



Financial Services
Compensation Scheme

Customer stories



July 2023

Protecting consumers

The Financial Services Compensation Scheme (FSCS) is the statutory UK compensation scheme to protect consumers of financial services, set up by parliament under the Financial Services and Markets Act 2000 (FSMA). FSCS can step in when a regulated firm is unable to meet its customers' claims.

Most people in the UK benefit from our protection, for example, if they have a bank account, insurance policy, pension or investments. It is completely free for customers to claim directly with us and we aim to make it as quick and easy as possible to make a claim via our [online claims service](#).

Since the 2020/21 financial year, FSCS has helped approximately 230,000 people by paying them compensation. The following stories highlight just some of our customer's experiences in making a claim with us.

To find out more about our protections, please see www.fscs.org.uk/what-we-cover



Leon*, retiree, Stoke

Claim type

Unsuitable investment advice

Compensation received

£13,000

Background

After retirement, Leon was looking for opportunities to earn better returns than the low interest rates available on savings accounts at the time.

What happened?

Leon was introduced to a financial adviser by an acquaintance. After some initial discussions he followed their recommendations and in 2016 made some new investments. Unknown to Leon, the independent financial advice firm that had advised him failed in 2018. After making some enquiries in 2020, Leon was advised in May of that year that a number of his investments had lost all of their value.

Leon was directed to FSCS by a new financial adviser to make a claim for unsuitable investment advice. Less than five months later, Leon received £6,000 in compensation for one of his investments. He went on to receive a further £7,000 for additional losses.

Customer feedback

"Having invested in good faith based on supposedly sound advice, it was a relief to receive the compensation. Everyone at FSCS, from the very first call when I was very anxious, has been so supportive, helpful and approachable. I would encourage anyone who thinks they may have a claim to approach FSCS directly."

**Identity changed for privacy and photo used is a stock image.*



Nicole*, project manager, Derby

Claim type

Unsuitable pension advice

Compensation received

£46,000

Background

Nicole had received pensions advice from a close work colleague who was a financial adviser.

What happened?

Following her colleague's advice, Nicole transferred her existing pension into a self-invested personal pension (SIPP). As part of the SIPP investment, Nicole's pension savings were moved abroad and invested into the construction of apartments in Cape Verde that promised high returns.

Before long, Nicole started becoming nervous about the transfer. The investments were performing poorly, and she did not have any direct access to information about her SIPP. After several attempts to get in touch with her SIPP provider came to no avail, Nicole contacted a new financial adviser. The new adviser was also unable to contact the SIPP provider as Nicole's original financial adviser had seemingly disappeared and was no longer contactable.

Nicole persevered for several years to contact her SIPP provider directly. "I had lost over £40,000. That's not an amount

you can afford to lose. It was a worrying time and such a significant amount of money."

It later came to light that her SIPP provider had gone out of business in June 2021. After discussing her situation with a friend, Nicole was put in touch with a recommended financial adviser. "My new adviser was really disappointed in the fact that I had lost complete trust and faith in financial services, and she wanted to do what she could to help restore that. It was her who put me in touch with FSCS."

Nicole submitted a claim to FSCS and received £46,000 in compensation in early 2022.

Customer feedback

"My claims handler Alex understood my anger and frustration – the battle that I had faced. All the way through, without ever promising that I would definitely get my money back, it felt like he and FSCS were on my side."

"I remember the day I got my money back. I cried – it was pure relief that it was over! I received an email to explain my claims decision, and the money was back in my bank account the same day. I couldn't believe it – I had to get my husband to check that it was real!"

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Tarek*, retired operations engineer, Gosport

Claim type

Unsuitable investment advice

Compensation received

£1,400

Background

An investment was matured earlier than it should have by a wealth management firm, leading to a financial loss for Tarek.

What happened?

Tarek's FSCS compensation claim was for a structured fixed term investment product held with a wealth management firm. Ahead of the product maturing, the firm went into administration and Tarek was informed that the firm had gone out of business. Tarek's investment was then taken over by a new investment management firm.

When his investment matured, he did not receive any paperwork from the new management firm. All he received was a notification asking him to log onto an online system which showed him a sum of money that he was owed. Thankfully, Tarek had kept clear records of his investments and was able to check the figures against

his own records. This is when he realised that the figures provided by the new management firm did not add up.

Tarek eventually discovered that his investment had been matured early – on the Friday instead of the Monday – which led to him receiving around £1,400 less than he should have. Tarek made a claim directly with FSCS and received this money back. Although this may not seem like a large sum, it was important to Tarek as he had retired early to care for his wife who had multiple sclerosis. By retiring early, Tarek's pension pot had been reduced and he and his wife were more reliant on the growth of their investments.

Customer feedback

"I've been investing for 30 years, and this is the first time that I've had to make a claim to FSCS. I'm just very grateful that the process was so clear and easy to follow. During phone calls I had with FSCS staff, everything was explained very clearly and FSCS subsequently honoured my claim. The whole process was very smooth."

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Ling*, teacher, Crewe

Claim type

Unsuitable pension advice

Compensation received

£17,000

Background

Ling had a pension pot sitting untouched from a previous career after being made redundant in 1991.

What happened?

Ling was well into what became a 30-year teaching career when she received a call out of the blue from a knowledgeable sounding adviser. At the time Ling was comfortable with her retirement planning, however, she felt she could do more with the untouched pension pot that she also had from a previous career. Upon the advice of the adviser, she transferred the pot from her previous career into a self-invested personal pension (SIPP).

The financial adviser subsequently became poor at staying in touch and in February 2018, Ling received an email saying the SIPP operator was heading into liquidation and that her funds had been frozen. The firm officially failed in 2019 and a friend suggested Ling contact FSCS to make a claim. She did this via our website in 2020 and was subsequently awarded £17,000 in compensation.

At the time of receiving her compensation, Ling had just reduced her hours at work so getting all the money she invested back from FSCS came at a very good time.

Customer feedback

"The support provided by FSCS was very good and I was kept regularly informed."

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Geoff*, lab technician, Northern Ireland

Claim type

Unsuitable investment advice

Compensation received

£85,000

Background

Geoff was contacted by a financial adviser who suggested that transferring his pension, from when he worked for a pharmaceutical company in England, into a self-invested personal pension (SIPP) would provide him with better returns.

What happened?

Geoff was contacted by a financial adviser who showed him spreadsheets and graphs which suggested that he could make a substantial amount of money if he transferred his pension from a previous employer into a SIPP. He decided to take their advice and took out a SIPP in 2014.

Geoff did not closely follow the financial news and was shocked when he found out the SIPP firm he had invested with had gone out of business a few years later.

Geoff contacted FSCS to make a claim for unsuitable investment advice in 2021. He received £85,000 in compensation in 2022, which is the maximum allowed under FSCS's rules.

Customer feedback

"I was ashamed that I'd invested in something [that hadn't worked out] and I didn't tell anyone until I started the claims process. My advice is don't be taken in by lofty spreadsheets and fancy graphs which indicate you could make a substantial amount of money."

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Contact us



Contact us

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