

REDRESS REFORMS INSTRUMENT 2026

Powers exercised by the Financial Conduct Authority

- A. The Financial Conduct Authority (“the FCA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137A (The FCA’s general rules);
 - (2) section 137T (General supplementary powers);
 - (3) section 139A (Power of the FCA to give guidance);
 - (4) section 213 (The compensation scheme);
 - (5) section 214 (General);
 - (6) section 226 (Compulsory jurisdiction); and
 - (7) paragraph 13 (the FCA’s rules) of Part III (The Compulsory Jurisdiction) of Schedule 17 (The Ombudsman Scheme).
- B. The rule-making provisions listed above are specified for the purposes of section 138G(2) (Rule-making instruments) of the Act.

Commencement

- C. Part 1 of Annex C and Annex D come into force on 17 March 2026.
- D. Annex A, Annex B and Part 2 of Annex C come into force on 1 June 2026.

Amendments to the Handbook

- E. The modules of the FCA’s Handbook of rules and guidance listed in column (1) below are amended in accordance with the Annexes to this instrument listed in column (2).

(1)	(2)
Glossary of definitions	Annex A
Supervision manual (SUP)	Annex B
Dispute Resolution: Complaints sourcebook (DISP)	Annex C
Compensation sourcebook (COMP)	Annex D

- F. The FCA approves the Voluntary Jurisdiction rules and guidance made and amended, the standard terms for Voluntary Jurisdiction participants fixed and varied, and the scheme rules made and amended by the Financial Ombudsman Service, as set out in paragraph G below.

Powers exercised by the Financial Ombudsman Service Limited

- G. The Financial Ombudsman Service Limited:
- (1) makes and amends the rules and guidance for the Voluntary Jurisdiction and fixes and varies the standard terms for Voluntary Jurisdiction participants to

incorporate the changes made by the FCA as set out in Annex C to this instrument; and

- (2) makes and amends the rules and guidance for the Voluntary Jurisdiction, fixes and varies the standard terms for Voluntary Jurisdiction participants, and makes and amends the scheme rules and guidance relating to the complaint handling procedures of the Financial Ombudsman Service, to incorporate the changes to the Glossary of definitions as set out in Annex A to this instrument,

in the exercise of the following powers and related provisions in the Act:

- (a) section 227 (Voluntary jurisdiction);
- (b) paragraph 8 (Information, advice and guidance) of Schedule 17;
- (c) paragraph 14 (The scheme operator's rules) of Schedule 17;
- (d) paragraph 18 (Terms of reference to the scheme) of Schedule 17; and
- (e) paragraph 20 (Voluntary jurisdiction rules: procedure) of Schedule 17.

- H. The making and amendment of the Voluntary Jurisdiction rules and guidance, the fixing and varying of standard terms, and the making and amendment of scheme rules by the Financial Ombudsman Service Limited, as set out at paragraph G, is subject to the approval of the FCA.

Notes

- I. In the Annexes to this instrument, the notes (indicated by “**Note:**”) are included for the convenience of readers but do not form part of the legislative text

Citation

- J. This instrument may be cited as the Redress Reforms Instrument 2026.

By order of the Board of the Financial Conduct Authority
26 February 2026

By order of the Board of the Financial Ombudsman Service
23 February 2026

Annex A

Amendments to the Glossary of definitions

In this Annex, underlining indicates new text and striking through indicates deleted text.

Amend the following definition as shown.

complaint ...

- (2) (in *DISP*, except *DISP* 1.1 and (in relation to *collective portfolio management*) in the *consumer awareness rules*, the *complaints handling rules* ~~and~~, the *complaints record rule*, ~~and~~ in *CREDS* 9 ~~and~~, in *SUP* 12 and in *SUP* 15) any oral or written expression of dissatisfaction, whether justified or not, from, or on behalf of, a *person* about the provision of, or failure to provide, a financial service, *claims management service* or a *redress determination*, which:
- (a) alleges that the complainant has suffered (or may suffer) financial loss, material distress or material inconvenience; and
 - (b) relates to an activity of that *respondent*, or of any other *respondent* with whom that *respondent* has some connection in marketing or providing financial services or products or *claims management services*, which comes under the jurisdiction of the *Financial Ombudsman Service*.

