

Consumer
Research

75

Financial Services Authority

*Consumer awareness of
the Financial Services
Compensation Scheme*

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Consumer awareness of the Financial Services Compensation Scheme

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Copies of the report can be downloaded from the publications section of the FSA website -

<http://www.fsa.gov.uk/Pages/Library/research/Consumer/index.shtml>

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1.Executive Summary

Retail consumers and small businesses were researched qualitatively to assess their understanding and perceptions of the UK's Financial Services Compensation Scheme (FSCS), as well as their views as to if and how it should be communicated further. The research was conducted during September 2008. The main findings of this research are summarised below:

- Assessed qualitatively, awareness of the compensation scheme and of its limits is low but increasing
 - Helped by significant media coverage in the last year and continuing high levels of media coverage
- Knowledge and understanding of the FSCS and how it works is very limited, especially with regard to how set-off is applied to the compensation calculations and to the fact that compensation is paid on the basis of the bank's FSA authorisation status, rather than the name the respondents associated their account with - i.e. the brand
- The existence of the FSCS is itself seen as fundamentally reassuring, but some of the details raise real concerns, especially
 - The application of set-off in relation to mortgages and where respondents relied on the cash in their accounts to meet specific planned expenses
 - The limited understanding that compensation is done on a per FSA authorised entity basis. Respondents think the status quo is confusing and misleading - to the extent that they regard several brands as 'hiding behind' a single authorisation and are indignant at the banks doing so. They think changes should be made by shifting to paying compensation on the basis which respondents associate their account with (i.e. brand) or banks being compelled through regulation to clarify their authorisation status at the brand level, to allow consumers to make informed choices
- All the suggested possible changes to the FSCS - namely the abolition of set-off, a very quick payout and the raising of the compensation limit to £50,000 - were welcome
- There is a strong sentiment that the FSCS and its key elements need to be publicised
 - The publicity is seen to be the responsibility both of the providers of banking services to consumers and small businesses (i.e. deposit-taking companies), and of the FSCS

- But that publicity needs to be handled sensitively to avoid generating unnecessary alarm
- There was widespread and sometimes strong criticism of the media, specifically TV and press, for, in the respondents' view, sensationalising and distorting stories of banks' problems for their own ends and sowing unnecessary alarm
- Consumers and small businesses are of the view that they need to know about the key elements that will affect how compensation would apply to them. Under the current compensation scheme, they identify these key elements as:
 - That FSCS exists and that it is a statutory government scheme, independent of the financial services industry
 - Compensation limits and how compensation is calculated
 - Timing of compensation (more important than the limits to those with deposits less than the limit, especially the less well off)
 - The authorisation status of their bank(s), and its implications for them
 - Set-off of debt against balances for compensation, which they understand on one level but do not agree with
- Consumers and small businesses want to see a combination of advertising from the FSCS and more direct and personalised communications from their banks, with the wording from the banks 'policed' by the FSA through regulation and information requirements on banks, etc.
 - A two-pronged communication strategy is expected: 'umbrella' advertising from FSCS and more specific information through the banks across a range of media and materials to meet information requirements defined by the FSA
- Temporary high balances are seen as a potential vulnerability for almost everybody
 - The only solution retail consumers see is careful spreading of savings, rather than insurance, which they felt would be unjustified and unacceptable
 - However, not all thought they would do this, either because they would be prepared to take a short term risk, or because they would forget or not get around to it
 - For businesses, spreading transactional and savings accounts across providers to deal with their frequent high balances makes much less sense, and they are more open to insurance

- Consumers and small businesses are very positive towards, and can identify benefits from, payouts in two weeks, and have difficulty in believing a faster payout would be possible and trouble-free. This is because of the perceived complexity of bank failures and logistical considerations if a large bank or building society failed
- Consumers and small businesses would like foreign owned or authorised banks to clarify their status, but see this as less urgent than authorisation issues within the UK mainstream (NB this research was carried out before the failure of the Icelandic banks)
- Consumers welcome the possibility of automatic payouts without needing to submit an application form

2. Introduction

2.1 Background

The credit crunch, and in particular the Northern Rock crisis last year, highlighted the reaction of the public in the event of a bank crisis, i.e. the possibility and likelihood of a bank run. One factor that may have contributed to the queues outside branches of Northern Rock in September 2007 was that many consumers were unaware of the existence of a financial compensation scheme and how it operated. In reaction to these events, the FSA, HM Treasury and the Bank of England (the Tripartite Authorities), working with the FSCS, have published a number of papers outlining possible improvements to the system, so that customers of banks are adequately protected if a bank does go out of business.

