

Life and pensions foundations

LF1: 2025–26 edition

Web update 1: 29 January 2026

Please note the following update to your copy of the 2025–26 edition of the **LF1** 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 6, section B, page 6/7

The text in this section should read:

In the UK, a depositor protection scheme is operated by the **Financial Services Compensation Scheme (FSCS)**. This can be called on in the event of the failure of a bank or other financial firm.

Under the scheme, protection is limited to 100% of the investor's cash with a maximum of **£120,000 (from 1 December 2025 – this was previously £85,000)** payable. This limit is per investor and per authorised institution. The limits of compensation apply to each investor, so joint accounts have up to **£240,000 (previously £170,000)** of protection.

Consider this...

If an investor has more than **£120,000** to invest in cash, what should they do to ensure they are fully protected by the FSCS?

Investors with cash in excess of **£120,000** should invest it in more than one bank or building society account. Care should be taken that the institutions they choose are not part of the same financial institution.

Reinforce

The Cheshire Building Society and the Derbyshire Building Society are both owned by the Nationwide Building Society and they have just one licence covering all three companies. Therefore, for full FSCS protection to apply, no more than **£120,000** should be invested in these three institutions in total.

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.