

January 2020

Dear Sir or Madam,

FSCS supplementary levies for 2019/20:

- (1) £50 million levy from the Life Distribution, Pension and Investment Intermediation class; and**
- (2) £30 million refund to the Deposit class.**

On 16th January we confirmed the decision to raise a supplementary levy of £50m on the Life Distribution, Pension and Investment Intermediation class. This is a slight update on the £46m levy mentioned in our industry newsletter Outlook that was published in December. We are also refunding £30m to the Deposits class.

This supplementary levy arises for several reasons. We have seen continued growth in the volume of pension transfer and SIPP-related pension advice claims, as well as more complex and expensive investment advice claims. There have also been two new stockbroker failures, namely SVS Securities and Reyker Securities.

The £50m supplementary levy on the Life Distribution, Pension and Investment Intermediation class will be partly funded by contributions from the related provider classes. The classes that will be paying a share of the supplementary levy and the amounts that they will need to pay are shown in the below table:

	Share of Supplementary Levy (%)	Supplementary Levy (rounded) (£m)
Life distribution and investment intermediation (CLII-1)	72.7%	36.4
Life insurance provision (CLII-2)	10.6%	5.3
Investment provision (CLII-3)	15.2%	7.6
Structured deposits provision (CLII-4)	1.5%	0.8
Total	100.0%	50.0

We appreciate that the supplementary levy will not be welcome news for firms, but we only raise a supplementary 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.

FSCS has a duty to pay compensation claims as they fall due and that helps to promote consumer confidence.

The levies due from each firm are based on reported tariff data for the 2019/20 levy year.

Invoices are payable within 30 days. If you wish to pay by instalments, there are a number of instalment finance providers which you may wish to use. Please search the internet for instalment finance providers or speak to your trade association, if applicable, who may be able to assist.

If the supplementary levy invoice is not paid by the due date, the "late payment" provisions contained in the FEES rules (FEES 2.2.1R) will apply. This means that an additional amount will be charged as follows:

1. an administrative fee of £250; plus
2. interest will commence being charged on any unpaid amount at a rate of 5% above the Official Bank Rate.

If you have any questions about the calculation of this invoice please contact the FCA Customer Contact Centre on 0300 500 0597 or email the fees helpline on fcafees@fca.org.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,



Caroline Rainbird
Chief Executive