

**Possible New
Security Levels
for High Deposit
Balances -**

**The Implications
for Personal Injury
Awards**

On 31st March, the Financial Services Authority issued a consultation document seeking input from interested parties on whether the present £50,000 maximum cover for deposit accounts under the terms of the Financial Services Compensation Scheme, should be extended for those holding temporary high balances. For the first time, the Financial Services Authority has recognised that personal injury claimants are not ordinary investors...

The general aim of the FSA consultation is to,

...contribute to the banking reform objective of providing effective compensation arrangements in which consumers have confidence.

All well and good and the FSA proposes a monetary limit of £500,000 over a maximum of 6 months. Amongst other proposed categories, cover would extend to solicitors' client accounts and cover general client deposits.

However, proposals for **personal injury claimants** suggest an enhanced level of protection, for an unlimited monetary amount over an 18 month period,

...to reflect that personal injury awards and settlements are often intended to provide an income for the rest of the injured person's life and that it might be difficult to assess for some time how the money should be allocated and invested between financial institutions.

So at last the FSA has recognised that personal injury claimants are different and at least that's a start. The main thrust of **our response** to the consultation as specialist investment advisers, will be to promote extended protection to all UK investments of personal injury awards without limitation of monetary amount or time. The Courts have recognised the different investor status of personal injury claimants since as long ago as *Wells*. Further, the security of funds held on deposit at the Court of Protection and the Court Funds Office provides a stark contrast to what is available to personal injury claimants on the high street.

Responses to the consultation are due no later than **30th June 2009**. If you would like to contribute to our response, please contact **Nick Leech** or **Andrew Sands**. If you would like to read more about the consultation, or would prefer to respond directly, click on the link below

<http://www.fsa.gov.uk/pages/Library/Communication/PR/2009/044.shtml>

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