>
<u>Compensation Sticker and Poster</u>	<u>Chapter 23 and Annex 2</u>	<u>Sticker and poster to include the information in Annex 2. Materials available from the FSCS's website.</u>
<u>Compensation Leaflet</u>	<u>Chapter 23</u>	<u>A leaflet produced by the FSCS, which is available on the FSCS's website.</u>
<u>FSCS Badge</u>	<u>N/A</u>	<u>Badge provided by the FSCS, which is available on the FSCS's website.</u>

4. Marking eligible deposits and accounts and transitional issues

4.5 In both options 4.2(b) and 4.2(c), the expectation is for files to be produced or updated on a rolling daily basis or where no rolling daily files are updated or produced, capable of being generated immediately following any request from the PRA or the FSCS. Such an approach to SCV and exclusions view file files under 4.2(c) is not a requirement under the depositor protection rules, but is an option for firms to use to meet Depositor Protection 11.1. The requirements around the timing and content of SCV and exclusions view file production remains as specified in the relevant rules.

8 Single Customer View

8.23 For beneficiary accounts and accounts holding safeguarded funds, the PRA expects firms to supply details of the contact for the client/trust account, rather than the details of any underlying beneficiary beneficiaries.

Balances

8.28 Accounts which may contain eligible deposits but are in negative balance should also be recorded in the SCV file and exclusions view file. Fields 42, 45, and 47 of the file should record a negative balance with a '–' preceding it. Field 42 and 45 should reflect any interest due to be paid by the depositor. Field 48 is a legacy field that no longer needs to be populated should list a zero balance for accounts in a negative balance. Fields 50 and 51 are just in relation to positive balances, so any accounts with negative balances should not be included in calculations related to these fields.

Email addresses

8.30 Field 23 in Depositor Protection 12.9 requires firms to provide the depositor's email address in the SCV, if it is held by the firm. The provision of up-to-date email addresses improves the ability of the FSCS to make electronic payments direct to depositors in the event of a default, rather than being reliant on making payments by cheque. This speeds up the provision of compensation to eligible depositors, mitigating the impact of a firm failure. Accordingly, firms are encouraged to ensure that details of up-to-date email addresses are included in the SCV where possible.

12 Change in the deposit protection limit

This chapter has been deleted in its entirety

Paragraph numbers in this chapter have been prefixed with an 'A' to differentiate them from paragraph numbers used in previous versions of this chapter, which have since been deleted.

12.A1 This chapter sets out the PRA's expectations around changes to the Depositor Protection Part arising from the change to the deposit protection limit that took effect on 1 December 2025.

12.A2 The PRA expects firms to ensure that their systems can accommodate changes to the deposit protection limit without delay, should further limit changes be required at a future date.

Change in the limit from £85,000 to £110,000 on 1 December 2025

12.A3 The expectations below relate to the change in the limit from £85,000 to £110,000 on 1 December 2025 (for firm failures occurring on or after that date).

Transitional

12.A4 Changing the deposit protection limit requires consequential changes to firms' disclosure materials and advertising materials to reflect the new deposit protection limit. The PRA recognises that it will take time for some firms to amend their materials, so it has provided firms with a six-month transitional period until 31 May 2026 to fully implement the changes.

12.A5 The PRA expects firms to make these changes as soon as possible after 30 November 2025 (and in any event on or before 31 May 2026). Making the changes as soon as possible will minimise the number of depositors provided with materials that reference the old £85,000 deposit protection limit.

Other references

12.A6 For the avoidance of doubt, the PRA expects firms to update all relevant references to the deposit protection limit (not only where prescribed in PRA rules) as soon as possible after 30 November 2025 and in any event on or before 31 May 2026. This includes advertising materials, product literature, website references, etc.

12.A7 The PRA has provided flexibility for firms to update distribution channels, different materials and individual brands at different times. The PRA encourages firms to consider the possibility that depositors may receive conflicting information and expects firms to ensure messaging is consistent, as far as possible.

Informing depositors

12.A8 The PRA expects firms to have trained customer-facing staff to answer questions from customers about the change in the deposit protection limit by 1 December 2025 or as soon as possible after, regardless of when a firm's written materials are amended. At a minimum, the PRA considers this training should include:

- what the limit is changing to and when;
- who is, and is not, protected; and
- what the implications are for depositors with aggregate eligible deposits over the new deposit protection limit.

12.A9 Until staff training is completed, the PRA expects firms' staff to direct customers to the FSCS website in the first instance.