The research contained in this report was commissioned by the FSA and the FSCS to inform policy decisions regarding public awareness and understanding of the UK compensation scheme, including future communication strategies.

It is important to note that the timing of this research was itself significant: during the course of the fieldwork financial markets were in turmoil, Lehman Bros. failed, HBOS and LBSB in the UK announced a merger, and AIG was 'nationalised' by the US government. Part of the extensive media coverage of these events included frequent mentions of the FSCS, bringing it more into the public eye than it had been even a few weeks before and continuing a trend for increasing coverage of the scheme over the last year.

It is also worth noting that the FSCS's compensation limit for deposits was raised from £35,000 to £50,000 from 7 October 2008, after the completion of all fieldwork. Other significant events in the UK banking sector which occurred shortly after the fieldwork completed included the failure of the Icelandic bank Landsbanki (an EEA bank operating in the UK) and the takeover of Kaupthing by the Icelandic government, and the announcement of the transfer of Bradford & Bingley's retail deposit business to Abbey.

2.2 Research objectives

The key objectives of the research were to:

- Examine consumer awareness and understanding of the current scheme
 - Knowledge, assumptions, misapprehensions
 - Reactions to details of current scheme
 - Reactions to possible scheme changes and the concept of insuring high balances
- Explore how they would manage in the case of failure of their bank
- Explore what they feel they need to know about the scheme
 - And from whom, and how they would want to hear about it
- Gauge and examine response to draft communications concepts
 - Match with needs and expectations
 - Explore suggestions for alternatives and improvements

2.3 Methodology

Given the exploratory nature of the objectives, a fully qualitative approach was taken. The research focused on those who were likely to qualify for compensation from the FSCS, namely retail consumers and small businesses, and was conducted across a wide range of respondent ages and current savings levels. Respondents included new account openers and small businesses, as well as Northern Rock customers. Eight in-depth telephone interviews and 18 group discussions were undertaken in various locations across the country. These were broken down as follows:

- Eight in-depth telephone interviews with recent openers of current or savings accounts
- Two mini group discussions with people who were Northern Rock customers at the time of the nationalisation (5-6 respondents, as opposed to 7-8 for a full group)
- Two group discussions with small business owners
- 14 group discussions with consumers, including two mini groups (5-6 respondents) with holders of £35,000+ in savings

Respondents were of mixed gender and from a range of socio-demographic backgrounds comprising B, C1, C2 and D. The age range was from 25 to over 60, and included retired people. Most had £1,000 or more in savings, and this ranged up to over £35,000. Some were selected for having all their money in their current account (defined as having less than £100 in savings), while others had several savings accounts. Respondents with mortgages at the same institutions as their savings were also included. The broad ranges mentioned above were across the sample as a whole: a degree of homogeneity regarding age, socio-demographics and savings levels was maintained within the individual group discussions. The small businesses included the self employed, partnerships and limited companies who would be eligible for FSCS compensation.

A full breakdown of the sample frame is included in the appendix, together with an analysis of a self completion exercise respondents filled in about how they manage their bank account(s).

All the fieldwork was conducted in September 2008 in London, Birmingham, Glasgow and Manchester.

3. Main Findings

3.1 Current and deposit account arrangements and reliance on them

Broadly speaking, the wealthier respondents tended to have higher account balances and more accounts, and these were more likely to be across several banks¹. In comparison, the less well off tended to have fewer accounts with fewer providers, as well as lower balances – some of these respondents were ‘reluctant’ bank users, feeling forced to operate an account to receive their salary. Left to their own devices, they would have preferred to have operated on a cash basis – this was partly due to a perceived ease of managing their money when it all remains in cash and partly due to a mistrust of financial institutions generally. That said, some of the wealthier respondents also had highly concentrated savings – deposit accounts and cash ISAs with the same bank. Across the sample, some respondents had amalgamated all of their financial arrangements with one provider for the ease, convenience, rate/ incentives and (perceived) relationship advantages that this brings. Some also held several thousand pounds in their current accounts from time to time, and for the purposes of this research these balances were also treated as savings.

Much of the spread of savings across providers was accidental, the result of opportunistic ‘rate-chasing’ rather than a strategy of keeping deposits under the £35,000 limit with any one bank or building society that was in force at the time of the research. However, a few had adopted this as a strategy in the wake of Northern Rock.

“I like to save as often as I can and as much as I can because you never know what might happen around the corner”

C2D, 46-60, £10,000+ savings

¹ “Bank” was used to refer all deposit-taking firms.

