

FSCS Q&A

How do you hold cash on your platform?

We hold your cash with a range of carefully selected banks, in pooled instant access, notice, and fixed-term deposit accounts. We use multiple banks to reduce your exposure to the risk of any individual bank failing.

If you're an individual customer, the cash you hold with us is eligible for protection under the Financial Services Compensation Scheme (FSCS).

Which banks do you hold cash with?

We hold your cash across up to 14 banks from the panel below:

- Bank of Scotland plc
- Barclays Bank plc
- Santander UK plc
- Lloyds Bank Corporate Markets plc
- Close Brothers Group plc
- Virgin Money UK plc
- Investec Bank plc
- Lloyds Bank plc
- Royal Bank of Scotland plc
- HSBC Bank plc
- Qatar National Bank
- Cater Allen Limited
- NatWest Markets Plc
- Santander Financial Services Plc

All our panel banks are of an "investment-grade" credit rating (BBB- or above with Fitch, and Baa3 or above with Moody's).

If a bank fails, how would a FSCS claim be assessed?

In the event that a bank fails, your claim will be for a share of the cash held in all pooled bank accounts at that bank. If necessary, you may be able to claim via the Financial Services Compensation Scheme (FSCS).

FSCS rules currently state that an eligible person can claim up to a maximum of £85,000 per bank (or banking license), if that bank failed. Keep in mind that the £85,000 limit includes any cash holdings you may have under the same bank/banking license outside AJ Bell Youinvest (for instance, in a current or savings account with that bank).

Your cash isn't held in equal proportions across our panel banks, and the relative proportions held with each bank varies by the day. That means the result of any FSCS claim assessment would depend on which bank failed, and at which point in time.

How does holding my cash across multiple banks increase my level of FSCS protection?

We continually aim to diversify where we hold your cash to offer you as much FSCS protection as possible in the event that a bank fails. Here is how it works:

- If we held all of your cash with a single bank, up to £85,000 would be fully protected under the FSCS.
- If we held 20%, or one fifth, of your cash with a bank that failed, up to £425,000 would be fully protected by the FSCS (i.e. 5 x £85,000).

Both examples exclude any balances you might hold outside AJ Bell Youinvest.

We tier our panel banks so that the most creditworthy hold the larger proportions of your cash.

The table below shows the maximum proportion of your cash we hold with each bank – although the actual proportion held with each bank on any given day is usually much lower. These tiers are based on our internal assessment system, which considers several indicators of creditworthiness, including credit ratings and certain capital ratios reported by banks.

	Bank	Maximum limit
Tier 1	Lloyds Bank plc	35%
	Bank of Scotland plc	35%
	Lloyds Bank Corporate Markets plc	35%
	HSBC plc	35%
	Barclays Bank plc	35%
	Royal Bank of Scotland plc	35%
	Santander UK plc	35%
	Qatar National Bank	35%
	Cater Allen Limited	35%
	NatWest Markets Plc	35%
	Santander Financial Services Plc	35%
Tier 2	Close Brothers plc	15%
	Investec Bank plc	15%
	Virgin Money UK plc	15%

To diversify your cash and enhance the level of FSCS protection even further, we may occasionally add appropriate new banks to the panel above. If this happens, we won't place more than 5% of your cash with a new panel bank until we've fully updated and published the new tier list.

Are you confident that the cash I hold with you is adequately protected?

We take the security of your cash very seriously, and regularly monitor the level of protection we offer. Our ongoing internal assessments show that the vast majority of individual customer cash holdings are fully covered under the FSCS. We're satisfied that the current level of diversification of customers' pooled cash holdings minimises the risk of significant loss.