

Discretionary investment management

Web update 1: 29 January 2026

Please note the following update to your copy of the 2025–26 edition of the **J10** study text:

On 1 December 2025, the Financial Services Compensation Scheme (FSCS) deposit protection limit increased from £85,000 to £120,000. The limit applicable to certain temporary high balance claims also increased on 1 December 2025 from £1 million to £1.4m.

Therefore, the following content should be updated as noted in **bold**.

Chapter 2, section A1F, page 2/6:

The extent of any compensation payable under bank deposit protection schemes should also be considered. In the UK, the FSCS is the statutory fund of last resort that can be called upon in the event of the failure of a bank or other financial firm. Under the FSCS, protection is limited to the first £85,000 **(until 30 November 2025) or £120,000 (from 1 December 2025)** of deposits per authorised institution.

- If an investor has just one account, there is cover of up to £85,000 **(until 30 November 2025) or £120,000 (from 1 December 2025)** per person if the bank, building society or credit union is authorised by the PRA. (A credit union is a non-profit-making cooperative whose members can borrow from pooled deposits at low interest rates.) Nothing is payable if the institution is not authorised.
- Where an investor has more than one account with the same bank or building society, the maximum is still £85,000 **(until 30 November 2025) or £120,000 (from 1 December 2025)**, even if the total of all the different accounts adds up to more than this.
- If the investor has accounts with different banks and building societies, the level of protection will depend on which banks and building societies the accounts are held with. The FSCS will only pay out its maximum once for each 'authorised institution' or banking group.
- Many banks and building societies are now part of big groups and the parent company is the authorised institution. So, if an investor has more than £85,000 **(until 30 November 2025) or £120,000 (from 1 December 2025)** in savings, it is important to check that they are not all covered by the same banking licence and therefore part of the same banking group.
- Where money is held in a joint account, the FSCS will assume that the money in that account is split equally between the account holders unless there is evidence to suggest otherwise. So, each account holder in a joint account would be eligible for compensation up to the maximum limit of £85,000 **(until 30 November 2025) or £120,000 (from 1 December 2025)** held under that banking licence.

Chapter 2, section A1F, page 2/7:



Be aware

FSCS protection and EEA banks

- UK branches of European Economic Area (EEA) authorised deposit-taking firms (for example, an EEA bank) are UK-authorised and members of the FSCS. Eligible deposits are therefore protected up to £85,000 **(until 30 November 2025) or £120,000 (from 1 December 2025)**.

Chapter 8, section F1, page 8/21:

In the UK, the Financial Services Compensation Scheme (FSCS) insures £85,000 (**until 30 November 2025** or £120,000 (**from 1 December 2025**) per individual with any bank. But since those with larger deposits usually account for a sizeable proportion of a bank's liabilities, they will be the first to head for the exit (as was the case with Northern Rock and Silicon Valley Bank). Explicit unlimited protection of personal deposits has been rejected by central bankers because of the risk of moral hazard – the encouragement of irresponsible banking based on attracting deposits with high interest rates. However, since the problems at Silicon Valley Bank in the USA, many experts believe there is currently implicit unlimited protection from the US Federal Reserve (Fed).

Chapter 9, section D1D, page 9/5:

- UK deposit-taking institutions generally provide some limited statutory protection for depositors. The maximum protection is currently 100% of the first £85,000 (**until 30 November 2025** or £120,000 (**from 1 December 2025**) held through the Financial Services Compensation Scheme (FSCS).

[...]

- The FSCS provides protection up to a maximum of £85,000 (**until 30 November 2025** or £120,000 (**from 1 December 2025**) for failed investment providers, self-invested personal pension (SIPP) operators and firms that have provided poor pension advice. FSCS protection is 100% of the loss for long-term insurance (including insured pensions and life assurance).

Notes

- This change will be examined from 27 February 2026.
- This update will be incorporated into the digital copies (printable PDF and ebook) of the study text, available on RevisionMate.