

# Financial Services Compensation Scheme (FSCS) compensation limits

## SANLAM INVESTMENTS AND PENSIONS

**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.

### Background

The Financial Services Compensation Scheme (FSCS) is the UK compensation fund of last resort. This means that in the unlikely event of Sanlam Life & Pensions UK Limited (SLP) or Sanlam Financial Services UK Limited (SFS) (with trading names of both Sanlam and Sanlam Investments and Pensions) 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 Sanlam Investments and Pensions, the compensation will be classed as insurance or investment business.

#### a) FSCS limits applying to SLP

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 Sanlam's Portal Personal Pension, the insured part of the OneSIPP, Transfer Pension Portfolio, Sanlam Portal Bond, Versatile Investment Portfolio Bond (VIP) and all legacy life and pension contracts.

#### b) FSCS limits applying to SFS

As an investment company, the FSCS currently provides cover of £50,000 per person.

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

Provided assets have been correctly administered by SFS, these assets would not form part of SFS's own funds and therefore could not be used to settle SFS's 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 SFS goes into liquidation?

Money held in the SFS designated client money accounts are segregated from SFS's own funds, but will be pooled with money held on behalf of other SFS clients. This means that your money held by SFS 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?

The level of compensation payable depends on the status of the provider, the nature of the investment and the eligibility under the FSCS. In each case, the claim must relate to a firm which is covered by the FSCS.

#### 1) Via a Sanlam Portal GIA or Sanlam Portal ISA

These funds are held by the custodian on behalf of a client (ring fenced) and are not an asset of SFS or the fund operator, 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 the FSCS investment limits (£50,000 per person).

### 2) Via a SLP life or pensions product

This situation is different according to the type of product being held, pensions or life:

#### a) OneSIPP or Portal Pension (pensions)

Under the Financial Conduct Authority (FCA) rules governing the FSCS, if an operator of an investment fund was declared in default resulting in losses to the funds, the trustee or operator of a personal pension scheme (for example, Sanlam) would be an eligible claimant. We could make a claim to the FSCS in the event of an investment fund operator's insolvency provided there is a valid claim against them – for example, if the FSCS determines that fraud or mismanagement by the operator of the investment fund has caused a loss to the fund itself.

#### b) VIP or Onshore Bond (life)

If an operator of an investment fund was declared in default, SLP could not make a claim against the FSCS on a customer's behalf. This is because the assets are held in SLP's name and SLP would not be an eligible claimant under the FCA rules. In these circumstances, it may not be possible to claim on the FSCS. However, investments in regulated OEICs or unit trusts should be held by a custodian (ring fenced) as these would not be assets of the fund operator and therefore would be protected from creditors.

Similarly, if you use your policy to invest in funds or cash deposits held with a deposit-taking institution (such as a UK bank), you may not be able to claim on the FSCS should that institution become insolvent. This means that you may lose all or part of the money held with that bank.

The information on the FSCS contained in this factsheet is by no means exhaustive. The Terms and conditions for your Sanlam policy 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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Sanlam and Sanlam Investments and Pensions are trading names of Sanlam Life & Pensions UK Limited (SLP (Reg. in England 980142)) and Sanlam Financial Services UK Limited (SFS (Reg. in England 2354894)). SLP is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. SFS is authorised and regulated by the Financial Conduct Authority. Registered Office: St. Bartholomew's House, Lewins Mead, Bristol BS1 2NH.

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