...

Annex B

Amendments to the Supervision manual (SUP)

In this Annex, underlining indicates new text and striking through indicates deleted text.

15 Notifications to the FCA

...

15.3 General notification requirements

...

Communication with the appropriate regulator in accordance with Principle 11

...

15.3.8 G Compliance with *Principle 11* includes, but is not limited to, giving the *FCA* notice of:

...

- (3) any action which a *firm* proposes to take which would result in a material change in its capital adequacy or solvency, including, but not limited to:

...

- (d) significant trading or non-trading losses (whether recognised or unrecognised); and

- (4) any circumstances that a *firm* considers:

- (a) may adversely impact at least 40% of the *customers* of a financial service or *product* that the *firm* provides or may provide to those *customers*;
- (b) may lead to the *firm* paying a significant total financial sum in redress if the *firm* or the *Financial Ombudsman Service* upholds a *complaint* made against the *firm*, or a court upholds a claim relating to a *complaint* made against the *firm*;
- (c) may lead to the *firm* paying financial sums in redress that will negatively impact the *firm*'s capital adequacy or solvency;
- (d) has led, or may lead, to a comparatively high number of *complaints* received by the *firm* in relation to a financial service or *product*; or

(e) may lead to substantial financial loss for two or more consumers of a financial service or product.

15.3.8 G The FCA would consider there to be a ‘significant total financial sum’ in redress under SUP 15.3.8G(4)(b) if it appears a firm will need to pay from an affected financial service or product either:

- (1) £10 million or more; or
- (2) 50% of the firm’s annual revenue for the firm’s last financial year in respect of that financial service or product.

15.3.8 G The FCA would consider there to be a ‘comparatively high number of complaints received by the firm’ under SUP 15.3.8G(4)(d) where, taking into account the size of the firm and the number of customers it has in relation to any financial service or product:

- (1) it records an increase in the number of complaints received in respect of that financial service or product as compared to the number of such complaints received in the firm’s previous report provided to the FCA in accordance with DISP 1.10; and
- (2) this increase, in the opinion of the firm, demonstrates potentially recurring or systemic problems in its provision of, or failure to provide, a financial service or product.

15.3.8 G The FCA would consider there to be ‘substantial financial loss’ under SUP 15.3.8G(4)(e) if it appears that an individual consumer would lose more than £10,000.

...

Annex C

Amendments to the Dispute Resolution: Complaints sourcebook (DISP)

In this Annex, underlining indicates new text and striking through indicates deleted text.

Part 1: Comes into force on 17 March 2026

1 Treating complainants fairly

1.1 Purpose and application

...

Application to firms

1.1.3 R ...

(4) [deleted]

(5) The following provisions apply to a Gibraltar-based firm as they would have applied had they been made (as amended) before IP completion day:

(a) DISP 1.4.4AG; and

(b) DISP 1.6.1R.

1.1.3A D ...

1.1.3B G GEN 2.3 has the effect of preserving provisions as they applied to Gibraltar-based firms immediately prior to IP completion day. DISP 1.1.3R(5) ensures that the provisions listed in DISP 1.1.3R(5)(a) and (b) apply as amended after IP completion day to those Gibraltar-based firms subject to DISP 1 under GEN 2.3.

...

1.4 Complaints resolution rules

...

Co-operating with the Financial Ombudsman Service

1.4.4 R ...

1.4.4A G Full co-operation with the Financial Ombudsman Service includes, as appropriate, complying with directions on evidence or requests for information from the Financial Ombudsman Service required to assess a complaint.

...

Part 2: Comes into force on 1 June 2026

1.6 Complaints time limit rules

Keeping the complainant informed

1.6.1 R On receipt of a *complaint*, a *respondent* must:

(1) send the complainant a prompt written acknowledgement providing:

(a) early reassurance that it has received the *complaint* and is dealing with it; and

(b) a statement explaining that the *respondent* will send:

(i) in the case of an *EMD complaint* or a *PSD complaint*:

(A) a final response within 15 *business days* of its receipt of the *complaint*, in accordance with *DISP* 1.6.2AR(1); or

(B) in exceptional circumstances, a holding response within 15 *business days* of its receipt of the *complaint* and a final response within 35 *business days* of its receipt of the *complaint*, in accordance with *DISP* 1.6.2AR(2); or

(ii) in the case of any other *complaint*, a written response within 8 weeks of its receipt of the *complaint*, that being either a final response in accordance with *DISP* 1.6.2R(1) or a written response in accordance with *DISP* 1.6.2R(2); and

...