Single Customer View (SCV) systems

12.A10 The PRA expects firms to have made changes to their SCV systems on 1 December 2025 (but not before that date) to meet the requirement in Depositor Protection 12.7. This is to ensure that the amount covered for compensation is correctly detailed (ie the correct completion of field number 51 of the SCV information requirements set out in Depositor Protection 12.9).

...

Annex - SS18/15 – updates

...

Changes to SS18/15 consulted upon as part of CP9/22:

- Chapter 2 – paragraph 2.9 was amended to remove the reference to the Deposit Guarantee Schemes Directive.

Draft for consultation

3: Draft amendments to the Deposit Guarantee Scheme statement of policy

In this appendix, new text is underlined and deleted text is struck through.

...

1 Introduction

1.2 The purpose of this statement is to set out the expectations of the Prudential Regulation Authority (PRA) on the FSCS with regards to:

- a) the duties of the FSCS;
- b) the FSCS's role in assessing and paying compensation in respect of deposits;
- c) the FSCS's role in assessing and paying temporary high balance (THB) claims; ~~and~~
- d) the FSCS's role in making recapitalisation payments; and
- ~~e)~~ e) the FSCS's role in the funding of the Deposit Guarantee Scheme (DGS).

1.3 By providing further information to the FSCS with regards to its duties and role in paying and funding compensation in respect of deposits, and making and funding recapitalisation payments, this statement should help to ensure an effective deposit guarantee scheme and thus contribute towards the safety and soundness of deposit-takers.

2 Background

2.2 The PRA is required, under section 213 of FSMA and the Financial Services and Markets Act 2000 (Financial Services Compensation Scheme) Order 2013,¹ to make rules establishing a scheme for compensating persons in cases where firms are unable, ~~or~~ likely to be unable, to satisfy claims for deposits.

3 Duties

Provision of information about the use of an FSCS 'badge'

¹ S.I. 2013/598.

3.4 Depositor Protection 24.3 relates to the provision of information on the FSCS website. In that respect, the FSCS may provide information on its website about the use of an FSCS 'badge' – along with other materials – which can be used by firms.

4 Paying compensation

Subrogation and Recoveries

4.6 When the FSCS compensates a depositor, the subrogation rules in Chapter 28 are activated. These enable the FSCS to 'stand in the shoes' of the depositor to bring a claim against the failed firm to recover the costs of compensation. The FSCS can elect to exercise this right in Chapter 28 in relation to some, or all, of the depositor's claims against the DGS member or third parties in respect of the deposits being unavailable.

Interim compensation payments

4.8 ~~Deleted.~~ Regarding Depositor Protection 9.6, where reasonably practicable, the PRA expects the FSCS to inform depositors (that do not fall under any of the categories of depositors excluded from the seven working day repayment obligation under Depositor Protection 9.4):

- a) ~~Deleted.~~ if the FSCS considers they are unlikely to make compensation available within seven working days from the date on which deposits are determined to be unavailable and
- b) ~~Deleted.~~ that those depositors may request an interim compensation payment

4.9 ~~Deleted.~~ In such circumstances, when the FSCS is required to make a payment to cover the cost of living in accordance with Depositor Protection 9.6(1), the PRA expects the FSCS to have regard to the following considerations when determining the appropriate amount to pay the depositor:

- a) ~~Deleted.~~ the amount of time before the FSCS is able to pay the depositor the full amount;
- b) ~~Deleted.~~ the total aggregated deposits held by the depositor; and
- c) ~~Deleted.~~ whether the aggregated deposits include deposits held in the depositor's primary current account (if known).

4.10 ~~Deleted.~~ In general the PRA expects that interim payments made in accordance with Depositor Protection 9.6(1)(a) should equal at least 75% of the covered amount up to a maximum of £5,000.

~~4.11 Deleted. In general the PRA expects that interim payments made in accordance with Depositor Protection 9.6(1)(b) should equal at least 75% of the balance or £85,000, whichever is lower.~~

Timing for compensation

4.12 Depositor Protection 9.4 sets out the circumstances in which the FSCS may defer payment of compensation beyond the seven business days' time period set out in Depositor Protection 9.3. The PRA expects that the FSCS should aim to pay out these deposits as soon as possible, and at least within three months where possible. The PRA recognises that circumstances where it may not be possible for FSCS to pay out within this timeframe may include:

- a) where the deposit remains subject to legal dispute after three months;
- b) where the deposit remains subject to restrictive measures imposed by national governments or international bodies; and
- c) where there remains uncertainty as to whether a person is entitled to receive compensation, or as to the amount of compensation due, despite investigation by the FSCS or through inability to obtain the necessary data from a third party.