"I think savings are a better bet than shares at the moment, because although a lot of banks are losing money and their shares are losing value, none of the savers have suffered. I'm thinking of Northern Rock and the mortgage companies in America, where the savers have been okay"

BC1, 25-45, £15,000 - £35,000 savings

"Basically what comes in goes out, what with two children and two cars. I haven't got much savings"

BC1, 30-50, Current account only

"I don't know why, but I feel it is safer when it is all with the one"

C2D, 46-60, £10,000+ savings

Borrowing, in the form of credit cards, loans and mortgages, was often with the same provider as at least part of people's savings. Those with offset mortgages also tended to have some savings elsewhere, despite the theoretical benefit with these mortgages of holding all saving and borrowing in the same place.

Business current and deposit accounts, as well as any loans, were often with the same bank. In some cases this was the same as the business owner's personal bank. From a business perspective it made sense to have current and savings accounts together, to facilitate the ease and speed of the frequent transfers the businesses were making. These accounts tended to be with larger banks.

"The fact is that Northern Rock is a building society, not a bank. I felt safer because I'm with a bank, not a building society"

Small Business

"Lloyds are the least exposed to what did the damage to Northern Rock"

Small Business

With regard to how long they felt they could cope if they were cut off from their current or deposit accounts (i.e. if their bank failed), respondents' answers varied with their circumstances: those with only a current account, limited savings and few or no cards to fall back on felt they could only manage for up to a couple of weeks, which they would do by borrowing, primarily from family members. Some felt they could not manage for more than a few days or a week.

Those with more (and more dispersed) cards and savings thought they could manage for up to two months; the retired were more concerned about their savings than their current accounts, as these would be very hard to replenish if they were lost or resorted to heavily as a back-stop. Businesses varied too: holding stock which could be re-sold (for cash if necessary) offered some a lifeline that non-stockholding businesses did not have, but most thought they could not last more than one or two months without access to their bank accounts.

"If it were on the first day of the month and I had just been paid I would have to go to my dad cap in hand"

C2D, 25-45, £1,000-£10,000 savings

"Realistically I could survive a couple of weeks on my credit card"

BC1, 30-50, Current account only, separate credit card

"We'd just go to another bank. Most of the time we owe them money, so I wouldn't be too worried"

Over 60, £35,000+ savings

"The credit card is obviously going to get hammered. Then when you have to pay those bills, you can't, so I could last about a month I suppose"

BC1, 25-45, £15,000 - £35,000 savings

"I've got savings with other banks, so I could still access money before I went onto the credit card"

BC1, 25-45, £15,000 - £35,000 savings

"I'd close within a matter of months. I'd be okay for a short while because at any given time I've got a lot of money in materials"

Small Business

"I'd be okay for four weeks before it started to hurt"

Small Business

"If Lloyds was bust, everyone else would be in the same position, there wouldn't be another bank you could go to. The circumstances would have to be so dire, it would be dire for all of them"

Small Business

"I might be alright, because I carry a lot of stock, so I could sell what I have to generate more money, and run in cash mode"

Small Business

However, many respondents struggled with both the concept and implications of their bank failing. They could not conceive of the likes of HSBC, Barclays or LTSB failing, both because they saw them as huge, powerful and resilient institutions, and because they thought the government would simply not allow it to happen. Northern Rock (and in the later groups, HBOS) was cited as proof that the government would intervene to protect depositors if their bank got into trouble.

In what they saw as the very unlikely event of a major bank failure, they assumed institutional creditors such as other banks and utility providers would be understanding and lenient in the short term. However, they also thought that other major banks would be facing similar problems in what would amount to a major national crisis, and that simply opening new accounts at other banks might therefore not be a practical option open to them.

In addition, some struggled to see fully the implications for their debit cards and payments into their accounts of these accounts being closed to them.

On the other hand, small businesses felt that their suppliers would be unable or unwilling to offer flexibility in these circumstances, and may themselves be affected by the crisis, creating a snowball effect throughout the business community.

The whole scenario felt very alien to most respondents – the last time they thought anything similar had happened was in the 1930s and well outside their experience. As a result, the initial reaction for a few was one of panic and immobility – they simply would not know what to do next. It may be that in these circumstances consumers would find some assistance or direction helpful, such as having a check-list of things to do, including such things as stopping additional deposits into the failed bank and/ or contacting creditors to apprise them of the situation. Such practical assistance or suggested action may help release consumers from this paralysis, as well as reassuring them that their interests are being protected.

“Judging by Northern Rock, the government bails them out. Whether or not they’ve put in place other measures I don’t know”

Over 60, £35,000+ savings

“The government will stick its nose in and sort it out. That’s my belief ... They have done, so why should they not do so again?”

BC1, 25-45, £15,000 - £35,000 savings

“If you are with Halifax, HSBC, NatWest, they are massive current account business with a constant stream of cash coming in and going out, and so I think if you are banking with someone major you just don’t think it will happen”

(BC1, 30-50, Current account only, before the HBOS crisis

“I am with the Halifax, and I wouldn’t expect it to happen to them!”