1.6.1A G ...

1.6.1B G Where the *complaint* is due to be dealt with through the *Lloyd's complaint procedures*, and consistently with *DISP* 1.1.7R, the *respondent* will be able to satisfy the requirement at *DISP* 1.6.1R(1)(b) by including information about the timelines applicable under the *Lloyd's complaint procedures*.

...

Annex D

Amendments to the Compensation sourcebook (COMP)

In this Annex, underlining indicates new text and striking through indicates deleted text, unless otherwise stated.

4 Eligible claimants

...

4.2 Who is eligible to benefit from the protection provided by the FSCS?

4.2.1 R An *eligible claimant* is any *person* who at any material time:

- (1) did not come within *COMP 4.2.2R*; or
- (2) did come within *COMP 4.2.2R*, but satisfied the relevant exemption in *COMP 4.3* ~~or *COMP 4.4*~~.

[Note: See *COMP 4A.2.2G* about special cases in *COMP 12A.1* (Trustees and pension schemes) and *COMP 12A.3* (Collective investment schemes).]

Persons not eligible to claim unless *COMP 4.3* applies (see *COMP 4.2.1R*)

4.2.2 R This table belongs to *COMP 4.2.1R*

(1)	<i>Firms</i> (other than a <i>sole trader firm</i> ; a <i>credit union</i> ; a trustee of a <i>stakeholder pension scheme</i> (which is not an <i>occupational pension scheme</i>) or <i>personal pension scheme</i> ; a <i>firm carrying on the regulated activity</i> of operating, or winding up, a <i>stakeholder pension scheme</i> (which is not an <i>occupational pension scheme</i>) or <i>personal pension scheme</i> ; or a <i>small business</i>); in each case, whose <i>claim</i> arises out of a <i>regulated activity</i> for which they do not have a <i>permission</i>) and <i>overseas financial services institutions</i>
(2)	<i>Overseas financial services institutions</i> [deleted]
...	
(4)	Pension and retirement funds, and anyone who is a trustee of such a fund. However, this exclusion does not apply to:
(a)	a trustee of a <i>personal pension scheme</i> or a <i>stakeholder pension scheme</i> (which is not an <i>occupational pension scheme</i>); or
(b)	a trustee of an <i>occupational pension scheme</i> insofar as members' benefits are <i>money purchase benefits</i> ; or

	(e)	insofar as members' benefits are not <i>money-purchase benefits</i> , a trustee of an <i>occupational pension scheme</i> of an employer which is not a <i>large company</i> , <i>large partnership</i> or <i>large mutual association</i> .	
...			
(7)	<i>Directors of the relevant person in default</i> or, in respect of a claim against a <i>successor in default</i> , directors of any <i>successor</i> or directors of the <i>relevant person</i> . However, this exclusion does not apply if:		
	(a)	(i)	the <i>relevant person in default</i> is a mutual association which is not a <i>large mutual association</i> and the <i>directors</i> do not receive a salary or other remuneration for services performed by them for the <i>relevant person in default</i> ; or
		(ii)	in respect of a <i>claim</i> against a <i>successor in default</i> , the <i>relevant person</i> or a <i>successor</i> , to whichever the directorship relates, is a mutual association which is not a <i>large mutual association</i> and the <i>directors</i> do not receive a salary or other remuneration for services performed by them for the <i>relevant person</i> or a <i>successor</i> , as applicable; or
	(b)	(i)	the <i>relevant person in default</i> is a <i>credit union</i> ; or
		(ii)	in respect of a <i>claim</i> against a <i>successor in default</i> , the <i>relevant person</i> or a <i>successor</i> , to whichever the directorship relates, is a <i>credit union</i> .
...			
(9)	<i>Bodies corporate</i> in the same group as the <i>relevant person in default</i> or, in respect of a <i>claim</i> against a <i>successor in default</i> , <i>bodies corporate</i> in the same group as a <i>successor</i> or the <i>relevant person</i> , as applicable, unless that <i>body corporate</i> is:		
	(a)	a trustee of a <i>stakeholder pension scheme</i> (which is not an <i>occupational pension scheme</i>) or a <i>personal pension scheme</i> (but in each case if the trustee is a <i>firm</i> it will only be an <i>eligible claimant</i> if its <i>claim</i> arises out of a <i>regulated activity</i> for which it does not have a permission); or	
	(aa)	a trustee of:	
		(i)	an <i>occupational pension scheme</i> in relation to members' benefits which are <i>money-purchase benefits</i> ; or