5 Compensation for temporary high balances

Application

5.2 The PRA considers that the THB protection limit in Depositor Protection 4.3 applies to each depositor on a 'per event per authorised entity' basis and is intended to apply to natural persons only (ie individuals) and not all eligible depositors (eg not companies). Where the depositor is a trust, the PRA considers that it is the underlying beneficiary that is required to be an individual. This includes a beneficiary who is absolutely entitled to the deposit (under a bare trust). Trustees of a trust where individual beneficiaries have less than an absolute beneficial interest may make a THB claim on behalf of the trust as a whole. This includes where the trust involves the exercise of discretion (under a discretionary trust). If an individual or a trustee has eligible deposits in excess of £85110,000 as a result of more than one of the life events set out in Depositor Protection 10.2, a claim may be made for compensation in respect of both of those events and the limit in Depositor Protection 4.3 would apply separately to each event. For example, if an individual had a deposit of £750,000 from an inheritance and a deposit of £750,000 from a house sale, then they would be able to claim up to £750,000

as a THB in each case (in addition to a claim up to the deposit protection limit in relation to their total deposits held).

- 5.4 Individual depositors in a joint account will each benefit from THB coverage separately, although they will only benefit from this if they are able to demonstrate that the THB arises from a relevant life event and provide verification. Each joint account holder will also only be able to claim for the proportion of the THB deposit to which they are entitled (in accordance with the terms of the account or equally, where the terms of the account do not specify the split). For example, where £2.8 million (which is the proceeds of sale from the depositor's house) is deposited in a joint account which is owned equally by a couple, each will be entitled to claim up to £1.4 million. If only £1.4 million is deposited, each can claim up to £500,000. For the avoidance of doubt, as noted above, each depositor can claim on a 'per event per authorised entity' basis meaning that a couple is entitled to a claim of up to £1.4 million each for the same life event (eg wedding or redundancy) per authorised entity.
- 5.5 Under Depositor Protection 10.7, the protection for THBs runs for a period of six² months from the later of the first date on which a THB is credited to a depositor's account and the first date on which the THB becomes legally transferable to the depositor, or in the case of a trust, the depositor or the beneficiary. The PRA considers that a deposit becomes legally transferable to a person at the point in time when that person becomes entitled to receive the money. This is likely to include the date of grant of probate, the date of completion of a residential property sale or the date on which a judgement is made awarding damages.

The FSCS's role in verifying THBs

- 5.15 Following the default of a firm (ie where a determination has been made that deposits are unavailable), the PRA expects that the FSCS will review the SCV file and exclusions view file of the firm and write to depositors with aggregated deposits at the firm in excess of £85,110,000 to inform them that they, or where the depositor is a trustee, the beneficiary, may be entitled to additional compensation if they hold any deposits that qualify as ~~temporary high balances~~ THBs and can provide evidence verifying this.
- 5.22 By way of illustration, the examples below set out where the PRA expects that a depositor would be eligible for THB protection and where protection would not apply.

Examples: In the examples below it is assumed that an individual's £400,130,000 inheritance has been credited to bank A. Where the deposit is held on trust for individual beneficiaries

² Policy Statement PS19/20 'Financial Services Compensation Scheme – Temporary High Balances Coverage Extension' August 2020, set out the THB coverage period was increased from 6 months to 12 months up until, and including, 31 January 2021 and would revert back to 67 months on Monday 1 February 2021.

who are entitled to claim for a THB, references to the individual being able to claim compensation should be read as references to the beneficiary.

(a) If the individual transfers ~~£500~~£5065,000 to bank B, the PRA considers that the depositor should be able to claim up to ~~£500~~£5065,000 from the FSCS for each amount (in addition to the standard ~~£85~~£85110,000 compensation per bank) should both banks fail within six months from the date at which the ~~£400~~£400130,000 was credited to bank A.

(b) If the individual withdraws £100,000 from bank A, and A fails within six months of the date at which the original ~~£400~~£400130,000 inheritance was credited to A, and the depositor still has aggregate deposits of ~~£400~~£400130,000 remaining in the account, then the PRA expects that the depositor should be able to claim ~~£45~~£4520,000 THB compensation.

(c) If the individual transfers £50,000 to bank B, giving the depositor a balance with bank B in excess of ~~£85~~£85110,000, and bank B fails one month after the amount was credited to B but thirteen months after the original amount was credited to A, then the PRA considers that THB protection should not apply.

