

# New guide to rules of deposit protection from HFS Milbourne

ANXIOUS savers and investors left unsettled by the recent spate of takeovers between banks and building societies will benefit from a new guide to the deposit protection rules that has been launched by independent financial adviser, HFS Milbourne.

The guide, which is available to download free of charge at [www.hfsmilbourne.co.uk](http://www.hfsmilbourne.co.uk), clarifies the current ruling which states that if a bank or building society fails, the Financial Services Compensation Scheme (FSCS) protects savers' money up to a limit of £50,000. The protection is 'per person per bank', which means that if the customer holds a joint account up to a maximum of £100,000 could be payable.

A key issue is that compensation is £50,000 per 'banking licence', and not necessarily £50,000 for each account the customer holds. Some savings providers that are owned by the same parent bank have their own banking licences, while others share that licence.

For example, savers who have accounts with Bradford & Bingley, Asda or Cahoot would only receive up to a maximum of £50,000 compensation (£100,00 for joint accounts) as these savings providers are all owned by Abbey which only has one shared licence.

Rod Milne, joint managing director, HFS Milbourne, said: "Unfortunately, the rules are not quite as straightforward as they would appear.

"Since the run on Northern Rock, savers have been advised to split deposits of more than £50,000 between different institutions. But the compensation is £50,000 per banking licence.

"It could be that you have



*Rod Milne, joint managing director at HFS Milbourne.*

money spread in several banks but if those banks are all owned by one institution which only has one licence, then you would only receive a maximum of £50,000, or £100,000 if you hold a joint account.

"For savers with money in UK branches of European banks, the situation is more complicated. Many of these institutions have schemes which are partly funded by their home country and topped up by the FSCS. Savers would have to apply to the foreign scheme first, which could delay the compensation.

"We recommend that savers check the level of protection offered by each bank or building society where they have cash on deposit. And, to make it easy, a complete summary of the licences held by all the well known UK and offshore banks and building societies is detailed in our new guide."