	(ii)	(unless (i) applies) an <i>occupational pension scheme</i> of an employer which is not a <i>large company</i> , <i>large partnership</i> or <i>large mutual association</i> ; or
	(b)	carrying on the <i>regulated activity</i> of operating or winding up a stakeholder pension scheme (which is not an <i>occupational pension scheme</i>) or <i>personal pension scheme</i> .
...		
(13)		<i>Large companies</i> , <i>large partnerships</i> and <i>large mutual associations</i>
(14)		<i>Large partnerships</i> [deleted]
...		
(19)		<i>Large mutual associations</i> [deleted]
...		

...

4.3 Exceptions: Circumstances where a person coming within COMP 4.2.2R may receive compensation

...

Protected investment business

4.3.9 R ~~A person is eligible to claim compensation for claims made in connection with *protected investment business* if, at the date at which the *relevant person* (or, where applicable, a *successor*) is deemed to be in default, he: [deleted]~~

- (1) ~~came within category (14) of COMP 4.2.2 R and he does not exceed the limits for a *body corporate* which qualifies as a small company under section 247 of the Companies Act 1985 or section 382 of the Companies Act 2006 as applicable; or~~
- (2) ~~came within category (19) of COMP 4.2.2 R.~~

Trustees of pension schemes

4.3.10 R A person is eligible to claim compensation for *claims* where they are a trustee of:

- (1) a *personal pension scheme*;
- (2) a *stakeholder pension scheme* (which is not an *occupational pension scheme*);

(3) an occupational pension scheme insofar as members' benefits are money-purchase benefits; or

(4) an occupational pension scheme insofar as members' benefits are not money-purchase benefits; and the employer is not a large company, large partnership or large mutual association.

4.3.11 R A body corporate in the same group as the relevant person in default is eligible to claim compensation for claims where they are:

(1) a trustee of a stakeholder pension scheme (which is not an occupational pension scheme) or a personal pension scheme, provided that if the body corporate is a firm its claim arises out of a regulated activity for which it does not have permission;

(2) a trustee of an occupational pension scheme in relation to members' benefits which are money-purchase benefits;

(3) trustees of an occupational pension scheme of an employer which is not a large company, large partnership or large mutual association; or

(4) carrying on the regulated activity of operating or winding up a stakeholder pension scheme (which is not an occupational pension scheme) or a personal pension scheme.

Insert the following new chapter, COMP 4A, after COMP 4 (Eligible claimants). All the text is new and is not underlined.

4A Eligibility special cases

4A.1 Application and purpose

Application

4A.1.1 R This chapter applies to the *FSCS*.

4A.1.2 G This chapter is also relevant to those who may wish to bring a *claim* for compensation.

Purpose

4A.1.3 G In some cases, *claims* may be brought by one *person* for the benefit of another *person* or group of *persons* who they have legal obligations towards, such as a trustee for the benefit of beneficiaries. In these situations, it is appropriate that the *FSCS* treats the *claim* as having been made by each of the *persons* who will benefit from the *claim*. The purpose of this chapter is to set out the circumstances where these situations arise.

4A.2 Look throughs

- 4A.2.1 R If a claimant has a *claim* as a *person* in column A of the table in COMP 4A.2.3R, the FSCS must treat the corresponding *person* in column B of that table as having the *claim* not the *person* in column A.
- 4A.2.2 G For the purposes of this section, note the *rules* and *guidance* for other special cases in COMP 12A.3 (Collective investment schemes).
- 4A.2.3 R This table belongs to COMP 4A.2.1R.

