

# THE FINANCIAL SERVICES COMPENSATION SCHEME

The Financial Services Compensation Scheme (FSCS) exists to provide protection for eligible customers of failed financial services firms. The FSCS is a UK protection scheme. It is funded by the financial services industry and is free to consumers.

The FSCS covers deposits and certain eligible investment business conducted by firms authorised by the UK regulators, the Financial Conduct Authority (FCA) and the Prudential Regulatory Authority (PRA). The information below is relevant to deposit and investment products held with Bank of Scotland plc Business & Commercial and Corporate & Institutional Banking divisions. Different provisions and exclusions may apply to other areas of Bank of Scotland Plc.

1. For **eligible deposits** - FSCS protection may apply for eligible deposits held with banks, building societies and credit unions that fail. This protection is limited to a maximum of £85,000 for each eligible person or £170,000 for joint accounts and applies on a per banking licence basis. This means that if you have deposits with a number of firms that share a banking licence, you will only be protected up to the maximum of £85,000 or, for joint accounts, £170,000. Lloyds Bank, Bank of Scotland and Lloyds Bank Corporate Markets each have separate banking licences.

In some cases, there may be certain eligible deposits which are categorised as 'temporary high balances' (such as proceeds from private property sale) and 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.

A deposit is excluded from protection where:

- (1) The holder and any beneficial owner of the deposit have never been identified in accordance with money laundering requirements.
- (2) The deposit arises out of transactions in connection with which there has been a criminal conviction for money laundering.
- (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 fund<sup>1</sup>
  - 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.

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<sup>1</sup> Deposits by personal pension schemes, stakeholder pension schemes and occupational pension schemes of micro, small and medium sized enterprises are not excluded.

- (5) It is a deposit which can only be proven by a financial instrument<sup>2</sup> (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).
- (6) It is a deposit of a collective investment scheme which qualifies as a small company.<sup>3</sup>
- (7) It is a deposit of an overseas financial services institution which qualifies as a small company.<sup>4</sup>
- (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 company<sup>5</sup> – refer to the FSCS for further information on this category.
- (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.

2. For **investments** - as Bank of Scotland plc Markets Treasury do not provide investment advice in respect of their investment business, eligibility for the FSCS investment scheme is unlikely. Additional information can be obtained on the FSCS website at <http://www.fscs.org.uk>

More information is available directly from the FSCS at <http://www.fscs.org.uk>

Bank of Scotland is a trading name of Bank of Scotland plc, which is a subsidiary of Lloyds Banking Group plc. Bank of Scotland plc's registered office is at The Mound, Edinburgh EH1 1YZ, and it is registered in Scotland under no.SC327000. Bank of Scotland plc is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority under registration number 169628

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<sup>2</sup> 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.

<sup>3</sup> Under the Companies Act 1985 or Companies Act 2006.

<sup>4</sup> See footnote 3.

<sup>5</sup> See footnote 3