



Financial Services
Compensation Scheme

Class Statements 2025/26



Financial Services Compensation Scheme Annual Report and Class Statements 2025/26

For the period 1 April 2025 to 31 March 2026

Class Statements presented to the House of Commons pursuant to Section 7 of the Government Resources and Accounts Act 2000.

Annual Report presented to the House of Commons by Command of His Majesty.

Ordered by the House of Commons to be printed on 02 July 2026.

HC 324 part ii of ii

The Financial Services Compensation Scheme Annual Report and Accounts (part i) provides details on overall performance and much more. It was also presented to the House of Commons on 02 July 2026 (HC 323).



© Crown copyright 2026

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3.

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at www.gov.uk/official-documents.

If you would like this document in an alternative format, please contact us at www.fscs.org.uk/contact-us/

Any enquiries regarding this publication should be sent to FSCS.

General enquiries should be addressed to:

Financial Services Compensation Scheme

5th Floor

The St Botolph Building

138-139 Houndsditch

London EC3A 7AW

Email enquiries@fscs.org.uk

Financial Services Compensation Scheme Limited

Company Number 3943048

ISBN 978-1-5286-6392-2

E03582736 07/26

Printed on paper containing 40% recycled fibre content minimum.

Printed in the UK by HH Associated Ltd on behalf of the Controller of His Majesty's Stationery Office.

Contents

01 Chief Financial and People Officer's statement	6
02 Class commentaries	8
FCA classes	9
PRA classes	16
03 Management expenses	19
04 Statement of the directors' responsibilities	21
05 Auditor's report	22
06 Class Statements	26
07 Notes to the Class Statements for the year ended 31 March 2026	28
08 Base costs and related levies at 31 March 2026	32
09 Firm defaults	36

01 Chief Financial and People Officer's statement

I am pleased to introduce our Class Statements report, which sets out how we have used levies raised from industry during the year.

During 2025/26, we continued to provide transparency and confidence to industry through our regular publications and engagement, including communication regarding our levy forecasts.

As announced in our May 2025 Outlook publication, an annual levy of **£356m**¹ was raised from firms, and no supplementary levy or retail pool was required during the year.

Our largest areas of compensation in 2025/26

The largest area of compensation during 2025/26 was the **Life Distribution & Investment Intermediation (LDII) class**, where compensation totalled £125m.

As in the previous year, the majority of compensation payments related to claims for unsuitable investment, pension and self-invested personal pension (SIPP) advice. During the year, we paid compensation to customers of more than 300 failed firms within this class, mainly for unsuitable advice.

Compensation within the **General Insurance Provision** class amounted to £100m. There was one new firm failure in this class during the year – Premier Insurance Company Ltd, which was declared in default in October 2025. Approximately £2m of compensation

related to this firm, with the remaining compensation costs linked to insurance firms that failed in prior financial years. In addition to Premier Insurance Company Ltd, compensation was also paid to customers of 25 other insurance firms.

Compensation paid under the **Investment Provision** class totalled £39m, with more than 85% of costs related to SIPP operator firm failures. The remaining compensation costs were driven by the failure of an investment scheme operator, Raedex Consortium Ltd, which was declared in default in April 2025. Approximately £5m in compensation has been paid out to customers in 2025/26 in relation to this firm failure.

Our recoveries

Recoveries continue to play an important role in reducing the overall levy, with the majority used to offset amounts charged to firms. In 2025/26, we recovered over £34m, bringing total recoveries secured over the past three years to approximately £145m.

Recoveries activity is inherently complex and often spans multiple years, which means annual figures can fluctuate. Behind the scenes, our teams continue to pursue those responsible for customer losses, ensuring recoveries remain an integral part of protecting both consumers and levy payers.

¹ Our levy income, based on International Financial Reporting Standards (IFRS), was £311m as reported in our 2025/26 Annual Report and Accounts. Levy income in our Class Statements report is higher (£356m), mainly due to lower compensation requirements and higher recoveries than forecasted at the start of 2025/26. This resulted in cash surpluses, which will be used to offset the levy in 2026/27.

Deposit protection limit increase

In December 2025, we welcomed the increase in the [FSCS deposit protection limit](#) to **£120,000**. This change reflects the latest inflation data and gives savers greater certainty that more of their money is protected. Alongside this, we launched a refreshed 'FSCS Protected' badge, supporting clearer and more consistent awareness of FSCS protection.

Increasing awareness of our protection plays an important role in building consumer confidence and trust in financial services, which in turn benefits the industry and levy payers.

As we head into 2026/27, maintaining confidence and trust in financial services, alongside ongoing engagement with industry, remains a priority. We will continue to provide updates on our forecasts through our communications over the year.



Fiona Kidy,
Chief Financial and People Officer

02 Class commentaries

Total levies raised for each class

Funding class	2025/26 (£m)	2024/25 (£m)
Financial Conduct Authority (FCA)		
Debt Management	-	-
Deposit Acceptors Contribution (only pays a levy if the retail pool is triggered)	-	-
Funeral Plans	-	-
General Insurance Distribution	-	-
Home Finance Intermediation	-	-
Investment Provision	87.0	55.0
Life Distribution & Investment Intermediation	120.0	90.0
Prudential Regulation Authority (PRA)		
Deposits	27.0	13.0
General Insurance Provision	85.0	69.0
Life & Pensions Provision	-	-
Base costs	37.0	38.0
Total	356.0	265.0

What is a firm default?

We can only pay compensation to customers once a firm has been declared in default. This means we have assessed that:

1. there are valid claims against the firm that we can compensate for; and
2. the firm is unable to meet the cost of any claims itself, for example, because it has become insolvent.

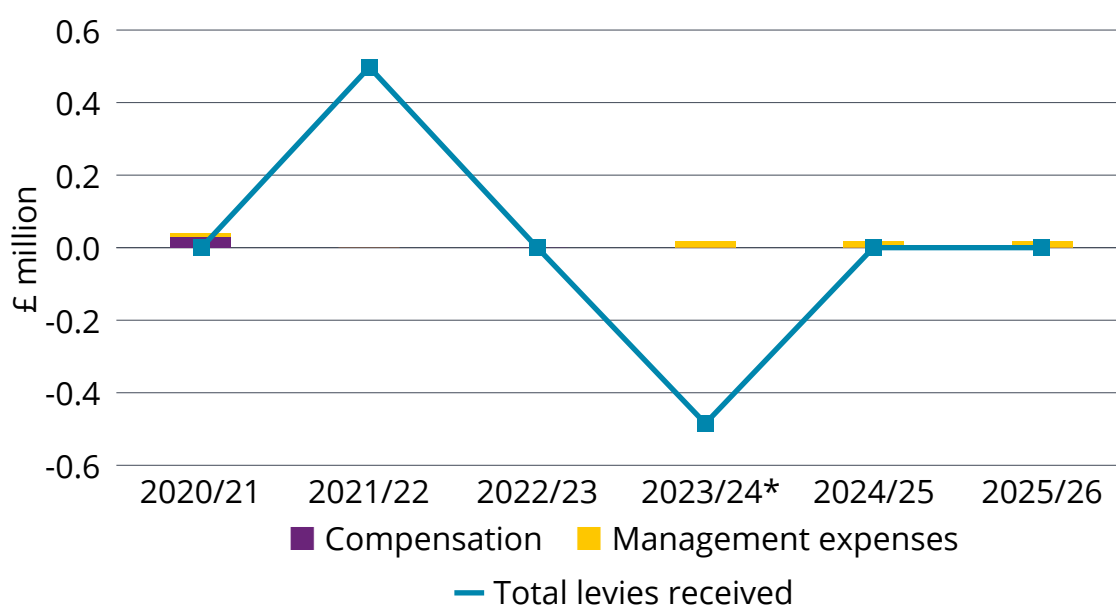
'In default' is a technical term, but we may also say that a firm has 'failed'.