	A	B
(1)	Trustee of an <i>occupational pension scheme</i> or trustee or <i>operator</i> of, or the <i>person</i> carrying on the <i>regulated activity</i> of winding up, a <i>stakeholder pension scheme</i> (which is not an <i>occupational pension scheme</i>) or <i>personal pension scheme</i>	Member or member scheme (or, where relevant, the beneficiary of any member) insofar as the members' benefits are <i>money-purchase benefits</i>
(2)	Bare trustee	Beneficiary
(3)	<i>Nominee company</i>	Beneficiary
(4)	Personal representative	Estate the personal representative is administering
(5)	Agent	<i>Principal</i>
(6)	<i>Firm</i> with a <i>claim</i> under COMP 3.2.4R	<i>Customer</i>
(7)	<i>Friendly society</i>	Member

- 4A.2.4 R The FSCS must:
- (1) only pay compensation to or on behalf of a *person* listed in column B of the table in COMP 4A.2.3R if that *person* is an *eligible claimant*; and
 - (2) not pay compensation separately to a *person* listed in column A of the table in COMP 4A.2.3R unless that *person* has a *claim* as an *eligible claimant* in a capacity other than that listed in column A of that table.

- 4A.2.5 R Where this chapter applies, the *FSCS* must take reasonable steps to ensure that any amount paid to a *person* in column A of the table in *COMP* 4A.2.3R is, in each case:
- (1) for the benefit of the corresponding *persons* in column B of the table in *COMP* 4A.2.3R if that *person* is an *eligible claimant*; and
 - (2) no more than the amount of the loss suffered by the corresponding *persons* in column B of the table in *COMP* 4A.2.3R.

4A.3 Trusts, pension schemes and collective investment schemes

- 4A.3.1 R If any group of *persons* has a *claim* as:

- (1) trustees; or
- (2) *operators* of, or as *persons* carrying on the *regulated activity* of winding up a *stakeholder pension scheme* (which is not an *occupational pension scheme*) or *personal pension scheme* (or any combination thereof),

the *FSCS* must treat them as a single and continuing *person* distinct from the *persons* who may from time to time be performing those roles.

- 4A.3.2 R Where the same *person* has a *claim* as:

- (1) a trustee for different trusts or for different *stakeholder pension schemes* (which are not *occupational pension schemes*) or *personal pension schemes*; or
- (2) the *operator* of, or the *person* carrying on the *regulated activity* of winding up different *stakeholder pension schemes* (which are not *occupational pension schemes*) or *personal pension schemes*,

the *FSCS* must treat the *claim* in respect of each trust, scheme or fund as being the *claim* of a separate *person*, unless the *claim* relates to a single pooled investment failure impacting multiple trusts, schemes or funds.

- 4A.3.3 R Where the claimant is a trustee and some of the beneficiaries of the trust are *persons* who would not be *eligible claimants* if they had a *claim* themselves, the *FSCS* must adjust the amount of the overall *claim* to eliminate the part of the *claim* which, in the *FSCS*'s view, relates to any beneficiary who would not be an *eligible claimant*.

- 4A.3.4 G The look through in relation to *pension schemes* in *COMP* 4A.2.3R(1) means that:

- (1) where a member's benefits are *money-purchase benefits*, the *FSCS* will treat any *claim* as though it was made by the member whether the *claim* is made by the individual member or the trustee of the *pension scheme*; and

- (2) where a member's benefits are not *money-purchase benefits*, no look through will apply and the *FSCS* will consider any *claim* owed to either the trustee of the *pension scheme* or an individual member on its own merits.

4A.4 Joint claims

- 4A.4.1 R Subject to *COMP* 4A.3.2R, if 2 or more *persons* have a joint beneficial *claim*, each of those *persons* is taken to have a *claim* for their share, and in the absence of satisfactory evidence as to their respective shares, the *FSCS* must regard each *person* as entitled to an equal share.
- 4A.4.2 R If 2 or more *persons* who are carrying on business together in partnership have a joint beneficial *claim*, the *claim* is to be treated as a *claim* of the partnership.

