



News release

21 November 2016

Prudential Regulation Authority consults on restoring the deposit protection limit to £85,000

The PRA is consulting on plans to restore the limit of protection provided by the Financial Services Compensation Scheme (FSCS) to depositors of PRA-authorized firms from £75,000 to £85,000 on 30 January 2017. Firms would have until 30 June 2017 to implement the necessary changes to systems and materials.

Restoring the limit to £85,000 – the level in effect for almost five years prior to 3 July 2015 – is intended to provide a measure of memorability and consistency.

The limit was previously reduced to £75,000 because the Deposit Guarantee Schemes Directive required non-euro Member States of the European Union to adjust their deposit protection limits on 3 July 2015 to the equivalent of €100,000.

The Directive also requires that limits be adjusted outside of the five-year review cycle following the occurrence of unforeseen events such as currency fluctuations. Taking into consideration the developments in financial markets following the UK's referendum vote on 23 June 2016 to leave the European Union, including with respect to the GBP/EUR exchange rate, the PRA considers that a structural shift in the exchange rate has occurred. These events were unforeseen when the UK limit was reduced in 2015.

The PRA will continue to monitor fluctuations in the exchange rate but, barring unforeseen events, will seek to avoid making further adjustments to the deposit protection limit.

The consultation closes on 16 December 2016.

ENDS

Notes to Editors

1. [Link to Consultation Paper.](#)
2. The FSCS provides protection for eligible customers of failed PRA-authorized financial services firms. Effective protection for deposits advances the PRA's general objective of promoting the safety and soundness of PRA-authorized firms. The PRA is responsible for the oversight of, and rules relating to, the FSCS in respect of deposit protection.
3. As required by the Directive, HM Treasury has consulted with the European Commission in relation to changing the deposit protection limit.