FCA classes

Debt Management

There were no new firm failures for this class during 2025/26, as has been the case for the past four financial years. Consequently, we did not pay any compensation and no levies were raised from this class during the 2025/26 financial year.

Total levies against compensation and management expenses



*In 2023/24, a £0.5m refund was issued to firms in this class due to surpluses carried over from 2022/23.

Funeral Plans

To date, there have been no firm failures within this class and no levies were raised from firms within this funding class during 2025/26.

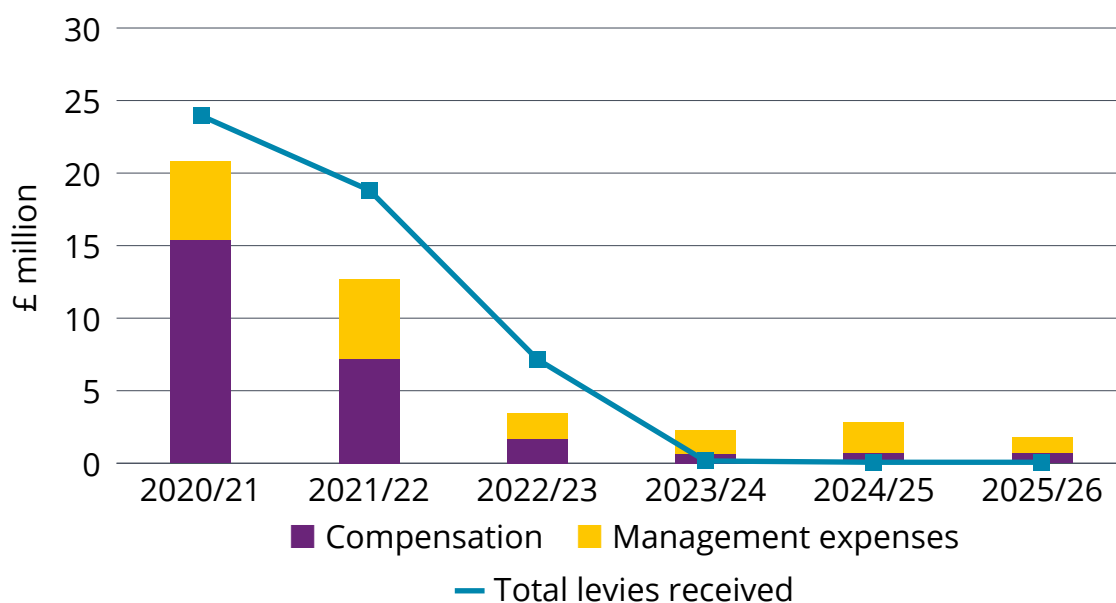
General Insurance Distribution

There were no new firm failures for this class during 2025/26. Approximately £0.7m was paid to customers for legacy firm failures; the same compensation as paid in 2024/25.

As in previous years, most claims related to payment protection insurance (PPI). During the year, more than 75% of the compensation paid related to claims upheld for unsuitable advice claims against The Mortgage Matters Partnership, which was declared in default in 2019.

No levies were raised for the General Insurance Distribution class in 2025/26, as surpluses carried over from prior years were sufficient to meet the class's funding needs for the year.

Total levies against compensation and management expenses



General Insurance Distribution	2025/26	2024/25
New claims	236	322
Decisions upheld	129	171
Uphold rate	46%	44%
Average compensation	£5,109	£4,223

Home Finance Intermediation

In 2025/26, customer compensation totalled approximately £1.6m. This included £1.1m for claims against Principal Mortgage Services Ltd (declared in default in 2011) for unsuitable re-mortgaging advice.

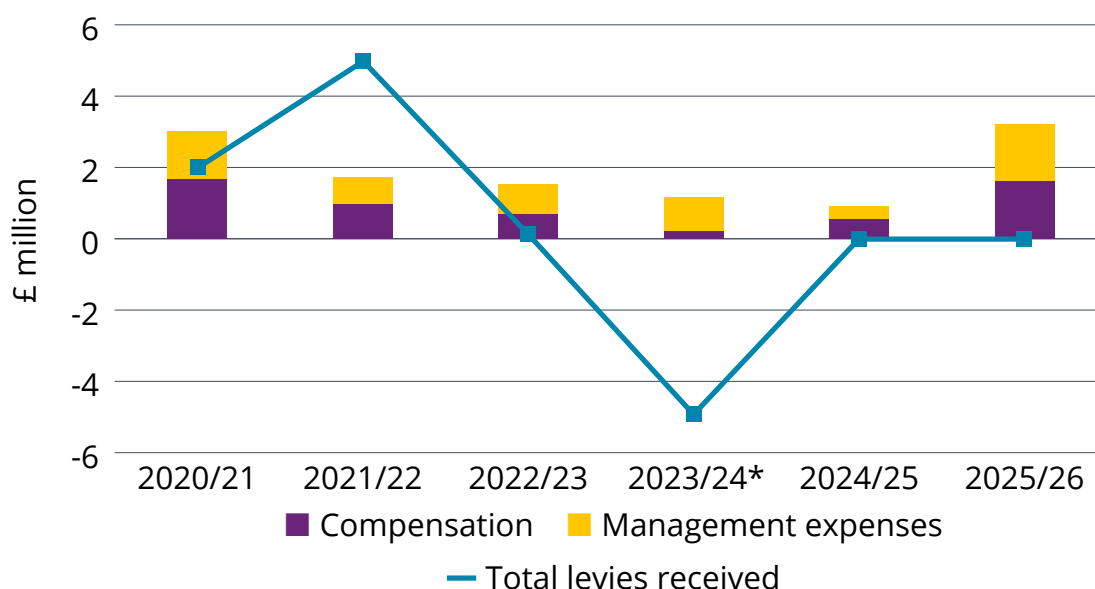
This was approximately £1.1m higher than in 2024/25, mainly driven by a higher volume of decisions made during the year. While a higher number of claims decisions were upheld, this was partially offset by average compensation per claim falling from £27k (2024/25) to £23k (2025/26).

