

March 2015

Dear Colleague,

2014/15 Interim levy: £20m on firms in the Life and Pensions Intermediation funding class for the costs of Self Invested Personal Pensions (SIPPs) related claims

During the year the Financial Services Compensation Scheme (FSCS) received increasing numbers of claims against Independent Financial Advisers (IFAs) that are no longer trading in relation to advice these firms have given to transfer funds from existing pension schemes to SIPPs. The costs and volume of these claims have increased during the year and has resulted in the need for an interim levy.

We appreciate that the interim levy will not be welcome news for firms, but we have a duty to compensate consumers with eligible claims. Doing so helps to promote consumer confidence. We only raise an interim levy where we have reasonable grounds for believing that the funds available to us to meet relevant compensation costs or management expenses for the period until the next levy is due are, or will be, insufficient. Our forecasts suggest this is very likely to be the case.

FSCS warned in the August and November editions of its industry publication Outlook, and in its Plan and Budget 2015/16, that the Life & Pensions Intermediation class faced the potential of increased levies due to the costs of these SIPPs related claims.

The enclosed invoice is based on your tariff data for the financial year 2014/15, and is payable within 30 days. If you wish to pay by instalments, you can obtain an on-line monthly payment facility agreement form direct from Premium Credit Limited, which is available through this link: <http://www.premium-credit.co.uk/annual-non-insurance-fees/commercial-services/>

As previously advised, if the interim levy invoice is not paid by the due date (i.e. within 30 days), the "late payment" provisions contained in the FEES rules (at FEES 2.2.1R) will be triggered. This means that an additional amount will be charged as follows:

1. an administrative fee of £250; plus
2. interest on the unpaid part of the fee at the rate of 5% per annum above the Bank of England's repo rate from time to time in force, accruing on a daily basis from the date on which the amount concerned became due until the date FSCS notified you that your request for a reduction or remission of the interim levy was accepted.

If you have any questions about the calculation of this invoice please contact the FCA's Customer Contact Centre on 0300 500 0597 or email the fees helpline on fcafees@fca.gov.uk. If you have any questions about the allocation of the levy, please contact the FSCS's Initial Contact Team on 0800 678 1100 or 020 7741 4100 or by email at enquiries@fscs.org.uk.

Yours faithfully,



Mark Neale
Chief Executive