

NP15023MR/1811348876/11017/ANT
MS MICHELLE LUNNON
ADMINISTRATOR
PARKLANDS RETIREMENT BENEFITS
DAWS HOUSE
33-35 DAWS LANE
LONDON
NW7 4SD
37500 00488 *0137265 11 R2



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The FSCS deposit protection limit is changing

The Financial Services Compensation Scheme (FSCS) is a deposit protection scheme that provides a level of cover for your money should anything happen to your bank, building society or credit union.

We wanted to let you know that the deposit protection limit is changing from **1 January 2016**. This change applies to all banks, building societies and credit unions in the UK.

What's changing

- **For individuals:** the level of cover is reducing from £85,000 to **£75,000** per bank, building society or credit union
- **For joint account holders:** each account holder will have a level of cover up to £75,000
- **For Business, Commercial & Corporate accounts protected by the FSCS prior to 3 July and from that date onwards:** the level of cover is reducing from £85,000 to £75,000 per bank, building society or credit union

In addition, from 3 July 2015, eligible deposits of large companies and small local authorities are also eligible for FSCS protection. For these customers the £75,000 deposit protection limit was immediately applicable, since these deposits had not previously been protected.

Please familiarise yourself with FSCS compensation arrangements including information on deposits excluded from protection by reading the information over the page and by visiting fscs.org.uk or rbs.co.uk/fscs

We're here to help

Business customers can get in touch through the usual contact channels and Commercial & Corporate customers may wish to speak with their Relationship Managers or Support Teams who will be pleased to help.

Thanks,

Your team at Royal Bank of Scotland

PS We've also included a reminder about your right to opt in and out of marketing over the page.



rbs.co.uk/fscs

More information on the FSCS deposit protection limit

What's changing

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

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



What you may want to consider

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 The Royal Bank of Scotland plc (Royal Bank of Scotland) will be protected up to a total of £75,000 by the FSCS. The Royal Bank of Scotland also trades under Drummonds, Child & Co, Holts, The One Account, Mint and Direct Line and deposits are all covered by a single Prudential Regulation Authority (PRA)/Financial Conduct Authority (FCA) authorisation. This means the total deposits with these firms will count towards the one compensation limit.

If you have more than £75,000 with Royal Bank of Scotland:

If your deposit was protected by the FSCS prior to 3 July 2015 and from that date onwards, and if you hold balances over £75,000 with Royal Bank of Scotland and some, or all, of those balances are held in accounts that do not allow instant access, e.g. a fixed rate bond, you can withdraw up to a maximum of £10,000 without early closure charge in order to reduce your total deposits with Royal Bank of Scotland. If your total deposits with Royal Bank of Scotland are less than £85,000 the maximum you can request to withdraw is the amount required to reduce your total deposits to the £75,000 limit. You can make a single request to withdraw up to £10,000 across all of your accounts with Royal Bank of Scotland and this must be made by 31 December 2015.

For example

If you have £85,000 in a Fixed Rate Bond, you can withdraw a maximum of £10,000 without charge and could therefore reduce your balance to £75,000 without any early closure charge being applied. If you have total eligible deposits of less than £75,000 with Royal Bank of Scotland, then you will not be affected by the limit change.

Technical information about the FSCS scheme

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 companies² and small local authorities³ 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.

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.

Depositors with aggregate deposit balances over £75,000

Further information will be provided, upon request, to depositors on how these changes will affect depositors with aggregate balances over £75,000. Please contact the FSCS (overleaf) for further information or visit rbs.co.uk/fscs.

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.

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

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

³Small local authority means a local authority with an annual budget of up to EUR 500,000

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, 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 fund⁴
 - 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 instrument⁵ 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 company⁶
- deposits of an overseas financial services institution which qualifies as a small company⁷
- deposits of certain regulated firms (investment firms, insurance undertakings and reinsurance undertakings) which qualify as a small business or a small company⁸ – refer to the FSCS for further information on this category.

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:

Address:

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

Tel: 0800 678 1100

Email: ICT@fscs.org.uk

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

Where do I go for further information

Please visit rbs.co.uk/fscs for further information on any of the above and on keeping your money protected.

Opting in and out of marketing

We'll never change your marketing permissions unless you ask us to. You can opt in or out of marketing messages at any time, just come into your local branch or login to online banking. We'll still contact you about important changes associated with your account.

⁴Deposits by personal pension schemes, stakeholder pension schemes and occupational pension schemes of micro, small and medium sized enterprises are not excluded

⁵Listed in Section C of Annex 1 of Directive 2014/65/EU

⁶Under the Companies Act 1985 or Companies Act 2006

⁷See footnote above

⁸See footnote above