No levy was needed from this class in 2025/26, as surpluses carried forward from prior years covered the class's funding costs for the year. With its surpluses fully utilised, the class ended the year with a deficit of £2.4m, driven by higher claims volumes and related management costs. A levy will be required in the next financial year to cover future costs to this class.

The class receives contributions from the Home Finance Providers class when a levy is required.

Where required, the Home Finance Intermediation class contributes to the retail pool. No retail pool contributions were needed in 2025/26.

Total levies against compensation and management expenses



*In 2023/24, a £5m refund was issued to firms in this class due to surpluses carried over from previous years.

Home Finance Intermediation	2025/26	2024/25
New claims	94	90
Decisions upheld	70	20
Uphold rate	41%	18%
Average compensation	£22,814	£27,146

What are provider contributions?

Since April 2019, financial service product providers have been required to contribute approximately 25% of the levies allocated to classes that are associated with their products. This includes:

- Home Finance product providers contributing to the Home Finance Intermediation class;
- Investment Provision, Life & Pensions Provision and Structured Deposits product providers contributing to the LDII class; and
- General Insurance product providers contributing to the General Insurance Distribution class.

For more information, please see our website at www.fscs.org.uk/levy-info.

Investment Provision

Compensation costs for this class totalled £39m in 2025/26, compared with £65m in 2024/25.

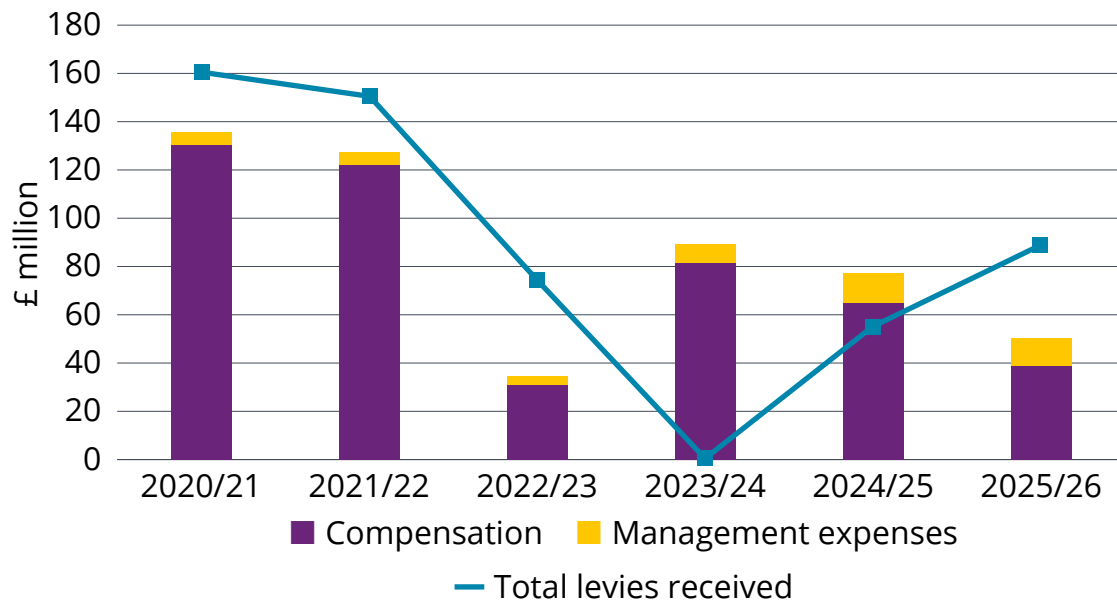
In 2025/26, more than 85% of compensation costs for this class related to SIPP operator firm failures and the subsequent claims made by their former customers. This is a small reduction from 2024/25 where over 90% of compensation costs were from this type of firm failure. The remaining compensation costs in 2025/26 were driven by the failure of investment scheme operator, Raedex Consortium Ltd, which was declared in default in April 2025. During the year, compensation of approximately £5m was paid out to customers for this firm failure.

As was the case for the prior year, just over 50% of the compensation paid for this class was against the SIPP operator Rowanmoor Personal Pensions Ltd, which was declared in default in December 2023.

The decrease in compensation compared with 2024/25 was due to fewer upheld decisions. This was driven by a higher volume of [Section 27 claims](#) in 2025/26, with the majority of these claims being rejected due to lack of evidence of negligence. This resulted in the uphold rate for the year falling to 33%, from 53% in 2024/25.

In 2025/26, levies raised for the Investment Provision class totalled £87m.

Total levies against compensation and management expenses



Investment Provision	2025/26	2024/25
New claims	2,194	3,314
Decisions upheld	1,331	2,040
Uphold rate	33%	53%
Average compensation	£29,023	£31,779
Special Administration Regime Payments	-	1,453*

* Costs accrued in previous year, with payments made in 2024/25.

Life Distribution & Investment Intermediation (LDII)

Total customer compensation for the Life Distribution & Investment Intermediation class increased from £110m in 2024/25 to £125m in 2025/26. As in the previous year, most compensation payments related to claims for unsuitable investment, pension and SIPP advice.

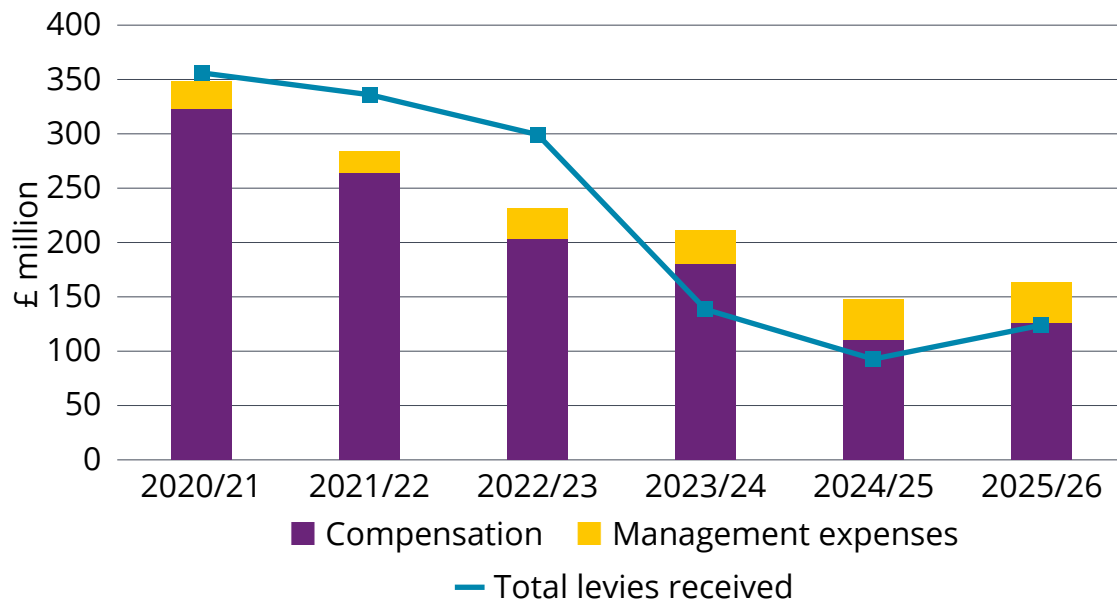
The change in compensation costs, compared with last year, is explained by an increase in Special Administration Regime costs for IBP Markets Ltd, which was declared in default in October 2023, and Logic Investments Ltd, which was declared in default in January 2026. These costs include compensation to customers and Joint Special Administrator costs that are expected to be paid in future years.