Limits in compensation payable

5.24 For the avoidance of doubt, the PRA considers that the THB limit may apply to a number of deposits for the same life event. For example, where a depositor has three deposits of £5,000 as separate gifts for the same wedding, the depositor is entitled to claim up to an additional £15,000 over and above their normal ~~£85~~£85110,000 protection. Total claims for the same life event may not exceed £1.4 million (unless for a personal injury or incapacity claim).

Payment of compensation for THBs

5.25 Depositor Protection 10.8 sets out the timeframe for the FSCS to pay compensation in respect of THBs.

5.26 In addition to the payment of compensation in respect of funds held on trust, the FSCS may also pay compensation in accordance with Depositor Protection 10.6 in respect of a ~~temporary high balance~~ THB to a person who makes a claim on behalf of another person in certain circumstances. Examples of circumstances in which the FSCS may decide to pay compensation in respect of a THB to a person who makes a claim on behalf of another person include:

6 Temporary Increase to the maximum compensation sums

6.3 The examples below illustrate this temporary increase to the maximum compensation sums.

Examples:

(a) There is a joint account holding £~~470~~220,000 with two individual account holders. There are no THBs, so each individual has the benefit of £~~85~~110,000 FSCS protection. One of the account holders dies, the surviving account holder has their FSCS protection limit temporarily increased by £~~85~~110,000 giving them £~~470~~220,000 of FSCS protection.

(b) There is a joint account holding £2.8 million with two individual account holders. The deposit is a result of a THB event that is subject to a £1.4 million limit for each individual. One of the account holders dies, the surviving account holder has their FSCS protection limit temporarily increased by £1.4 million giving them £2.8 million of FSCS protection for THBs (in addition to the protection provided by the deposit protection limit).

(c) There is a joint account holding £500,000 with three account holders. All three are co-trustees and the funds in the account are held on a ~~discretionary~~ discretionary trust that has not vested. There are no THBs in the account, so the trustees (treating co-trustees as a single person) have £~~85~~110,000 FSCS protection. This remains so after one of the trustees dies, as the other trustees are still considered a unit for FSCS purposes.

(d) There is a joint account holding £500,000 with three account holders, all three are co-trustees, however, one of the trustees also has an individual absolute beneficial entitlement. The trust has four other beneficiaries, who are not depositors, each with an absolute entitlement to part of the funds in the account. There are no THBs, so each individual with an absolute beneficial interest benefits from £~~85~~110,000 ~~THB~~-protection. The account holder who is a trustee also with an individual absolute beneficial interest dies and their FSCS protection limit is shared between the four beneficiaries with the result that the beneficiaries have their FSCS protection limit temporarily increased by £~~21,250~~27,500 giving them each £~~406,250~~137,500 FSCS protection.

(e) The situation is as in (d), except that a trustee and two of the beneficiaries have an absolute beneficial entitlement, and the trust is discretionary in relation to two other beneficiaries. The trustee who also has an absolute beneficial interest dies. Their £~~85~~110,000 protection limit is shared between the two beneficiaries with an absolute entitlement and the two co-trustees (treating co-trustees as a single person), by virtue of there also being individuals with unvested beneficial interests. Each share of the temporary increase is therefore £~~28,333.33~~36,666.67. This results in the two beneficiaries with an absolute beneficial entitlement and, on behalf of the discretionary trust, the co-trustees (treating them as a single person), each having £~~113,333.33~~146,666.67 FSCS protection.

7 Funding of the FSCS**Legislation around funding**

7.1 Section 213(3)(b) of FSMA requires the PRA to make rules to enable the FSCS to impose levies on firms in order to meet its expenses under the deposit guarantee scheme. These expenses include in particular expenses incurred, or expected to be incurred, in paying compensation or making recapitalisation payments, borrowing or insuring risks.

Levying timings

7.6 The FSCS may impose ~~three~~ four types of levies~~y~~ on DGS members: a DGS management expenses levy (consisting of a DGS base costs levy and a specific costs levy); a DGS compensation costs levy; ~~and~~ a DGS management expenses in respect of relevant schemes levy; and a recapitalisation payment levy on DGS members other than credit unions. The FSCS has discretion as to the amount and timing of the levies imposed.

Draft for consultation

4: Draft amendments to the Depositor Protection Part of the PRA Rulebook in connection with the implementation of the proposals made in the Bank Resolution (Recapitalisation) Bill

PRA RULEBOOK: CRR FIRMS, NON CRR FIRMS AND NON-AUTHORISED PERSONS: DEPOSITOR PROTECTION (BANK RESOLUTION (RECAPITALISATION)) INSTRUMENT [2025]

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) 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 137G (The PRA’s general rules);
 - (2) section 137T (General supplementary powers);
 - (3) section 213 (The compensation scheme);
 - (4) section 214 (General);
 - (5) section 214E (Recapitalisation payments); and
 - (6) section 218A (Regulators power to require information).
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instrument) of the Act.

