

SLCC News

Financial Services Compensation Scheme Limit Changes

1 December 2025

The government set up the Financial Services Compensation Scheme (FSCS) in 2001 under the Financial Services and Markets Act 2000 to protect customers of financial services firms that have failed. Thanks to levies paid by authorised financial services firms, the FSCS can step in to pay compensation in these situations.

In 2015, the Bank of England extended the protections of the FSCS to include small local authorities. These are described as an authority with an annual budget of less than €500,000 (approximately £430,000 on current exchange rates). This means that authorities considered as small are granted the same protections as individuals, whereby deposits of up to £85,000 per UK bank or building society are fully protected.

From 1 December 2025, FSCS protection for deposits and savings in bank, building society, and credit union accounts rose to £120,000, thus providing small local authorities with a higher level of protection.

Read more [here](#).

<https://www.slcc.co.uk/financial-services-compensation-scheme-limit-increases-to-120000/>