The above costs were offset by fewer new claims received and fewer claims upheld, with the uphold rate falling slightly to 56% from 58% in 2024/25. In addition, a higher proportion of investment claims meant the average compensation paid fell to £24k, compared with £26k in 2024/25. This is because investment claims tend to be lower value than other product types.

During the year, we paid compensation to customers of more than 300 failed firms in this class, mainly for unsuitable advice. The largest compensation payments were made in relation to City One Securities Ltd, which was declared in default in April 2020, and Alexander David Securities Ltd, which was declared in default in April 2024, with compensation of approximately £9m and £5m, respectively. Decisions upheld (4,062) exceeded new claims received in the year (3,268), as some decisions related to claims received in prior years.

Levies raised in this class totalled £120m in 2025/26, including provider contributions from the Investment Provision, Life & Pensions Provision, and Structured Deposits Provision classes.

Total levies against compensation and management expenses



Life Distribution & Investment Intermediation	2025/26	2024/25
New claims	3,268	4,110
Decisions upheld	4,062	4,342
Uphold rate	56%	58%
Average compensation	£23,635	£26,299
Special Administration Regime Payments	227*	700

* Costs accrued in previous year, with payments made in 2025/26.

PRA classes

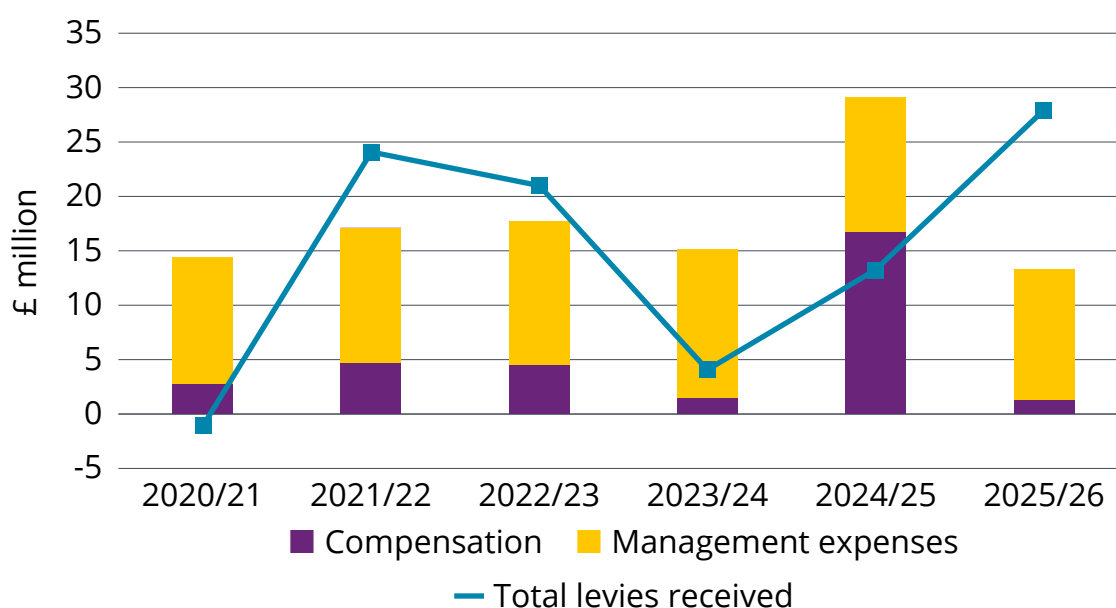
Deposits

Total compensation costs were £1.2m, down from £17m in the previous financial year. In 2025/26, three credit unions failed, resulting in total compensation costs of £1.1m. These firm failures and the related compensation costs included:

- Waltham Forest Council Employee Credit Union Ltd, declared in default in August 2025 with approximately £1m of deposits returned to customers;
- Tullycarnet Credit Union Ltd, declared in default in November 2025, with £81k in compensation paid to customers; and
- Cheshire Neighbours Credit Union Ltd, declared in default in October 2025, with approximately £3k of deposits returned to customers.

In 2025/26, levies raised from firms in this class totalled £27m.

Total levies against compensation and management expenses



Deposits	2025/26	2024/25
Payments	1,570	21,208
Average compensation	£779	£821

General Insurance Provision

During 2025/26, total compensation paid to customers for this class was £100m, which is £34m lower than the £134m paid in 2024/25.

There was one new firm failure in the year, Premier Insurance Company Ltd, which was declared in default in October 2025. Approximately £2m of compensation related to this firm, with the remaining compensation costs linked to insurance firms that failed in prior financial years.

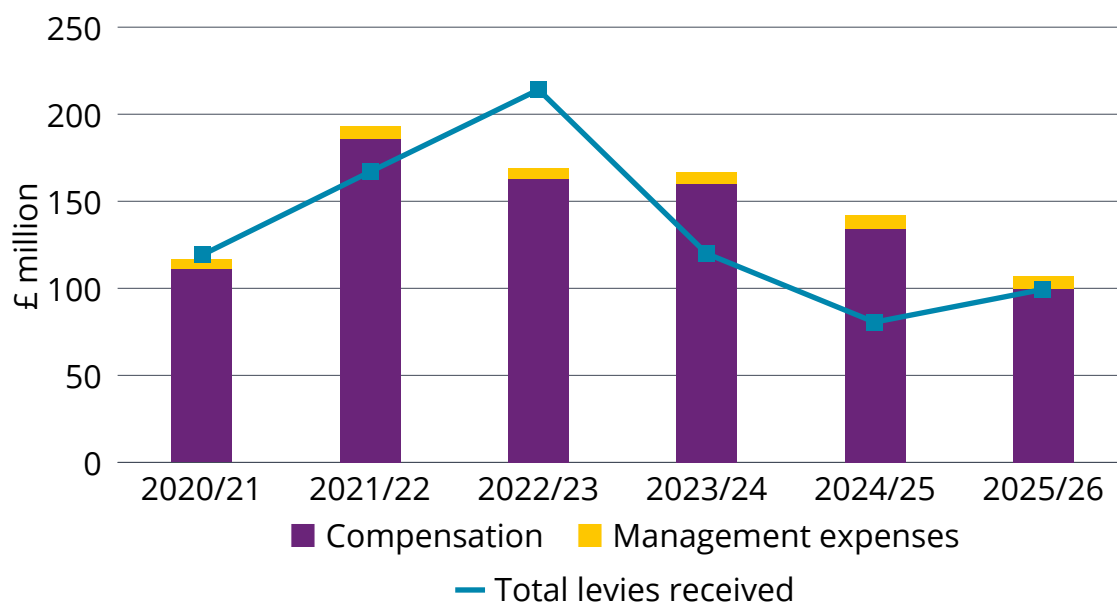
Compensation was paid to customers of 26 insurance firms under management. The majority of compensation paid related to the following insurers:

- £37m for Chester Street Holdings Ltd (declared in default in 2001);
- £18m for BAI Ltd (declared in default in 1998);
- £16m for Green Realisations 123 Ltd, formerly known as MCE Insurance Company Ltd (declared in default in 2021);
- £15m for East West Insurance Company Ltd (declared in default in 2020);
- £6m for Gefion Insurance A/S (declared in default in 2021); and
- £5m for Prometheus Insurance Company Ltd (declared in default in 2021).