PRA Rulebook: CRR Firms, Non CRR Firms and Non-Authorised Persons: Depositor Protection (Bank Resolution (Recapitalisation)) Instrument [2025]

- C. The PRA makes the rules in the Annex to this instrument.

Commencement

- D. This instrument comes into force on [dd/mm/yy].

Citation

- E. This instrument may be cited as the PRA Rulebook: CRR Firms, Non CRR Firms and Non-Authorised Persons: Depositor Protection (Bank Resolution (Recapitalisation)) Instrument [2025].

By order of the Prudential Regulation Committee
[DATE]

Annex

Amendments to the Depositor Protection Part

In this Annex new text is underlined and deleted text is struck through.

Part

DEPOSITOR PROTECTION

Chapter content

...

36 FUNDING - LEGACY COSTS LEVY~~[DELETED]~~

...

37A FUNDING – MANAGEMENT OF RECOVERIES

...

38 FUNDING – ADJUSTMENT TO DGS LEVY SHARES

39 FUNDING – ~~BUSINESS ACQUISITIONS~~ ASSUMPTIONS OF LIABILITY FROM
DGS MEMBERS

40 FUNDING - BUSINESS ACQUISITIONS FROM NON-DGS MEMBERS~~[DELETED]~~

...

42 FUNDING – DGS COMPENSATION COSTS LEVY SHARE CALCULATION

42A FUNDING – USE OF EXISTING MANDATORY CONTRIBUTIONS

42B FUNDING – RECAPITALISATION PAYMENT LEVY SHARE CALCULATION

42C FUNDING – ADJUSTMENT TO RECAPITALISATION PAYMENT LEVY SHARES

42D FUNDING – MANAGEMENT OF RECAPITALISATION PAYMENTS LEVIED

42E FUNDING – RECOVERIES OF RECAPITALISATION PAYMENTS

42F FUNDING – ASSUMPTIONS OF LIABILITY FROM CLASS A1 MEMBERS

...

44A FUNDING – LENDING BETWEEN CLASS A AND CLASS A1

...

1 APPLICATION AND DEFINITIONS

...

1.4 Unless otherwise stated, in this Part, the following definitions shall apply:

...

class A1

means the class which consists of DGS members which are not credit unions.

...

DGS levy

means a DGS compensation costs levy or, a DGS management expenses levy or a legacy costs levy.

...

legacy costs

means the costs incurred prior to 3 July 2015 by the FSCS:

(1) in paying compensation; or

(2) under section 214B or section 214D of FSMA; or

(3) by virtue of section 61 of the Banking Act 2009;

(including the costs of paying interest, principal and other costs of borrowing to pay such costs).

legacy costs levy

means a levy imposed by the FSCS to meet legacy costs.

...

recapitalisation payment levy

means a levy imposed by the FSCS on class A1 to meet the expense of a recapitalisation payment.

[Note: under s 214E(4) FSMA, expenses of the compensation scheme include recapitalisation payments]

recapitalisation payment

means a payment required to be made under s 214E FSMA.

...

33 Funding – FSCS’s Power to Levy and Limits on Levies

...

33.2 The FSCS may, at any time, impose on *DGS members* a:

- (1) *DGS compensation costs levy*; or
- (2) *DGS management expenses levy*; ~~or~~
- (3) ~~*legacy costs levy*~~.~~[Deleted]~~

33.2A If the FSCS is required by the Bank of England to make a recapitalisation payment it may impose a recapitalisation payment levy on class A1.

33.3 The maximum aggregate amount of ~~*DGS compensation costs*, *legacy costs* and *DGS specific costs*~~ for which the FSCS can levy ~~class A~~ in any one financial year of the *deposit guarantee scheme* in respect of:

- (1) *DGS compensation costs* and *DGS specific costs* for which the FSCS can levy class A;
and
- (2) *recapitalisation payments* for which the FSCS can levy class A1.

is limited to £1,500,000,000.

...

34 Funding - DGS Compensation Costs Levy

...

