



# Financial Services and Markets Act 2000

## 2000 CHAPTER 8

### PART XV

#### THE FINANCIAL SERVICES COMPENSATION SCHEME

##### *The scheme*

#### **213 The compensation scheme.**

- (1) The [<sup>F1</sup>regulators] must by rules [<sup>F2</sup>made in accordance with an order under subsection (1A)] establish a scheme for compensating persons in [<sup>F3</sup>cases where—
- (a) relevant persons are unable, or likely to be unable, to satisfy claims against them, or
  - (b) persons who have assumed responsibility for liabilities arising from acts or omissions of relevant persons (“successors”) are unable, or likely to be unable, to satisfy claims against the successors that are based on those acts or omissions.]

[<sup>F4</sup>(1A) The Treasury must by order specify—

- (a) the cases in which the FCA may, or may not, make rules under subsection (1), and
  - (b) the cases in which the PRA may, or may not, make rules under that subsection.]
- (2) The rules [<sup>F5</sup>(taken together)] are to be known as the Financial Services Compensation Scheme (but are referred to in this Act as “the compensation scheme”).
- (3) The compensation scheme must, in particular, provide for the scheme manager—
- (a) to assess and pay compensation, in accordance with the scheme, to claimants in respect of claims made in connection with regulated activities carried on (whether or not with permission) by relevant persons; and
  - (b) to have power to impose levies on authorised persons, or any class of authorised person, for the purpose of meeting its expenses (including

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in particular expenses incurred, or expected to be incurred, in paying compensation, borrowing or insuring risks).

- (4) The compensation scheme may provide for the scheme manager to have power to impose levies on authorised persons, or any class of authorised person, for the purpose of recovering the cost (whenever incurred) of establishing the scheme.
- (5) In making any provision of the scheme by virtue of subsection (3)(b), the [<sup>F1</sup>regulators] must take account of the desirability of ensuring that the amount of the levies imposed on a particular class of authorised person reflects, so far as practicable, the amount of the claims made, or likely to be made, in respect of that class of person.
- (6) An amount payable to the scheme manager as a result of any provision of the scheme made by virtue of subsection (3)(b) or (4) may be recovered as a debt due to the scheme manager.
- (7) Sections 214 to 217 make further provision about the scheme but are not to be taken as limiting the power conferred on the [<sup>F1</sup>regulators] by subsection (1).
- (8) In those sections “specified” means specified in the scheme.
- (9) In this Part (except in sections 219, 220 or 224) “relevant person” means a person who was—
  - (a) an authorised person at the time the act or omission giving rise to the claim against him [<sup>F6</sup>, or against a successor falling within subsection (1)(b),] took place; or
  - (b) an appointed representative at that time.
- [<sup>F7</sup>(10) But a person who, at that time—
  - (a) qualified for authorisation under Schedule 3, and
  - (b) fell within a prescribed category in relation to any authorised activities,
 is not to be regarded as a relevant person in relation to those activities, unless the person had elected to participate in the scheme in relation to those activities at that time.
- (11) In subsection (10) “authorised activities”, in relation to a person, means activities for which the person had, at the time mentioned in that subsection, permission as a result of any provision of, or made under, Schedule 3.]

