

# Investment planning

## AF4: 2025–26 edition

### Web update 1: 29 January 2026

Please note the following update to your copy of the 2025–26 edition of the **AF4** case study workbook:

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**.

#### Part 1, Section C3A, page 34:

- The Financial Services Compensation Scheme (FSCS) limits (£85,000 **(until 30 November 2025)** or £120,000 **(from 1 December 2025)** per investor per deposit-taking institution) should also be considered. The scheme does not apply to NS&I products, which have a Treasury guarantee.

#### Part 1, Section D1, page 43:

However, the better option would be a deposit account that cannot lose its value within that timespan (assuming it is below £85,000 **(until 30 November 2025)** or £120,000 **(from 1 December 2025)**).

[...]

#### NS&I products

The savings and investment products offered by NS&I have several benefits; in particular, they are backed by a 100% Treasury guarantee (compared to an upper limit of £85,000 **(until 30 November 2025)** or £120,000 **(from 1 December 2025)** for savings in a UK bank account), and there is typically no notice period required to withdraw.

#### Case study 1, Model answer to (d)(ii), page 1/13:

- Peer-to-peer lending is not covered by the **FSCS**.

#### Case study 2, Model answer to (a), page 2/5:

- Another option would be to use a term deposit account maturing before 31 January **2027** (such as a one-year fixed-term deposit). Any interest income received would be liable for income tax at 40% as Keith is a higher-rate taxpayer, and it is unlikely that he would be able to achieve a return in excess of that available from a gilt investment.
- For maximum security, if Keith did choose to use the simple option of bank deposits, he should spread his £100,000 across two institutions so that each deposit (including accrued interest) will qualify for 100% Financial Services Compensation Scheme (FSCS) **cover in the event of failure**. **(Note: as the sale took place in May 2025, the deposits would have been made before the 1 December 2025 increase to the FSCS).**

[...]

- Using term deposits is an option, although the interest generated will be liable to income tax making the returns unattractive when compared to gilts and Treasury bills. Some banks and building societies are offering relatively attractive fixed rate returns over a variety of periods. Keith might be able to negotiate a deposit for the exact fixed term he requires. **The FSCS compensation ceiling is £85,000 (until 30 November 2025) or £120,000 (from 1 December 2025)** so if Keith chooses two £50,000 fixed-rate deposits from banks with different authorised licences **before 1 December 2025**, they will both qualify for FSCS protection.

### Notes

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