

Investment principles and risk

R02: 2025–26 edition

Web update 2: 29 January 2026

Please note the following update to your copy of the 2025–26 edition of the **R02** 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 1, section B2A, page 1/4:

Financial Services Compensation Scheme

In the UK, the Financial Services Compensation Scheme (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, the protection provided for deposits is 100% of the first £85,000 **(until 30 November 2025) or £120,000 (from 1 December 2025)** per authorised institution.

Chapter 1, section B2A, page 1/5:



Be aware

- Temporary high balances, such as those resulting from a large deposit or transaction (e.g. sale of a property), are protected by the FSCS up to £1 million **(until 30 November 2025) or £1.4m (from 1 December 2025)** for a period of six months, providing additional security for depositors during this time.
- If deposit accounts are held at banks and building societies that are subsidiaries of a larger group, and it is only the parent company that is authorised, only the first £85,000 **(until 30 November 2025) or £120,000 (from 1 December 2025)** is protected.
- 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 2, section A3D, page 2/8:

Fund managers and insurance companies

- The structures and legislation governing fund management companies and insurance companies should greatly reduce the risks of investing through these institutions, but events such as the demise of Equitable Life suggest that advisers cannot completely ignore this risk.
- The Financial Services Compensation Scheme (FSCS) provides protection up to a maximum of £85,000 **(until 30 November 2025) or £120,000 (from 1 December 2025)** for investments.

Chapter 6, section D1D, page 6/4:

- 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).

Chapter 8, section K4, page 8/57:

Risk profile	<ul style="list-style-type: none"> • the assets that form the structure of the product; • the risks to the original capital invested; • the extent of any capital protection; • provisions relating to limited protection; and • the extent of protection under the FSCS, structured deposit plans have protection up to £85,000 (until 30 November 2025) or £120,000 (from 1 December 2025) per investor.
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Chapter 8, section L2, page 8/59:

Cash put into UK banks or building societies authorised by the PRA is protected by the FSCS – the deposit protection limit is £85,000 (**until 30 November 2025**) or £120,000 (**from 1 December 2025**). For joint accounts, the FSCS deposit protection limit is £170,000 (**until 30 November 2025**) or £240,000 (**from 1 December 2025**) per authorised firm.

Chapter 10, section G4, page 10/19:

- An important consideration when choosing a personal pension provider and (even more) a SIPP provider is the efficiency of the administration systems as well as the fact that if a personal pension provider fails, 100% of the claim is protected by the Financial Services Compensation Scheme (FSCS) (with no upper limit); if a SIPP operator fails, the compensation available is just £85,000 (**until 30 November 2025**) or £120,000 (**from 1 December 2025**) per eligible person, per firm.

Chapter 10, Key points, 'Provider selection issues', page 10/29:

- Many investment clients will be placing sums in excess of the £85,000 (**until 30 November 2025**) or £120,000 (**from 1 December 2025**) covered by the Financial Services Compensation Scheme (FSCS). An important aspect of provider selection is therefore capital security in the event of the failure of a product provider.

Chapter 1 self-test answers, page i:

2 Up to 100% of the first £85,000 (**until 30 November 2025**) or £120,000 (**from 1 December 2025**).

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.