For most of these firms, compensation costs continued to fall compared with the previous year as more time has passed since they went into default. East West Insurance Company Ltd and BAI Ltd were the only firms where costs increased compared with 2024/25.

In 2025/26, levies raised from firms in the General Insurance Provision class totalled £85m.

Total levies against compensation and management expenses



General Insurance Provision	2025/26	2024/25
Payments	11,749	12,681
Average compensation	£8,467	£10,579
Premiums returned	4,320	68
Average premium returned	£36	£786

Life & Pensions Provision

As in 2024/25, there were no firm failures or customer compensation for this class in 2025/26. During the year, the class paid £13m in provider contributions to the Life Distribution & Investment Intermediation (LDII) class.

03 Management expenses

In 2025/26, our management expenses increased by 0.7% compared with the previous financial year. As planned, these costs remained well within inflation.

This nominal increase largely reflected continued investment in our in-house capability, supporting our long-term strategy to enhance our efficiency and resilience into the future.

Our operating and investment expenditure during the year included:

- bringing more claims-handling activity in-house via our contact centre;
- moving to a single external claims-handling partner, further reducing reliance on external organisations to process claims;
- developing strategic initiatives, ensuring we remain well placed to respond quickly in an ever-changing compensation environment; and
- modernising how we manage insurance claims, moving to a single platform that streamlines claims tracking and reduces manual processes.

Management expenses and comparison with the previous financial year

Costs	Year ended 31 March 2026	Year ended 31 March 2025
	£m	£m
Outsourcing	10.6	12.4
Employment	40.1	33.5
Other staff-related costs including contractor costs	15.3	19.4
Strategic changes and IT development	3.9	5.0
Communications including marketing, public relations and stakeholder engagement	2.3	1.7
Other core costs including facilities, IT, legal and professional fees	28.3	28.0
Total management expenses (excluding pension adjustments and interest income)	100.5	100.0
Pension deficit funding	0	0
Interest income	(1.1)	(1.3)
Total management expenses	99.4*	98.7

* Our administration expenses, reported on an International Financial Reporting Standards (IFRS) basis, were £101m in our 2025/26 Annual Report and Accounts. Management expenses, as shown in our Class Statements, were lower at £99.4m, mainly because they exclude pension adjustments and interest income (see [Note 3](#) for further details).

04 Statement of the directors' responsibilities

The FSCS directors present their Annual Report and Class Statements for the year ended 31 March 2026, with comparatives, including the equivalent fund balances for the year ended 31 March 2025.

The directors of FSCS are responsible for:

- keeping adequate accounting records that are sufficient to show and explain class transactions;
- disclosing, with reasonable accuracy, the fund balances of the classes at any time;
- preparing financial statements, and being satisfied that they have been properly prepared and comply with the relevant requirements as set out in Note 1 to the Class Statements; and
- safeguarding the assets of the classes and taking reasonable steps for preventing and detecting fraud and other irregularities.

The directors are satisfied that FSCS is able to meet its obligations. As such, FSCS is a going concern and it is appropriate that these financial statements are prepared under the going concern basis.

The above statement was approved by the FSCS Board on 16 June 2026 and signed on its behalf by:



Martyn Beauchamp

Chief Executive

Financial Services Compensation Scheme

26 June 2026

05 Auditor's report

The Report of the Comptroller and Auditor General to the Financial Services Compensation Scheme Limited and Houses of Parliament

Purpose of this agreed-upon procedures report and restriction on use and distribution

The purpose of my report is to set out the findings of the agreed upon procedures, detailed below, on the Annual Report and Class Statements, for Financial Services Compensation Scheme Limited and other users of the Annual Report and Class Statements to consider and draw conclusions upon. The report is primarily intended for Financial Services Compensation Scheme Limited and HM Treasury but we do not impose any restrictions on its distribution and use.

Responsibilities of the engaging party

The Financial Services Compensation Scheme Limited has acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

The Financial Services Compensation Scheme Limited is responsible for the preparation of the Annual Report and Class Statements in accordance with Section 218 of the Financial Services and Markets Act (FSMA) 2000 and with directions made by HM Treasury on which the agreed-upon procedures are performed.

Practitioner's responsibilities

My responsibility is to examine and report to Financial Services Compensation Scheme Limited on the Annual Report and Class Statements in accordance with the Letter of Engagement.

I have conducted the agreed-upon procedures engagement in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), Agreed-Upon Procedures Engagements. An agreed-upon procedures engagement involves my performing the procedures that have been agreed with the Financial Services Compensation Scheme Limited, and reporting the findings, which are the factual results of the agreed-upon procedures performed. I make no representation regarding the appropriateness of the agreed-upon procedures.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, I do not express an opinion or an assurance conclusion. Had I performed additional procedures, other matters might have come to our attention that would have been reported.

Professional ethics and quality management

My staff and I comply with the International *Code of Ethics for Professional Accountants (including International Independence Standards)* published by the International Ethics Standards Board for Accountants ('the IESBA Code'). I am independent of the Financial Services Compensation Scheme

Limited in accordance with the ethical requirements that are relevant to my engagements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

My staff and I apply International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance and Related Services Engagements*, and accordingly, maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Procedures and findings

My staff and I have performed the procedures described below, which were agreed with Financial Services Compensation Scheme Limited in the Letter of Engagement dated 27 February 2026, on the Annual Report and Class Statements.

