

Financial Services Compensation Scheme

Reporting data for FSCS levies and exemption from levies

You may find the following information helpful before you report data for the Financial Services Compensation Scheme levies or notifying us that you qualify for an exemption.

What is the Financial Services Compensation Scheme (FSCS)?

The Financial Services Compensation Scheme (FSCS) is the UK's statutory compensation scheme of last resort and pays claims against firms where they are unable, or likely to be unable, to pay claims against them. In general, this is when a firm is insolvent.

The FSCS can compensate consumers and some smaller businesses of authorised financial services firms under the Act (or any participating EEA firm) and covers deposits, insurance policies, insurance broking, investment business, mortgage advice and arranging, and debt management business.

Firms from across the financial services industry pay levies to fund both the FSCS's operating costs and the compensation it pays out.

We act as the FSCS's agent to collect relevant data, raise and issue the levy invoices and collect all payments due on its behalf. This is to avoid duplication and reduce costs

What makes up the FSCS levy?

The FSCS levy is made up of two elements:

Management expenses levy – cover the costs of running the compensation scheme. The management expenses levy is made up of **base costs** (operating costs not directly related to the payment of compensation), and **specific costs** (operating costs that are directly related to the payment of compensation arising from valid claims).

Compensation costs levy – provides the funds to make valid compensation payments.

All firms are required to contribute to **base costs**.

How do I know if I qualify for an exemption?

A [participant firm](#) that does not conduct business that could give rise to a protected claim by an [eligible claimant](#) and has no reasonable likelihood of doing so is exempt from a specific costs levy, or a compensation costs levy, or both. This is if it has notified the FSCS in writing that those conditions apply and will continue to apply, or by completing the exemption notice.

Firms that have submitted valid exemptions (under FEES 6.2.1R) will be excluded from specific and compensation costs levies, but will remain liable for a share of base cost levies. The exemption will take effect from the date that the notice is received by the FSCS. We must receive your notice of exemption by 31 March to take effect for the following and future levy year.

How do I know if you already hold an exemption notice?

An exemption notice under [FEES 6.2.1R](#) rolls over each year and does not need to be renewed annually. Your fee tariff data form will show your current exemption status. Contact your supervisor if you have any queries on this.

What happens if I no longer qualify for an exemption?

A [participant firm](#) that is exempt under [FEES 6.2.1R](#) must notify the FSCS in writing as soon as reasonably practical if the conditions in [FEES 6.2.1R](#) no longer apply. The firm will then become subject to [Fees 6.3. 6.5 6.7](#)

What information do I need to supply if I'm not exempt?

A participant firm must provide the FSCS by the end of February each year with a statement of:

the class and categories to which it belongs; and the total amount of business (measured in line with the appropriate tariff base or bases) which it conducted, for the firm's previous financial year or where applicable as at 31 December, in relation to each of those classes and categories.

How do I complete the FSCS statement of business?

The FSCS classes and categories which you belong to can be found on your annual fee tariff data return form. Guidance notes are on our [tariff data](#) web page.

You will need to complete the online form if you are registered for online invoicing or send your paper copy by email to Feetariffreturns@fca.org.uk. We must receive your data by **the end of February**.

Further enquiries

If after reading these notes you have any questions about exemption or completing the form, please email the Revenue team Feetariffreturns@fca.org.uk. Alternatively, contact our fees helpline on 0300 500 0597.