4A.5 Foreign law

- 4A.5.1 R In applying *COMP* to *claims* arising out of business done with a *branch* or *establishment* of the *relevant person* outside the *United Kingdom*, the *FSCS* must interpret references to:

- (1) *persons* entitled as personal representatives, trustees, bare trustees or agents, *operators* of *pension schemes* or *persons* carrying on the *regulated activity* of winding up *pension schemes*; or
- (2) *persons* having a joint beneficial *claim* or carrying on business in partnership,

as references to *persons* entitled, under the law of the relevant country or territory, in a capacity appearing to the *FSCS* to correspond as nearly as may be to that capacity.

Amend the following as shown.

6 Relevant persons and successors in default

...

6.3 When is a relevant person in default?

...

- 6.3.4 R The *FSCS* may determine a *relevant person* to be *in default* if ~~it is satisfied that~~ a *protected claim* exists (other than an *ICD claim*), and:
- (1) the *FSCS* is satisfied that:
- (a) the *relevant person* cannot be contacted at its last place of business and that reasonable steps have been taken to

establish a forwarding or current address, but without success; ~~and~~

- (b) the relevant person, or its directors or former directors, have failed to comply with a request for information from the FSCS or otherwise failed to deal with the FSCS in an open, co-operative and timely way; or
- (c) the relevant person, or its directors or former directors, are facing personal circumstances such that the FSCS reasonably believes that they are unable to deal with the FSCS in an open, co-operative and timely way; and

- (2) there appears to the FSCS to be no evidence that the *relevant person* will be able to meet *claims* made against it.

...

Scheme manager's power to require information

- 6.3.9 R For the purposes of ~~sections~~ section 219(1A)(b), (d) and ~~(f)~~ (e) of the *Act* (Scheme manager's power to require information) whether a *relevant person* is unable or likely to be unable to satisfy *claims* shall be determined by reference to whether it is *in default*.

...

11 Payment of compensation

...

11.2 Payment

To whom must payment be made?

- 11.2.1 R If the FSCS determines that compensation is payable (or any recovery or other amount is payable by the FSCS to the claimant), it must pay it either
A to the claimant; or if the FSCS so decides, as directed by the claimant to any other person on such terms and on such conditions as the FSCS thinks fit, unless COMP 11.2.2R, COMP 11.2.2AR or COMP 11.2.2CR apply applies.

- 11.2.1 R When paying compensation to a person other than the claimant in accordance with COMP 11.2.1AR, the FSCS must take reasonable steps to ensure that any amount paid:

- (1) benefits the eligible claimant; and
- (2) is no more than the amount of loss suffered by the eligible claimant.

- 11.2.1 G Factors that the FSCS may consider in determining who to pay compensation to under COMP 11.2.1AR include, but are not limited to,
C

any direction given by the claimant, and what the FSCS reasonably considers is in the claimant's best interests.

- 11.2.1 G COMP 3.2.2R permits the FSCS to pay compensation to a person who
D makes a claim on behalf of another person where certain conditions are
satisfied. This includes payment to the personal representatives who make
a claim on behalf of the deceased (see COMP 3.2.3G(1)). COMP 11.2.1AR
permits the FSCS to pay compensation to any other person who it
considers should receive the compensation. For example, this may be to a
funeral services provider directly where the funeral services provider has
incurred expenses in providing funeral services under the funeral plan
contract and is yet to be reimbursed.

...

Collective investment scheme claims

- 11.2.2 R ~~Where a claimant has a claim that falls within COMP 12A.3.1R, the FSCS~~
A ~~may pay any compensation to: [deleted]~~

- (1) ~~the participants and not to the claimant; or~~
- (2) ~~the collective investment scheme and (where different) not to the claimant; or~~
- (3) ~~any combination of the above.~~

- 11.2.2 G ~~As a result of COMP 12A.3.1R, the FSCS must try to ensure that the amount~~
B ~~paid is no more than the amount of the loss suffered by the participant.~~
~~[deleted]~~

Protected funeral plan business claims

- 11.2.2 R ~~Where a claimant has a protected funeral plan business claim the FSCS may~~
C ~~pay compensation (and any recovery or other amount payable by the FSCS to~~
~~the claimant) to any other person on such terms and on such conditions as it~~
~~thinks fit. [deleted]~~