Procedures	Findings and exceptions found
<p>Reviewing the accounting policies and disclosures in the Class Statements to confirm their compliance with Section 218 of the Financial Services and Markets Act 2000 and the FCA and PRA rulebooks.</p>	<p>We reviewed the Class Statements disclosures and found that they complied with Section 218 of the Act.</p>
<p>Agreeing new classes or changes in class structure to third party evidence from the Financial Conduct Authority and/or Prudential Regulation Authority.</p>	<p>A new levy class (A2) was introduced during the year following the enactment of the Bank Resolution (Recapitalisation) Act 2025. We have verified this against third-party evidence obtained from the Prudential Regulation Authority and the Bank of England.</p>
<p>Reviewing the disclosures to ensure any new classes or changes in class structure are reflected.</p>	<p>We have reviewed the disclosures and can confirm that the new specific levy class (A2) has been recognised and presented.</p>
<p>Performing overall analytical procedures to assess whether the financial information presented in the Class Statements is consistent with our understanding of the scheme.</p>	<p>We performed overall analytical procedures on the Class Statements. The financial information is consistent with our understanding of the scheme.</p>
<p>Reading the other information and considering whether it is consistent with the financial information presented in the Class Statements, the FSCS' financial statements and our knowledge of the scheme gained through conducting our statutory audit.</p>	<p>We read the other information, which includes the Annual Report, and found it is consistent with the financial information presented in the Class Statements, the FSCS' financial statements and our knowledge of the scheme gained through statutory audit.</p>

Procedures

Confirming that the financial information presented in the Class Statements:

- Has been accurately extracted from accounting records subject to NAO's statutory audit of Financial Services Compensation Scheme Limited's Annual Report and Accounts
- Has been prepared in accordance with the accounting policies selected by management and disclosed in the notes to the Class Statements.

Considering whether there are any material errors or limitations arising from our statutory audit which cast doubt on the accuracy of the financial information presented in the Class Statements.

Findings and exceptions found

The financial information presented in the Class Statements has been accurately extracted from accounting records subject to NAO's statutory audit of Financial Services Compensation Scheme Limited's Annual Report and Accounts and has been prepared in accordance with the accounting policies selected by management and disclosed in the notes to the Class Statements.

As part of our procedures, we identified that the 2025/26 opening balances for both the FCA and PRA fee blocks do not reconcile to the 2024/25 closing balances. We confirmed that the closing balances have been taken from the prior year published financial statements, which are subject to rounding, while the opening balances have been extracted directly from the underlying accounting records. We are satisfied that the financial information has been accurately extracted and that the differences identified are due to rounding.

There are no material errors or limitations arising from our statutory audit which cast doubt on the accuracy of the financial information presented in the Class Statements.

Gareth Davies

29 June 2026

Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

06 Class Statements

Fund movements for the year ended 31 March 2026

Funding class		Funds brought forward		Compensation & interest		Exchange gain/(loss)		Recoveries received	
		2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Deposits	SA01	(1,589)	13,110	(1,223)	(16,699)	3	(11)	5,721	390
General Insurance Provision	SB01	23,316	46,569	(99,634)	(133,979)	2	(7)	9,861	34,484
General Insurance Distribution	CLGID1	3,614	6,031	(659)	(722)	-	(2)	403	-
Life and Pensions Provision	SC01	(615)	(555)	-	-	1	-	-	-
Life Distribution & Investment Intermediation	CLII1	(5,748)	44,115	(125,152)	(110,206)	7	(26)	22,115	4,226
Investment Provision	CLIP	(7,259)	12,723	(38,630)	(64,830)	4	(10)	(30)	1,578
Home Finance Intermediation	CLHFI1	707	1,527	(1,597)	(543)	1	(1)	-	-
Debt Management	CLDM1	(16)	2	-	-	-	-	-	-
Funeral Plans	CLFPC	(155)	(146)	-	-	-	-	-	-
Home Finance Providers-FCA retail pool	SRI1	-	-	-	-	-	-	-	-
Insurers General-FCA retail pool	SRH1	-	-	-	-	-	-	-	-
Insurers Life-FCA retail pool	SRG1	-	-	-	-	-	-	-	-
Deposit Acceptors-FCA retail pool	SRF1	-	-	-	-	-	-	-	-
Payment on Account levies	POAL	79,300	78,382	-	-	-	-	-	-
Total		91,555	201,758	(266,895)	(326,979)	18	(57)	38,070	40,678

	Specific costs		Interest received		Tax		Levies received		Cross-subsidy transfer		Funds carried forward	
	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	(12,072)	(12,387)	804	1,029	(201)	(254)	27,945	13,233	-	-	19,388	(1,589)
	(7,060)	(7,701)	3,251	4,777	(813)	(1,181)	93,233	80,354	-	-	22,156	23,316
	(1,165)	(2,090)	758	529	(190)	(131)	93	(1)	(27)	-	2,827	3,614
	(344)	(39)	(28)	(28)	7	7	-	-	-	-	(979)	(615)
	(38,360)	(37,787)	423	2,147	(106)	(531)	123,518	92,330	27	(16)	(23,276)	(5,748)
	(11,548)	(12,385)	1,295	901	(324)	(223)	88,818	54,987	-	-	32,326	(7,259)
	(1,603)	(366)	(4)	132	1	(33)	-	(25)	-	16	(2,495)	707
	(17)	(18)	(1)	-	-	-	(1)	-	-	-	(35)	(16)
	(4)	(4)	(6)	(7)	2	2	-	-	-	-	(163)	(155)
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	39,833	918	-	-	119,133	79,300
Total	(72,173)	(72,777)	6,492	9,480	(1,624)	(2,344)	373,439	241,796	-	-	168,882	91,555

07 Notes to the Class Statements for the year ended 31 March 2026

The powers of the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA) (previously the Financial Services Authority (FSA)) under the Financial Services and Markets Act 2000 (FSMA) became effective as at midnight on 30 November 2001.

Under the relevant rules set out in the FCA Handbook and PRA Rulebook, for funding purposes, FSCS is split into classes comprising: Deposits, General Insurance Provision, General Insurance Distribution, Life and Pensions Provision, Life Distribution & Investment Intermediation, Investment Provision, Home Finance Intermediation, Debt Management, and Funeral Plans.

The Bank Resolution (Recapitalisation) Act 2025 came into force in July 2025, which allows FSCS to fund the recapitalisation of a failing bank or building society. A new specific levy class (A2) was also created to recover costs of recapitalisation payments from firms. This class excludes management expenses and excludes credit unions. There were no transactions in this class during 2025/26. In addition, the FSCS deposit protection limit increased to £120,000 from 1 December 2025.

1 Requirement to publish Class Statements

Section 218 of the FSMA requires us to prepare a statement of the value of each of the funds established by Financial Services Compensation Scheme Limited (the Scheme Manager). These statements, referred to as the Class Statements, are

prepared by the Scheme Manager in accordance with the FCA Handbook and the PRA Rulebook.

Class Statements are not the statutory financial statements of the Scheme Manager and have not been prepared under the basis of International Financial Reporting Standards (IFRS). The statutory financial statements are subject to a separate audit engagement and opinion. Financial information other than that prepared on the basis of IFRS does not necessarily represent a true and fair view of the financial performance or financial position of a company as shown in statutory financial statements prepared in accordance with the Companies Act 2006.

Our 2025/26 Annual Report and Accounts shows the company's statutory financial statements prepared under UK adopted International Accounting Standards and in accordance with the Companies Act 2006. This is a separate publication, which can be found on our website at www.fscs.org.uk/news/fscs-news/annual-report.

The 2025/26 Annual Report and Accounts will be delivered to the Registrar of Companies within the statutory time frame and the auditor's report thereon was unqualified.

