

Cofunds Client Asset Protection and the Financial Services Compensation Scheme

This factsheet explains how your assets are protected when using the Cofunds platform including the appropriate levels of Financial Services Compensation Scheme (FSCS) protection available to you.

The FSCS is a compensation fund of last resort available to consumers if an authorised financial services provider can't meet claims against it. This will generally be because a firm has stopped trading and has insufficient assets to meet claims, or is in insolvency.

As a Financial Conduct Authority (FCA) authorised investment firm, Cofunds is covered by the FSCS.

About the FSCS

The FSCS is an independent organisation set up under the Financial Services and Markets Act 2000. It's funded by taxes on the authorised financial firms that it covers. The FSCS is independent of the FCA, although it is accountable to them and, ultimately, to the Treasury.

1. How are my assets protected by Cofunds?

To ensure we fully protect your money Cofunds follows the FCA Client Asset (CASS) rules relating to the holding of client assets and cash. Cofunds has appropriate controls in place which are independently audited, annually, to make sure that:

- whether investing in an ISA, Self Invested Personal Pension (SIPP) or International Investment Bond, your collective investment assets with the fund manager are held completely separately from Cofunds' own corporate assets and are 'ring-fenced' in the name of Cofunds Nominees Ltd.
- your cash is also 'ring-fenced' from Cofunds' own corporate money and held in pooled client money trustee bank accounts with a UK bank – see section 2 for further details. Cofunds may choose, at their discretion, to use more than one bank to hold client money accounts, if suitable.

As with any FCA regulated investment firm in the UK, while it is highly unlikely that Cofunds were to become insolvent, or cease trading and have insufficient assets to meet claims, we can't provide a 100% guarantee that your money is fully protected.

FSCS protection

In the unlikely event you were to suffer financial loss directly because of Cofunds becoming insolvent, you would be able to claim under the investment business section of the FSCS.

The maximum level of compensation for investments is 100% of the amount invested, up to a maximum of £50,000.

This amount applies per person so investors holding an account jointly on Cofunds could claim up to £50,000 each.

2. Deposits made by Cofunds on your behalf (client money accounts)

Cofunds may hold cash on your behalf and pool this cash along with our other clients' cash, commonly known as client money accounts. Typically we do this so that we can buy investments, such as funds or other investment products on your behalf.

To help protect your money, we only hold it for you in client accounts with banks that have met our strict requirements. In addition your money is protected by the FSCS.

If a bank became insolvent and couldn't return your money, you would be protected for 100% of the first £85,000 held with the bank.

The £85,000 limit applies per person, per institution and covers all money held with the bank whether through Cofunds or directly. If you owe money to the bank (e.g. loans, mortgage or credit card debts), these will be taken into account before any compensation is paid.

For details of the banks used by Cofunds please speak to your adviser/intermediary or refer to our [Cofunds Interest Rates](#) factsheet.

3. Investment products

(a) Unit Trusts / Open Ended Investment Companies (OEICs)

How are my assets protected by fund managers?

Fund managers offering unit trusts or OEICs operate under well-defined FCA rules which require them to have robust controls in place to ensure that the interests of investors are protected. These include:

- the requirement for a fund manager to appoint a trustee (for unit trusts) or depository (for OEICs) to oversee their actions and ensure that investors' cash is held in a separate 'ring-fenced' account that cannot be accessed by the fund manager. This account is held under the strict control of the trustee/depository, the fund manager has no authority over it
- the requirement for the trustee/depository to notify the FCA if it believes that the fund manager is not meeting its obligations in terms of its dealing and income distribution
- the requirement for the trustee/depository has the power to remove a fund manager if it believes that it is in the interest of investors. In the event that a fund manager was to become insolvent, the trustee/depository would take over the running of the funds and it's their duty to find another management company.

FSCS protection

In the unlikely event you were to suffer financial loss directly because a fund manager of a unit trust or OEIC became insolvent, you would be able to claim under the investment business section of the FSCS:

UK Fund Managers

- Each FCA authorised UK based fund manager on the platform will qualify for the investment element of the FSCS
- This level of protection applies no matter what type of tax wrapper is used for your investment i.e. ISA, pension or UK based investment bond
- If a fund manager becomes insolvent and is unable to return your money, you will be protected for 100% of the first £50,000 held within it
- This is equivalent to the level of protection you'd receive if you were to invest directly through the same fund managers rather than through Cofunds.

For example if two different fund managers became insolvent, you could claim up to £50,000 from each – depending on the value of your investment. See the example of how a claim could be calculated.

Example of how a claim could be calculated

	Fund Manager A becomes insolvent	Fund Manager B becomes insolvent
Value of total fund holding with manager	£30,000	£70,000
Calculation of claim	100% of first £50,000	100% of first £50,000
Your maximum FSCS claim	£30,000	£50,000

(b) European Collective Investment Vehicles (ECIVs)

Overseas fund managers are not covered by the UK FSCS unless they are FCA authorised. Some countries may offer an alternative compensation scheme. If in doubt please ask your adviser/intermediary or the relevant fund manager.

(c) Self Invested Personal Pensions

- The Cofunds Pension Account provided by Suffolk Life, Suffolk Life Master SIPP and AJ Bell Investcentre SIPP are all FCA authorised trust based pension arrangements
- If a trust based pension provider became insolvent and couldn't return your money, you would be protected by the investment business section of the FSCS for 100% of the first £50,000 held.

4. Insured investment products

(a) Insured investment bonds

Legal & General (L&G) and Canada Life International Assurance (Ireland) (CLIA(I))

- Both the L&G Portfolio Bond and CLIA(I) International Portfolio Bond are FCA authorised and qualify for the insurance business element of the FSCS
- Should L&G or CLIA(I) become insolvent and unable to return your money, your investment will be protected up to 100% of the claim with no upper limit.

Canada Life International Portfolio Account

- This investment bond is based in the Isle of Man and is therefore not FCA authorised or covered by the UK FSCS scheme
- In the event of a Life Insurance company being unable to meet its liabilities, the Isle of Man operates a policyholder protection scheme that would pay affected policyholders 90% of the amount of any liability of the insurer to the policyholder
- The Isle of Man policyholder protection scheme applies to all policyholders regardless of where they reside.

For further information please refer to the Isle of Man Financial Services Authority website: <http://www.iomfsa.im>

(b) Insured Pensions

Both the L&G Portfolio Plus Pension and L&G Portfolio Plus SIPP are FCA authorised and qualify for the insurance business element of the FSCS in the UK, which is 100% of the claim with no upper limit.

If you have any queries in relation to this factsheet please refer to your intermediary and/or the relevant fund manager or product provider.

Other contacts

Financial Conduct Authority

A regulator of the financial services industry in the UK. It is funded by regulated firms to ensure that the financial services industry is run with integrity, that consumers are provided with appropriate products and services they can trust and that their best interests are safeguarded.

T: 0300 500 8082

W: www.fca.org.uk

Financial Services Compensation Scheme

Deals with claims against firms that have ceased trading.

T: 0800 678 1100

W: www.fscs.org.uk

The information in this factsheet is correct as at 30 November 2017.

How to contact us

Click: www.cofunds.co.uk

Email: businesssupport@cofunds.co.uk

Call: 0345 604 4001

If you're contacting us by email please remember not to send any personal, financial or banking information because email is not a secure method of communication. Telephone lines are open Monday to Friday 9am to 5pm. Calls may be recorded for training and quality purposes. Call charges will vary.