

February 2019

Dear Colleague,

**2018/19 Supplementary levies:**

- (1) **£78 million from the retail pool (to meet claims on the life and pensions intermediation class);**
- (2) **£13 million from the Deposit class;**
- (3) **£14 million from the General Insurance Provision class.**

On 31 January we confirmed the decision to raise 3 FSCS supplementary levies.

We had announced in our November issue of Outlook the likely need to raise a supplementary levy this year for costs relating to the Life and Pensions Intermediation class, with costs falling against the retail pool.

This supplementary levy arises from continuing growth in the volume of pension transfer and SIPP-related claims falling on life and pension advisers. Our forecast that we published last April was that these costs would amount to around £139m, of which £75m would be funded from the Life and Pensions Intermediation class (the maximum for this class in the 9-month levy year from July 2018 to March 2019). Based on current volumes and average costs, we now calculate that we need to raise an additional £78m rather than £64m from the retail pool.

The table below shows the share of this retail pool levy borne by each funding class, and how much from each class will be raised by invoices sent to firms with this letter – the remainder will be funded from current class surpluses.

	Share of Contribution to Retail Pool	Retail Pool Contribution (£m)	Retail Pool Levy to be invoiced (£m)
<b>FCA Classes</b>			
General Insurance Intermediation (SB02)	31%	24	16
Investment Provision (SD01)	21%	16	0
Investment Intermediation (SD02)	15%	12	0
Home Finance Intermediation (SE02)	4%	3	0
Debt Management (SK01)	2%	2	2
<b>FCA Provider Contribution Classes</b>			
Deposit Acceptors	11%	9	9
Insurers – General	4%	3	3
Insurers – Life	7%	6	6
Home Finance Providers	5%	3	3
<b>Total</b>	<b>100%</b>	<b>78</b>	<b>39</b>

In addition to the retail pool funding, we need to raise supplementary levies on the Deposit class for £13 million and on the General Insurance Provision class for £14 million. These levies are required to fund claims received relating to the failures of Dial-a-Cab Credit Union and Alpha Insurance A/S respectively and will be invoiced alongside the retail pool levy.

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 2018/19 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](mailto: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](mailto:enquiries@fscs.org.uk).

Yours faithfully,



Mark Neale  
Chief Executive