



Mr P Lisewski  
Cloudsoft Limited  
Level 2  
40 Gledstanes Road  
Barons Court  
London  
W14 9HU

16th September 2015

Dear Mr Lisewski

**Important information about the Financial Services Compensation Scheme**

Please find enclosed some important information about changes to the Financial Services Compensation Scheme (FSCS). This information has been produced by one of our regulators, the Prudential Regulation Authority. We're required to provide you with this information and we recommend you read the document carefully.

**What's changing and why?**

If a bank, building society or credit union fail, the FSCS protects your eligible deposits up to the deposit protection limit. The deposit protection limit is set by a European directive and the existing limit was set at £85,000 in 2010 because that was equivalent to €100,000 at the time.

Member states that need to convert the limit into a national currency, like the UK, have been required to review the coverage level and adjust it according to exchange rates prevailing on 3 July 2015. Consequently, the enclosed document explains that your FSCS deposit protection limit is reducing from £85,000 to £75,000 from 1 January 2016 and it outlines the options you have available to you if you have deposits totalling more than £75,000 with us.

If you hold accounts that normally incur charges or penalties at withdrawal, you may be eligible for a single penalty-free withdrawal from one of your accounts should you wish to reallocate your funds across multiple financial organisations and bring your total holdings in each financial institution under the new £75,000 compensation limit.

**What do I need to do if I have over £75,000 in deposits?**

If you aren't concerned about the reduction in the deposit protection limit and you don't wish to withdraw any funds, you don't need to do anything.

If you'd like to withdraw funds from an account that doesn't incur any charges or penalties at withdrawal, you may do so at any time.

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If you'd like to discuss your options around withdrawing from an account which would normally incur charges or penalties at withdrawal please call us between 1 October and 31 December 2015 on the contact numbers enclosed when we'll be able to process your request.

Kindly note that the FSCS limit applies to the combined total of any deposits you have with HSBC and first direct. If you have accounts with both businesses, we'll only send you one letter to confirm these changes. Exclusions to the deposit protection scheme are listed in the enclosed document.

Yours sincerely

A handwritten signature in black ink, consisting of a stylized 'C' followed by a horizontal line.

Craig Wilson  
Deputy Chief Operating Officer, UK Commercial Banking

## INFORMATION ABOUT THE FINANCIAL SERVICES COMPENSATION SCHEME

**On 1 January 2016 the deposit protection limit is changing from £85,000 to £75,000.**

If your bank, building society or credit union fail, the Financial Services Compensation Scheme (FSCS) protects your eligible deposits up to the deposit protection limit (currently £85,000 for most depositors).<sup>1</sup>

**If you have eligible deposits of more than £75,000, you are unlikely to be fully protected after 1 January 2016 so you may need to take action if you wish to remain fully covered by the FSCS.**

From 1 January 2016, your eligible deposits with HSBC Bank plc will be protected up to a total of £75,000 by the FSCS. The limit is applied to the total of your eligible deposits held with the following: HSBC Bank plc.

**IF YOU HAVE MORE THAN £75,000 WITH HSBC Bank plc and are concerned by the reduction in the protection limit you may wish to consider the following;**

- If you hold an account which does not incur a penalty on withdrawal, you may transfer funds to another authorised deposit taking firm to reduce your balance to below the new protection limit of £75,000.
- If you hold an account which does incur a penalty on withdrawal, you are able to withdraw up to £10,000 (or the amount that your deposits exceed £75,000, whichever is the lower amount), in a single transaction and transfer these funds to another authorised deposit-taking firm without incurring charges or fees provided you make the transfer request on or before 31st December 2015. We will be able to action these requests between 1st October and 31st December 2015. Please contact us between these dates if you wish to discuss these options.

**PLEASE CONTACT YOUR RELATIONSHIP MANAGER, OR CALL 03457 60 60 60 (Text Phone 03457 125563) FOR FURTHER INFORMATION ON KEEPING YOUR MONEY PROTECTED OR CONTACT THE FSCS (SEE CONTACT DETAILS AT THE BOTTOM OF THIS DOCUMENT).**

If you have total eligible deposits of less than £75,000 with HSBC Bank plc then you will not be affected by the limit change.