The Class Statements exclude certain estimates and judgements and are aligned with the calculation of levies. The presentation of the Class Statements enables each class of levy payer to understand the financial position of their class at the end of the financial year. The recognition criteria for levies and recoveries in the Class Statements are different from those in the Scheme Manager's statutory financial statements. The basis of recognition is described in Note 2.

2 Accounting policies

The accounting policies adopted in preparing the Class Statements are consistent with those in the accounting policies adopted in the statutory financial statements, except for levies and recoveries as described below.

Levies

The Scheme Manager raises levies on authorised financial services firms which are recognised in the Class Statements on receipt. Similarly, remission or rebates of levies are recognised in the Class Statements on payment.

Recoveries

Recoveries are only recognised in the Class Statements when dividends are notified by insolvency practitioners or agreed recoveries are notified by other third parties. In the absence of notification, recoveries are recognised on receipt.

a) Basis of accounting

The Class Statements have been prepared under the historical cost convention and

on the basis that Financial Services Compensation Scheme Limited, as the designated Scheme Manager, will exercise its responsibilities under the FSMA, and the FCA and the PRA rules, to recover management expenses and compensation costs on behalf of the classes. The Class Statements have been prepared under:

- Section 218 of the FSMA;
- the FCA Handbook and PRA Rulebook;
- the FCA-FSCS memorandum of understanding (sections 27 to 28);
- the PRA-FSCS memorandum of understanding (sections 48 to 49); and
- the accounting policies set out here.

The financial statements have been prepared on a going concern basis.

b) Compensation costs

Compensation costs are only recognised when the eligibility and quantum of the claim are known, or for reinstatement cases when fully valued. In most cases, this is when the claim has been assessed and a decision has been made, as before that point the eligibility and quantum of the claim cannot be known.

In the case of deposit defaults, Special Administration Regime defaults, return of insurance premium cases and funeral plan cover, these do not generally require an application form or decision to be made by FSCS; therefore, the expenditure is recognised when the firm is declared in default. In addition, compensation costs payable under various Orders (referred to as deemed compensation) are recognised when the firm is declared in default.

c) Recoveries

Recoveries are credited to funds when notification is received in respect of dividends from insolvency practitioners, or notified and agreed in respect of other recoveries. Where no notification is received, recoveries are credited on receipt. This differs from the accounting policy for recoveries adopted in the statutory financial statements, where recoveries are also recognised if it is probable that future economic benefits from a recovery will flow to the Scheme Manager and the value can be measured reliably (based on the best information available to the directors).

d) Management expenses

Management expenses comprise base costs, being the management expenses not attributable to any particular class, and specific costs, which are the remaining costs that cover the handling, payment of compensation and any other costs which can be directly attributable to a particular class.

The specific costs are allocated by FSCS to each class and in accordance with the levy principles contained within the relevant rules of the FCA Handbook and the PRA Rulebook. These are shown in the table of fund balances on pages 26 to 27.

The base costs are not allocated to classes, but are shown against the FCA and PRA fee blocks by which they are levied. Refer to section 8 for the base costs and related levies for each fee block.

e) Interest receivable

Interest received on cash deposits is credited to the classes in proportion to their relative fund balance.

f) Levies

The classes are funded by levies on firms authorised by the FCA and/or the PRA. The FCA raises levy invoices, on behalf of FSCS, which are credited to the classes on a receipts basis. Levies refunded are accounted for on payment. Where requests for the remission or rebate of a levy have been made, this is only recognised in the classes when payment is made. Under the current funding arrangements, the amount that can be raised by levy in the year will vary, depending on the funding class. For PRA classes, the maximum amount that can be levied is the individual class limit. FCA classes can receive support from other classes up to the amount of the retail pool. Retail pool contributions are shown as cross-subsidy transfers. Product provider contributions are shown as levies received in the receiving Insurance and Investment Intermediation class. Any provision or contingent liability recognised in FSCS for levy rebates is only recognised in the Class Statements when payment is made.

The largest c.1,000 levy payers make payments on account for FSCS's 2026/27 levy. These firms were invoiced in February, with a due date of 1 April 2026. As at 31 March 2026, invoices totalling £147,921,000 (2025: £112,932,000) were issued, of which £118,743,000 (2025: £78,825,000) was collected, leaving amounts due from levy payers of £29,179,000 (2025: £34,107,000). The amounts levied are held to the credit of those individual firms rather than to any particular funding class and are shown below. These funds will be applied to reduce the payments of these firms when the 2026/27 annual levies are invoiced in July 2026, which are allocated against funding classes.

For Payments on Account, the 'Levies received' column in the main Class Statements table (page 27) reflects the net effect of:

- i) these levy collections; and
- ii) allocations of payments on account against cases in specific classes represented in the other table rows.

g) Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the start of the month in which the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are revalued at the rate of exchange ruling at year-end. All exchange gains and losses are expensed to the funds of each class.

h) Cash flow

No statement of cash flow is prepared because, in the opinion of the directors, this would not provide any useful information in addition to that already provided in the tables of fund balances.

i) Taxation

Interest income is recognised gross of tax. The related tax on interest income is charged to the funds of each class.

j) Accounting judgements and key estimation uncertainties

The Class Statements are drawn up in accordance with the accounting policies above. There are uncertainties that could impact on the amounts recognised in the Class Statements.

The key area of estimation uncertainty in the Class Statements is:

- The value and expected timing of provisions for compensation costs.

These are based either on estimates provided by or ongoing discussions with the administrators as to how much FSCS would be liable to pay or contribute. In arriving at these estimates, some of the administrators would have made significant judgements, such as the timing of the return of remaining client assets on some estates and the associated costs, which are still subject to change. These changes can have a significant impact on the overall cost, so the provision could be different to the final outcome.

3 Management expenses

Management expenses charged by FSCS to the classes include payments made in the year for FSCS's defined benefit pension scheme. Administrative expenses of FSCS's statutory financial statements, however, reflect International Accounting Standard (IAS) 19 adjustments, with a charge for the current service cost in the year. This treatment ensures current funding of payments as and when they are made.

As stated above in Note 2(d), management expenses are allocated to classes and FCA and PRA fee blocks under the FCA and the PRA rules.

