Countrywide Assured

Financial Services Compensation Scheme (FSCS) compensation limits

COUNTRYWIDE ASSURED PLC

Important information: The information provided should be considered a guide based on our current understanding of the rules of the FSCS at the time of print. This factsheet is not intended to be a definitive guide to how the FSCS operates, or how it applies in different situations and should not be relied upon by any individual to decide on a particular course of action when considering the suitability of a particular investment.

Where we refer to Countrywide Assured plc ("Countrywide Assured") in this document, this includes CASFS Ltd ("CASFS") where appropriate.

Background

The Financial Services Compensation Scheme (FSCS) is the UK compensation fund of last resort. This means that in the unlikely event of Countrywide Assured being unable to meet its liabilities, the FSCS can pay compensation to its customers.

Each claim presented to the FSCS is considered on its individual merits, including reference to the way the investment or product is held and the reason for a claim being presented.

Questions and answers

When can a claim be made to the FSCS?

The FSCS will pay compensation to eligible claimants when an authorised financial services firm is declared to be 'in default' by the FSCS. Ordinarily this happens when a firm is placed into liquidation/has ceased trading and is unable to meet its financial obligations.

What form of compensation does the FSCS provide?

Normally this is paid as a cash sum to the claimant. For long-term insurance contracts, unless the policy proceeds are due to be paid, the FSCS will usually arrange to transfer the contract to another firm or arrange a replacement contract.

Where an individual has two or more claims relating to the same firm, the appropriate FSCS compensation limit applies to the total amount of the claim per firm in default, not to individual accounts or products. Joint owners can claim compensation from FSCS separately up to the relevant limit.

What are the FSCS limits?

There are various levels and forms of FSCS compensation depending on the products and services. For Countrywide Assured, the compensation will be classed as insurance or investment business.

a) FSCS limits applying to Countrywide Assured

For long-term insurance contracts, the FSCS currently provides cover for 100% of the claim, with no upper limit.

This applies to our range of life and pensions products, except assets held in a trustee fund within a OneSIPP. These include Portal Personal Pension, the insured part of the OneSIPP, Transfer Pension Portfolio, Onshore Bond and all legacy life and pension contracts.

b) FSCS limits applying to CASFS

As an investment company, the FSCS currently provides cover of £85,000 per person.

This includes the Portal General Investment Account (GIA), Portal ISA and any trustee funds held within a OneSIPP (the non-insured part).

Provided assets have been correctly administered by CASFS, these assets would not form part of CASFS' own funds and therefore could not be used to settle CASFS' debts. In these circumstances, the likelihood that compensation will be needed under the FSCS is low.

What happens if a bank holding client money on behalf of CASFS goes into liquidation?

Money held in the CASFS designated client money accounts are segregated from CASFS' own funds, but will be pooled with money held on behalf of other CASFS clients. This means that your money held by CASFS will be held as part of a common pool of money, so you will not have a claim against a specific sum in a separate account – your rights will vest in the client money pool.

In the unlikely event that a default by a bank occurs and a shortfall arises, your claim in relation to money held will be limited to a share of the money held in the designated client money account with the bank.

The banks we use are independent of us.

What happens if the provider of underlying assets fails?

So, let's look in a bit more detail at what level of protection there is for the type of investment held within insured funds together with how this applies to our Countrywide Assured products. And then in section 4 we'll look at the protection where there are trust based assets in a OneSIPP.

1) Countrywide Assured's Fund Range

Internal (Insured) Funds

When investing in Countrywide Assured internal funds and Countrywide Assured is deemed to be in default, the investment is protected by the FSCS under the category of long term insurance.

External (Insured) Funds

For each fund that is managed by an external fund manager, Countrywide Assured set up their own mirror fund that invests directly in the underlying fund and clients will hold units in the mirror fund. Should the external fund manager or company be deemed in default no claim can be made under FSCS. If, however, Countrywide Assured is in default, the value of any investment held in external funds would still form part of a claim under FSCS.

The role of custodian and ring-fencing

Money which is invested in an external fund is kept separate from the actual company that manages the fund. External fund managers may appoint a depositary, custodian or similar organisation, the purpose of which is to help ring-fence invested money from that of the fund manager. If the company that manages the fund goes into default, the Custodian in this instance would return any monies. The only likely reason for an external fund defaulting would be as a result of fraud or mismanagement.

*2)**Protection via a Portal GIA or Portal ISA***

These funds are held by the custodian on behalf of client (i.e. ring-fenced) and are not an asset of CASFS or the operator of the investment fund, and therefore are protected from creditors. A claim could be made to the FSCS provided this is a valid claim, such as if the FSCS determines that fraud or mismanagement by the operator of the investment fund has caused a loss to the fund itself. In this situation any claim would fall under FSCS investment limits (£85,000 per person).

*3)**Protection via a Portal Pension, Insured OneSIPP, Transfer Pension Portfolio, Onshore Bond and all legacy life and pensions contracts*** When investing in Countrywide Assured internal (insured) funds and Countrywide Assured is deemed to be in default, the investment is protected by the FSCS and currently provides cover for 100% of the claim.

When investing in Countrywide Assured external (insured) funds and the operator of the investment fund was declared in default. Countrywide Assured could not make a claim against the FSCS on a client’s behalf. This is because the assets are held in Countrywide Assured’s name and Countrywide Assured would not be an eligible claimant under FCA rules. In these circumstances it may not be possible to claim under the FSCS.

However, investments held in regulated OEICs or unit trusts should be held by a custodian (i.e. ring-fenced) as these would not be assets of the operator of the investment fund and therefore would be protected from creditors.

4) Protection via a Trustee-based OneSIPP

Here if CASFS is deemed to be in default, the FSCS currently provides cover of £85,000 per person. If the operator of the investment fund was declared in default, CASLPTS Ltd ("CASLPTS") the Trustee, as owner of the assets can make a claim on behalf of each client.

Each different investment held within the trustee-based OneSIPP account will be subject to its own FSCS protection up to the relevant limits, so it is important to consider where the funds are invested.

The FSCS limit of £85,000 will apply to both deposit accounts and investment business and 100% for any Countrywide Assured internal (insured) funds (held within the trustee-based OneSIPP account). However, for any Countrywide Assured external (insured) funds held within the trustee-based OneSIPP account, no claim can be made if the operator of the investment fund was declared in default. This is because CASLPTS has purchased the units from Countrywide Assured, rather than directly from the operator of the investment fund.

Also note that where a SIPP member uses a Discretionary Fund Manager (DFM) then again the client’s assets are kept separate. Should the DFM default there is normally no need to make a claim via the FSCS as the assets are owned by CASLPTS and can therefore be recovered.

The information on the FSCS contained in this factsheet is by no means exhaustive. The terms and conditions for the Countrywide Assured product or investment have more details on the FSCS and further information is available on request from us or from the FSCS.

FSCS contact details

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