Further information regarding the protection provided by FSCS is set out below.

### **General limit of protection**

Your eligible deposits held at the same bank, building society or credit union are added up in order to determine the coverage level. If, for instance, you hold eligible deposits in a savings account with £70,000 and a current account with £20,000, you will only be repaid £75,000 (or £85,000 for most depositors until 31 December 2015).

From 3 July 2015 until 31 December 2015:

The FSCS protects most depositors, including individuals and small companies, up to £85,000 until 31 December 2015.

Eligible deposits of large companies<sup>2</sup> and small local authorities<sup>3</sup> are eligible for FSCS protection from 3 July 2015 onwards. The £75,000 deposit protection limit will apply from 3 July 2015 since these deposits have not previously been protected.

<sup>1</sup>Exceptions for certain deposits are stated below and on the FSCS's website: <http://www.fscs.org.uk>

<sup>2</sup>Large company means a body corporate which does not qualify as a small company under section 382 of the Companies Act 2006.

<sup>3</sup>Small local authority means a local authority with an annual budget of up to EUR 500,000.



From 1 January 2016:

From 1 January 2016, the FSCS will protect most eligible deposits up to a total of £75,000. Any deposits you hold above the limit are unlikely to be covered.

### **Temporary high balances**

In some cases, an eligible deposit which is categorised as “a “temporary high balance” (for example, as a result of a house sale, inheritance, or insurance payment) may be protected to a higher limit for six months after the amount has been credited to your account or from the moment when such eligible deposits become legally transferable. This applies from 3 July 2015. See the FSCS website for full details.

### **Exclusions from protection**

A deposit is excluded from protection if:

(1) The holder and any beneficial owner of the deposit have never been identified in accordance with money laundering requirements. For further information, contact your bank, bank building society or credit union.

(2) The deposit arises out of transactions in connection with which there has been a criminal conviction for money laundering.

(3) It is a deposit made by a depositor which is one of the following:

- credit institution
- financial institution
- investment firm
- insurance undertaking
- reinsurance undertaking
- collective investment undertaking
- pension or retirement fund<sup>4</sup>
- public authority, other than a small local authority.

The following deposits, categories of deposits or other instruments are no longer protected from 3 July 2015:

- deposits of a credit union to which the credit union itself is entitled
- deposits which can only be proven by a financial instrument<sup>5</sup> unless it is a savings product which is evidenced by a certificate of deposit made out to a named person and which exists in a Member State on 2 July 2014
- deposits of a collective investment scheme which qualifies as a small company<sup>6</sup>
- deposits of an overseas financial services institution which qualifies as a small company<sup>7</sup>
- deposits of certain regulated firms (investment firms, insurance undertakings and reinsurance undertakings) which qualify as a small business or a small company<sup>8</sup> – refer to the FSCS for further information on this category.

<sup>4</sup>Deposits by personal pension schemes, stakeholder pension schemes and occupational pension schemes of micro, small and medium sized enterprises are not excluded.

<sup>5</sup>Listed in Section C of Annex 1 of Directive 2014/65/EU.

<sup>6</sup>Under the Companies Act 1985 or Companies Act 2006.

<sup>7</sup>See footnote above.

<sup>8</sup>See footnote above.

## **Reimbursement**

The FSCS aims to repay your eligible deposits (up to the compensation limit) within 7 days, and is required to do so within 20 working days (with some exceptions).

## **Contact**

If you have any questions regarding the change in the compensation limit, please contact the Financial Services Compensation Scheme (FSCS) at:

FSCS  
10th Floor Beaufort House  
15 St Botolph Street  
London  
EC3A 7QU

Tel: 0800 678 1100

Email: [ICT@fscs.org.uk](mailto:ICT@fscs.org.uk)

Web: <http://www.fscs.org.uk>