34.4 ~~*DGS compensation cost levies* imposed on *DGS members* to raise the *available financial means* of the *deposit guarantee scheme* must be based on the amount of *covered deposits* (excluding *temporary high balances*) and the FSCS's assessment of the degree of risk incurred by the respective *DGS member*~~.~~[Deleted]~~

[Note: Art. 13(1) of the DGSD]

34.5 The FSCS may decide that a *DGS member* must pay a minimum contribution under a *DGS compensation costs levy*, irrespective of the amount of its *covered deposits*.~~[Deleted]~~

[Note: Art. 13(1) (fifth paragraph) of the DGSD]

...

35 Funding – DGS Management Expenses Levy

...

35.3 The FSCS must apply any amount collected from a *DGS management expenses levy* to the payment of *management expenses* and, as such, must not treat such funds as ~~*available financial means*~~ *available financial means* of the *deposit guarantee scheme* or available to meet *recapitalisation payments*.

36 Funding - Legacy Costs Levy~~[Deleted]~~

36.1 This Chapter applies only to the FSCS.~~[Deleted]~~

36.2 The FSCS must not impose a ~~*legacy costs levy* on *Northern Ireland credit unions* in respect of *legacy costs* incurred before 31 March 2012~~.~~[Deleted]~~

- 36.3 The FSCS must apply any amount collected from a ~~legacy costs levy~~ to the payment of ~~legacy costs~~ and, as such, must not treat such funds as ~~available financial means~~ of the deposit guarantee scheme. ~~[Deleted]~~
- 36.4 The FSCS must allocate any ~~legacy costs levy~~ to ~~DGS members~~ subject to the levy limit for ~~class A~~ under 33.3. ~~[Deleted]~~
- 36.5 The FSCS must calculate each ~~DGS member's~~ share of a ~~legacy costs levy~~ by:
- (1) identifying the ~~legacy costs~~ allocated to ~~class A~~;
 - (2) calculating the ~~DGS member's class A tariff base~~ as a proportion of the total ~~class A tariff base~~ of all ~~DGS members~~ (excluding ~~Northern Ireland credit unions~~), using the ~~statement of business~~ most recently supplied;
 - (3) applying the proportion calculated in (2) to the figure in (1). ~~[Deleted]~~
- 36.6 ~~Legacy cost levies~~ must be based on the amount of ~~covered deposits~~ (excluding ~~temporary high balances~~) incurred by the respective ~~DGS member~~. ~~[Deleted]~~
- 36.7 A firm which becomes a ~~DGS member~~ part way through a financial year of the ~~deposit guarantee scheme~~ will not be liable to pay a share of a ~~legacy costs levy~~ made in that year. ~~[Deleted]~~
- 36.8 41.5 applies to the calculation of a ~~DGS member's legacy costs levy~~ and its ~~class A tariff base~~ as it applies to the calculation of its ~~DGS specific costs levy~~. ~~[Deleted]~~

37 Funding – Management of Funds Levied

...

37.2 ...

[Note: Art. 10(7) of the DGSD]

- 37.3 The FSCS must hold any amount collected from a ~~DGS specific costs levy~~ or, ~~DGS compensation costs levy~~ or ~~legacy costs levy~~ to the credit of ~~class A~~.
- 37.4 Interest earned by the FSCS in the management of funds held to the credit of ~~class A~~ must be credited to that ~~class~~, and must be set off against the ~~DGS management expenses~~ and, ~~DGS compensation costs~~ and ~~legacy costs~~ allocated to that ~~class~~.

...

37A Funding – Management of Recoveries

37A.1 This Chapter applies only to the FSCS.

37A.2 Any recoveries made by the FSCS in relation to DGS compensation costs must be held to the credit of class A.

38 Funding – Adjustments to DGS Levy Shares

...

- 38.4 The FSCS may adjust the calculation of a ~~DGS member's~~ share of any ~~DGS levy~~ to take proper account of:

...

(4) payments deferred under 46.2, the calculation of levies after an ~~acquisition of deposit business~~ assumption of liability under Chapter 39 ~~or Chapter 40~~, calculations under 41.6; or

...

...

39 Funding – ~~Business Acquisitions~~ Assumptions of Liability from DGS Members

...

39.2

If:

...

the FSCS must require A to pay an additional amount equal to the levy that would have been payable by B in relation to the relevant business and *class A* (including an adjustment for the FSCS's assessment of the degree of risk incurred by B) if the ~~acquisition~~ assumption of liability had not taken place and B had remained liable to pay *DGS levies*. The amount is based on the B's most recent *statement of business*.