- 11.2.2 G ~~COMP 3.2.2R permits the FSCS to pay compensation to a person who makes~~
D ~~a claim on behalf of another person where certain conditions are satisfied.~~
~~This includes payment to the personal representatives who make a claim on~~
~~behalf of the deceased (see COMP 3.2.3G(1)). COMP 11.2.2CR permits the~~
~~FSCS to pay compensation to any other person who it considers should~~
~~receive the compensation. For example, this may be to a funeral services~~
~~provider directly where the funeral services provider has incurred expenses in~~
~~providing funeral services under the funeral plan contract and is yet to be~~
~~reimbursed. [deleted]~~

...

12 Calculating compensation

...

12.2 Quantification: general

...

Settlement of claims

- 12.2.10 R (1) The *FSCS* may pay compensation without fully or at all investigating the eligibility of the claimant and/or the validity and/or amount of the *claim* notwithstanding any provision in this sourcebook or *FEES* 6 to the contrary, if ~~in the opinion of the *FSCS*:~~ considers it reasonable to do so.
- (a) ~~the costs of investigating the merits of the *claim* are reasonably likely to be disproportionate to the likely benefit of such investigation; and [deleted]~~
- (b) ~~(as a result or otherwise) it is reasonable in the interests of *participant firms* to do so. [deleted]~~
- (2) ~~This rule does not apply with respect to *claims* that are excluded by article 3 of the *Investor Compensation Directive*. [deleted]~~

12.2.11 R In determining whether to exercise its discretion under *COMP* 12.2.10R, the *FSCS* must take into account:

- (1) whether, in the opinion of the *FSCS* based on the information available to the *FSCS* at the time the determination is considered, the costs of investigating the merits of the *claim* are reasonably likely to be disproportionate to the likely benefit of such investigation, having regard to the need to minimise those costs and burdens and allocate them efficiently and proportionately; and
- (2) the need to preserve public confidence in, and the efficient and effective operation of, the compensation scheme.

...

12A Special cases

COMP 12A.1 (Trustees and pension schemes) and COMP 12A.2 (Personal representatives, agents and joint claims) are deleted in their entirety. The deleted text is not shown but the sections are marked '[deleted]' as shown below.

12A.1 Trustees and pension schemes [deleted]

12A.2 Personal representatives, agents and joint claims [deleted]

Amend the following as shown.

12A.3 Collective investment schemes

12A.3.1 R (1) If a claimant has a *claim* in its capacity as a *collective investment scheme*, or anyone who is an operator, depository, manager or trustee of such a scheme, and the conditions in (2) are met:

- (a) the *FSCS* must treat the *participant* or *participants* as having the *claim* and not the claimant;
- (b) ~~COMP 12A.1.6R and COMP 12A.1.7R apply, reading “trustee” as “collective investment scheme, or anyone who is an operator, depository, manager or trustee of such a scheme”, “trust” as “collective investment scheme” and “beneficiary” as “participant”. [deleted]~~

...

12A.3.2 R Where the claimant is a *collective investment scheme* or an operator, depository, manager or trustee of such a scheme, and some of the *participants* are *persons* who would not be *eligible claimants* if they had a *claim* themselves, the *FSCS* must adjust the amount of the overall *claim* to eliminate the part of the *claim* which, in the *FSCS*'s view, is a *claim* for those beneficiaries.

12A.3.3 R The *FSCS* must try to ensure that any amount paid to:

- (1) the *collective investment scheme*; or
- (2) the operator, depository, manager or trustee of the *collective investment scheme*,

is, in each case:

- (3) for the benefit of *participants* who would be *eligible claimants* if they had a *claim* themselves; and
- (4) no more than the amount of the loss suffered by those *participants*.

COMP 12A.4 (Foreign law) and COMP 12A.5 (Claims arising under COMP 3.2.4R) are deleted in their entirety. The deleted text is not shown but the sections are marked '[deleted]' as shown below.

12A.4 Foreign law [deleted]

12A.5 Claims arising under COMP 3.2.4R [deleted]