#### Textual Amendments

- F1** Word in s. 213 substituted (24.1.2013 for specified purposes, 1.4.2013 in so far as not already in force) by [Financial Services Act 2012 \(c. 21\), s. 122\(3\), Sch. 10 para. 3\(2\)](#) (with [Sch. 20](#)); [S.I. 2013/113, art. 2\(1\)\(b\)\(c\), Sch. Pts. 2, 3](#); [S.I. 2013/423, art. 3, Sch.](#)
- F2** Words in s. 213(1) inserted (24.1.2013 for specified purposes, 1.4.2013 in so far as not already in force) by [Financial Services Act 2012 \(c. 21\), s. 122\(3\), Sch. 10 para. 3\(3\)\(a\)](#) (with [Sch. 20](#)); [S.I. 2013/113, art. 2\(1\)\(b\)\(c\), Sch. Pts. 2, 3](#); [S.I. 2013/423, art. 3, Sch.](#)
- F3** Words in s. 213(1) substituted (24.1.2013 for specified purposes, 1.4.2013 in so far as not already in force) by [Financial Services Act 2012 \(c. 21\), s. 122\(3\), Sch. 10 para. 3\(3\)\(b\)](#) (with [Sch. 20](#)); [S.I. 2013/113, art. 2\(1\)\(b\)\(c\), Sch. Pts. 2, 3](#); [S.I. 2013/423, art. 3, Sch.](#)
- F4** S. 213(1A) inserted (24.1.2013 for specified purposes, 1.4.2013 in so far as not already in force) by [Financial Services Act 2012 \(c. 21\), s. 122\(3\), Sch. 10 para. 3\(4\)](#) (with [Sch. 20](#)); [S.I. 2013/113, art. 2\(1\)\(b\)\(c\), Sch. Pts. 2, 3](#); [S.I. 2013/423, art. 3, Sch.](#)

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- F5** Words in s. 213(2) inserted (24.1.2013 for specified purposes, 1.4.2013 in so far as not already in force) by [Financial Services Act 2012 \(c. 21\), s. 122\(3\)](#), [Sch. 10 para. 3\(5\)](#) (with [Sch. 20](#)); [S.I. 2013/113, art. 2\(1\)\(b\)\(c\)](#), [Sch. Pts. 2, 3](#); [S.I. 2013/423, art. 3, Sch.](#)
- F6** Words in s. 213(9)(a) inserted (24.1.2013 for specified purposes, 1.4.2013 in so far as not already in force) by [Financial Services Act 2012 \(c. 21\), s. 122\(3\)](#), [Sch. 10 para. 3\(6\)](#) (with [Sch. 20](#)); [S.I. 2013/113, art. 2\(1\)\(b\)\(c\)](#), [Sch. Pts. 2, 3](#); [S.I. 2013/423, art. 3, Sch.](#)
- F7** S. 213(10)(11) substituted for s. 213(10) (1.7.2011) by [The Undertakings for Collective Investment in Transferable Securities Regulations 2011 \(S.I. 2011/1613\)](#), [reg. 2\(13\)](#)

#### **Modifications etc. (not altering text)**

- C1** S. 213(3)(a) excluded (31.10.2004) by [The Financial Services and Markets Act 2000 \(Transitional Provisions\) \(Mortgages\) Order 2004 \(S.I. 2004/2615\)](#), arts. 1(2), 5, [Sch. para. 8](#)
- C2** S. 213(3)(a) excluded (14.1.2005) by [The Financial Services and Markets Act 2000 \(Transitional Provisions\) \(General Insurance Intermediaries\) Order 2004 \(S.I. 2004/3351\)](#), arts. 1(2), 6
- C3** S. 213(3)(a) excluded (26.7.2013 for specified purposes) by [The Financial Services and Markets Act 2000 \(Regulated Activities\) \(Amendment\) \(No.2\) Order 2013 \(S.I. 2013/1881\)](#), arts. 1(2)(5), [59\(8\)](#)
- C4** S. 213(9) excluded (2.7.2002) by [The Financial Services and Markets Act 2000 \(Consequential Amendments and Transitional Provisions\) \(Credit Unions\) Order 2002 \(S.I. 2002/1501\)](#), [art. 5\(1\)](#)

#### **Commencement Information**

- I1** S. 213 wholly in force at 18.6.2001; s. 213 not in force at Royal Assent see s. 431(2); s. 213(10) in force for certain purposes at 25.2.2001 by [S.I. 2001/516, art. 2\(b\)](#), [Sch. Pt. 2](#); s. 213 in force in so far as not already in force at 18.6.2001 by [S.I. 2001/1820, art. 2, Sch.](#)

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