40 Funding - Business Acquisitions from Non-DGS Members ~~[Deleted]~~

40.1 This Chapter applies only to the FSCS. ~~[Deleted]~~

40.2 If a *DGS member* (A) assumes a liability to repay *deposits* held by a non-*DGS member* (B) and the assumption of liability takes place after the date to which, or as of which, A's most recent *statement of business* is drawn up, the FSCS must not require A to pay an additional amount as a result of that acquisition. ~~[Deleted]~~

40.3 This Chapter only applies with respect to those financial years of the FSCS for which A's levies are calculated on the basis of a *statement of business* drawn up to a date, or as of a date, before the assumption of liability took place. ~~[Deleted]~~

...

42A Funding – Use of Existing Mandatory Contributions

42A.1 This Chapter applies only to the FSCS.

42A.2 If the PRA determines that the FSCS is unable to impose a *recapitalisation payment levy* on *class A1* to make a *recapitalisation payment* as required, the FSCS may borrow an amount equal to the *mandatory contributions* in order to meet the requirements of the *recapitalisation payment*.

42A.3 The FSCS must impose a *recapitalisation payment levy* on *class A1* sufficient to repay any amounts borrowed in accordance with 42A.2 within a reasonable time and in accordance with repayment deadlines under the applicable loan agreement.

42B Funding – Recapitalisation Payment Levy Share Calculation

42B.1 This Chapter applies only to the FSCS.

42B.2 The FSCS must allocate any recapitalisation payment levy to class A1 members.

42B.3 The FSCS must calculate each class A1 member's share of a recapitalisation payment levy by:

- (1) identifying the amount to be allocated to class A1;
- (2) calculating, in relation to class A1, the class A1 member's tariff base as a proportion of the total tariff base of all class A1 members, using the statement of business most recently supplied;
- (3) applying the proportion calculated in (2) to the figure in (1); and
- (4) applying an adjustment for the degree of risk incurred by the class A1 member to the product of the calculation in (3).

42B.4 When calculating a class A1 member's share of a recapitalisation payment levy, the FSCS must use the class A tariff base.

42B.5 A firm which becomes a class A1 member part way through a financial year of the deposit guarantee scheme will not be liable to pay a share of a recapitalisation payment levy made in that year.

42C Funding – Adjustment to Recapitalisation Payment Levy Shares

42C.1 This Chapter applies only to the FSCS.

42C.2 If a class A1 member's share of a recapitalisation payment levy or an additional administrative fee or interest under 45.3 would be so small that, in the opinion of the FSCS, the costs of collection would be disproportionate to the amount payable, the FSCS may treat the class A1 member as if its share of the recapitalisation payment levy or additional administrative fee amounted to zero.

42C.3 The calculation of a recapitalisation payment levy must take into account previous recapitalisation payment levies, where funds raised in anticipation of meeting liabilities prove either more or less than the amount actually required.

42C.4 The FSCS may adjust the calculation of a class A1 member's share of any recapitalisation payment levy to take proper account of:

- (1) amounts that the FSCS has not been able to recover in relation to a recapitalisation payment levy from class A1 members after having taken reasonable steps; or
- (2) payments deferred under 46.2A, the calculation of levies after an assumption of liability under Chapter 42F, calculations under 41.6; or
- (3) anything else that the FSCS believes on reasonable grounds should be taken into account.

42C.5 The FSCS must not adjust the calculation of a class A1 member's share of any recapitalisation payment levy under 42C.4 on the grounds that it would be inequitable for that firm to pay that share or part of it or on the grounds that it would be inequitable for the FSCS to retain that share or part of it. Any such claim should be dealt with under Chapter 46.

42D Funding – Management of Recapitalisation Payments Levied

42D.1 This Chapter applies only to the FSCS.

42D.2 The FSCS must hold any amount collected by way of a *recapitalisation payment levy* to the credit of *class A1*.

42D.3 Interest earned by the FSCS in the management of funds held to the credit of *class A1* must held to the credit of that class.

42D.4 The FSCS must keep accounts which include:

- (1) the funds held to the credit of *class A1*; and
- (2) the liabilities of *class A1*.

42E Funding – Recoveries of Recapitalisation Payments

42E.1 This Chapter applies only to the FSCS.

42E.2 Any recoveries made by the FSCS in relation to a *recapitalisation payment* must be held to the credit of *class A1*.

42F Funding – Assumptions of Liability from Class A1 Members

42F.1 This Chapter applies only to the FSCS.