08 Base costs and related levies at 31 March 2026

		Balance at 1 April	
		2025/26	2024/25
		£'000	£'000
FCA fee block			
Minimum fee	A000	254	39
FCA Prudential fee	AP00	223	21
Deposit takers	A001	830	60
Home Finance Providers	A002	195	13
General Insurance	A003	327	39
Life Insurance	A004	489	34
Society of Lloyd's	A006	4	1
Fund managers	A007	522	49
Operators/trustees Collective Investment Schemes	A009	115	17
Firms dealing as principal	A010	669	(106)
Advising/arranging (not holding client money)	A013	894	230
Corporate Finance Advisers	A014	160	(31)
Home Finance mediation	A018	179	5
General Insurance mediation	A019	357	55
Firms holding client money or assets, or both	A021	174	(1)
Principal firms – appointed representatives	A022	61	8
Funeral plan intermediaries and providers	A023	(6)	(19)
Consumer Credit (Limited Permission)	CC01	86	0
Consumer Credit (Full Permission)	CC02	498	43
Investment exchanges, trading facilities, etc.	B002	15	15
Total		6,046	472

		Levies received		Base costs allocated		Funds carried forward	
		2025/26	2024/25	2025/26	2024/25	2025/26	2024/25
		£'000	£'000	£'000	£'000	£'000	£'000
		827	781	(619)	(565)	462	255
		663	702	(517)	(500)	369	223
		2,623	2,670	(1,993)	(1,901)	1,460	829
		635	648	(478)	(466)	352	195
		904	965	(702)	(678)	529	326
		1,571	1,595	(1,187)	(1,140)	873	489
		11	12	(9)	(8)	6	5
		1,570	1,641	(1,212)	(1,168)	880	522
		456	408	(324)	(310)	247	115
		1,681	2,119	(1,385)	(1,343)	965	670
		2,782	2,698	(2,121)	(2,035)	1,555	893
		511	560	(382)	(369)	289	160
		593	629	(468)	(454)	304	180
		968	1,053	(773)	(751)	552	357
		499	559	(396)	(383)	277	175
		192	193	(146)	(140)	107	61
		77	48	(37)	(36)	34	(7)
		296	307	(228)	(221)	154	86
		1,526	1,600	(1,179)	(1,144)	845	499
		-	-	-	-	15	15
		18,385	19,188	(14,156)	(13,612)	10,275	6,048

		Balance at 1 April	
		2025/26	2024/25
		£'000	£'000
PRA fee block			
Minimum fee	PA00	13	1
Deposit takers	PA01	3,690	283
General Insurance	PA03	944	66
Life Insurance	PA04	1,024	90
Society of Lloyd's	PA06	43	3
Firms dealing as principal	PA10	247	15
Total		5,961	458

		Levies received		Base costs allocated		Funds carried forward	
		2025/26	2024/25	2025/26	2024/25	2025/26	2024/25
		£'000	£'000	£'000	£'000	£'000	£'000
		24	36	(22)	(25)	15	12
		11,791	11,994	(8,928)	(8,586)	6,553	3,691
		2,626	2,838	(2,039)	(1,959)	1,531	945
		3,272	3,315	(2,478)	(2,381)	1,818	1,024
		142	143	(107)	(103)	78	43
		758	790	(582)	(558)	423	247
		18,613	19,116	(14,156)	(13,612)	10,418	5,962

The Class Statements were approved by the Board of Financial Services Compensation Scheme Limited, as designated Scheme Manager of the classes, on 16 June 2026 and signed on its behalf on 26 June 2026 by:



Martyn Beauchamp
Chief Executive
 Financial Services Compensation Scheme

09 Firm defaults

From 1 April 2025 to 31 March 2026, FSCS declared the following 46 firms in default:

Name of firm	Date declared in default
Attanta Ltd formerly Neovision Wealth Management Ltd	03/04/2025
Inspirational Financial Management Ltd trading as IFM Retirement Solutions	03/04/2025
Jacob Hopkins McKenzie Ltd	04/04/2025
Executive Benefit Consultancy Ltd	07/04/2025
Money Advice Partnership Ltd formerly FML Wealth Ltd	08/04/2025
JG Wealth Management Ltd formerly Johnston Gray & Wardrop Ltd	16/04/2025
Mr G and Mrs P Speller trading as Solutions Financial Services	24/04/2025
Raedex Consortium Ltd trading as Wheels4Sure, Rent2OwnCars	30/04/2025
Berkeley Jacobs Financial Services Ltd	30/04/2025
IFA Ltd trading as Cowburn Milner & Company Ltd	01/05/2025
AXG Advice Ltd formerly The Salmon Financial Partnership Ltd	02/05/2025
Central Markets Investment Management Ltd	28/05/2025
PCM Asset Management Ltd	04/06/2025
Christopher Barker trading as Apollo Pension & Investment Advisers	06/06/2025
Facet Investment Management Ltd formerly Graham Roberts Financial Management Ltd	15/07/2025
Forthplus Pensions Ltd formerly Athena Pensions Ltd, Helium Miracle 119 Ltd	18/07/2025
Corporate & Professional Pensions Ltd	25/07/2025
Waltham Forest Council Employee Credit Union Ltd	19/08/2025
Greenhill (Life & Pensions) Ltd formerly Greenhill (Life & Pensions Brokers) Ltd	02/09/2025
London Court Ltd trading as My Investment Hub, Venicap	03/10/2025
TenetConnect Services Ltd formerly The M & E Network Ltd trading as Future Fin	06/10/2025
Gallery Finance Ltd	09/10/2025
Premier Insurance Company Ltd	14/10/2025
Arthur Temlett trading as Abacus Insurance Consultants	16/10/2025
Peter Kettell IFA	17/10/2025
PTC Financial Advice (Scotland) Ltd	20/10/2025

Name of firm	Date declared in default
Cheshire Neighbours Credit Union Ltd	21/10/2025
Tullycarnet Credit Union Ltd	14/11/2025
Independently East Ltd	19/11/2025
Pello Capital Ltd formerly Cornhill Capital Ltd	26/11/2025
WJR Financial Solutions Ltd	10/12/2025
Donre Advisory Ltd	13/01/2026
MHMW1 Ltd formerly M L Robinson Financial Advice Ltd	13/01/2026
Logic Investments Ltd	16/01/2026
Hanson Financial Partners Ltd	16/01/2026
G60 Ltd formerly Pacific Shelf 989 Ltd	21/01/2026
Nexus Independent Financial Advisers Ltd trading as Nexus Wealth, NIFA, Nexus Wealth, Nexus SIPP	05/02/2026
Avonbrook Financial Management Ltd trading as Avonbrook Pensions, Investments & Mortgages	12/02/2026
Campbell & Associates Independent Financial Advice Ltd trading as Campbell & Associates	03/03/2026
Green Wealth Management Ltd	03/03/2026
Chancery Partnership Ltd	04/03/2026
MCI Global Investment Advisors Ltd	06/03/2026
Sigma Asset Management Ltd	12/03/2026
Lonsdale Insurance Brokers Ltd	12/03/2026
Inspired Loans Ltd trading as Compare & Protect, Inspired Mortgages, Inspired Lending	17/03/2026
Gaudi Regulated Services Ltd	20/03/2026

Contact us



Contact us

For more information
call: 0800 678 1100
email: publications@fscs.org.uk
visit: www.fscs.org.uk



Location

5th Floor,
The St Botolph Building,
138-139 Houndsditch,
London, EC3A 7AW



Stay connected

FSCS  [LinkedIn](#)
FSCS  [X](#)
FSCS  [Instagram](#)
FSCS  [Facebook](#)

E03582736

978-1-5286-6392-2