42F.2 If:

- (1) a *class A1* member (A) assumes a liability to repay *deposits* held by another *class A1* member (B);
- (2) B is no longer liable to pay a share of the *recapitalisation payment levy* to the FSCS; and
- (3) the assumption of liability takes place after the date to which, or as of which, A's most recent *statement of business* is drawn up,

the FSCS must require A to pay an additional amount equal to the levy share that would have been payable by B in relation to the relevant business and *class A1* (including an adjustment for the FSCS's assessment of the degree of risk incurred by B) as if the assumption of liability had not taken place and B had remained liable to pay a share of the *recapitalisation payment levy*. The FSCS must base this amount on B's most recent *statement of business*.

42F.3 This Chapter only applies with respect to those financial years of the FSCS for which A's levies are calculated on the basis of a *statement of business* drawn up to a date, or as of a date, before the assumption of liability took place.

...

44 Funding – Reporting Requirements

...

44.4 If a *firm* does not submit a complete *statement of business* by the date on which it is due in accordance with 44.2 and any prescribed submission procedures:

...

- (2) The *DGS compensation costs levy*, *recapitalisation payment levy* and any *DGS specific costs levy* will be calculated using (where relevant) the valuation or valuations of business applicable to the previous period, multiplied by a factor of 1.10 (or if it has become a *DGS member* part way through a financial year, on the basis of the information provided to the

PRA and used to calculate *PRA* fees or on any other reasonable basis, making such adjustments as seem appropriate in subsequent levies once the true figures are known).

44A Funding – Lending Between Class A and Class A1

44A.1 The FSCS may:

- (1) use any money held to the credit of class A1 to pay DGS compensation costs or DGS specific costs; or
- (2) use any money held to the credit of class A to pay recapitalisation payments,
if the FSCS has reasonable grounds to believe that this would be more cost effective than borrowing funds from a third party or raising a levy.

44A.2 For the purposes of:

- (1) 44A.1(1), class A1 is the 'lender class' and class A is the 'borrower class'; and
- (2) 44A.1(2), class A is the 'lender class' and class A1 is the 'borrower class'.

44A.3 Where the FSCS acts in accordance with 44A.1, it must ensure that:

- (1) reimbursement is made as soon as reasonably practicable;
- (2) interest is credited as if the borrower class were paying interest at a rate equivalent to the Official Bank Rate from time to time in force; and
- (3) the amount lent by the lender class to the borrower class is taken into account by the FSCS when considering whether to impose a DGS compensation costs levy or recapitalisation payment levy (as applicable) on the lender class.

45 Funding – Obligation to Pay

...

45.2 A firm must pay to the FSCS its share of each:

- (1) DGS management expenses levy; and
- (2) DGS compensation costs levy and legacy costs levy allocated to class A; and
- (3) recapitalisation payment levy allocated to class A1.

45.3 If a firm does not pay the total amount of its share of a DGS levy or recapitalisation payment levy, before the end of the date on which it is due, it must pay an additional amount as follows:

- (1) if the DGS levy or recapitalisation payment levy was not paid in full before the end of the due date, an administrative fee of £250; and
- (2) interest on any unpaid part of the DGS levy, recapitalisation payment levy or administrative fee at the rate of 5% per annum above the Official Bank Rate from time to time in force, accruing on a daily basis from the date on which the amount concerned became due.

46 Funding – Overpayments and Deferral of Payments

...

- 46.2 The PRA may defer, in whole or in part, a *DGS member's* obligation to pay a *DGS compensation costs levy* ~~or a *legacy costs levy*~~ if the PRA considers that such contributions would jeopardise the liquidity or solvency of the *firm*. Such deferral shall not be granted for a longer period than six months but may be renewed upon request of the *firm*.
- 46.2A The PRA may defer, in whole or in part, a *class A1 member's* obligation to pay a share of a *recapitalisation payment levy* if the PRA considers that such contributions would jeopardise the liquidity or solvency of the *firm*. Such deferral shall not be granted for a longer period than six months but may be renewed upon request of the *firm*.
- 46.3 Any contributions deferred pursuant to 46.2 or 46.2A shall be paid when the payment no longer jeopardises the liquidity and solvency of the *firm*.

[Note: Art. 10(8) of the DGSD]

47 Funding – Payment of Levies

...

47.2A A *firm* must pay its share of a *recapitalisation payment levy* in one payment.

47.3 A *firm's* share of a *DGS levy* is due on, and payable within, 30 ~~days~~ days of the date when the invoice is issued.

47.3A A *firm's* share of a *recapitalisation payment levy* is due on, and payable within, 30 days of the date when the invoice is issued.

47.4 A *firm* must pay its share of a *DGS levy* or *recapitalisation payment levy* by either direct debit, credit transfer (e.g. BACS or CHAPS), cheque, Maestro, Visa Debit or by credit card (Visa/Mastercard/American Express only).

...