BC1, 30-50, Current account only, before the HBOS crisis

“I bank with LTSB, so in a scenario where they were going belly-up, it would be a major crisis for the whole banking community. It would be happening to all of them, because LTSB have so much money in reserve that if they were in trouble the whole system would be”

Over 60, £35,000+ savings

"It is not really a risk, you know that your money is there pretty well. It may not be a great rate but it is safe"

C2D, 46-60, £10,000+ savings

3.2 Reassurance about compensation timing

The more respondents thought about their bank accounts being frozen, the more unsettling it became.

One factor that most thought would make a big difference to how well they could cope was knowing how long it would be before they would get their money back: this would give them both something to be able to tell their creditors and a degree of peace of mind. It would also help them with budgeting for their immediate needs – assessing how long their existing financial liquidity would last and whether any short term/ informal borrowing (from family and friends, possibly salary advances from employers) was required, and how much would be needed.

Given the move to a cashless society, many expect to have to ask for short term loans from family, etc. This is irrespective of how quickly the FSCS could pay out, because many simply do not carry significant sums of cash around with them (£10-£20 maximum).

3.3 Reaction to Northern Rock and the current market turmoil

Northern Rock was nationalised amid much publicity almost exactly a year before the fieldwork for this project was carried out. During the two weeks of fieldwork, Lehman Bros. failed, AIG was quasi-nationalised in the US, and LBSB announced plans to merge with HBOS. The financial turmoil was in the headlines throughout this period, prompting public statements about the FSCS.

All the respondents recalled seeing coverage on TV and many in the press of the fall of Northern Rock, and expressed sympathy for the depositors and relief at not being among them. For those who had been among them, there was indignation at their treatment at the hands of Northern Rock and the behaviour of its senior personnel (who they felt had protected themselves personally), and criticism of the 'government' for 'dithering' before stepping in. Some of the Northern Rock customers had taken their savings out before Northern Rock was nationalised, but others had never believed their savings were at risk (because 'something' would be done to prevent their loss) or felt there was nothing they could do about other products like mortgages and bonds.

"It died down a bit after NR, but since Lehman's it feels like more of a risk"

Over 60, £15,001 - £35,000 savings

"If you were to take it out and put it somewhere else, where would you put it? It could happen to the people you put it with"

Over 60, £15,001 - £35,000 savings

"Cash is becoming like the stock market. You have to think about how to keep it safe. Before this week you thought of cash as being reasonably safe, whereas you knew there was a risk in stocks and shares"

Over 60, £15,001 - £35,000 savings

All the Northern Rock customers, and many of the others, were highly critical of the media coverage at the time of its collapse and rescue, as they felt it to be driven by sensationalism. However, for most of the Northern Rock customers, and a few of the others, it was through media coverage of these events that they first heard about a compensation scheme. None had heard of the scheme pre-Northern Rock.

"You wonder if it's being bent and distorted by the media"

Over 60, £15,001 - £35,000 savings

"The media always exaggerate. They've got to sell papers, and that's the way they do it"

Over 60, £15,001 - £35,000 savings

"All those pensioners queuing down the street. It is the press, isn't it, the press love it! They were rubbing their hands, great they are going to fill the papers and it is just scare mongering!"

BC1, 30-50, Current account only

"I think it was the press, it all escalated from there"

C2D, 46-60, £10,000+ savings

"The media did its damndest not to reassure the public"

Over 60, £35,000+ savings

"It didn't actually happen with NR...it was the news that drove people to take cash out of the bank"

BC1, 30-50, Current account only

"The media were disgraceful during Northern Rock. The BBC and ITV were the worst, but the newspapers were nearly as bad, just concentrating on the bad. They were full of nonsense about how they'd be selling off the debt book and foreclosing on mortgages, and none of that has happened"

Over 60, £35,000+ savings

None recalled ever seeing a run on a retail bank before, and it was the events at Northern Rock, more than the current financial turmoil, which they regarded as a turning point for the banks and customers' perception of them. However, the fact that the government stepped in to protect Northern Rock customers by taking the bank into temporary public ownership was widely seen as a clear indication that all the high street banks would be protected, not least because most of them are seen as bigger (and thus more important to preserve) than Northern Rock and/ or more 'mainstream' providers of deposit products (Northern Rock is perceived mainly as a mortgage provider). This view was reinforced by the 'saving' of HBOS during the course of the fieldwork programme.

"I thought it could well go bust, and I wasn't prepared to wait however many months to get my money, and I certainly wasn't prepared to lose any money. I remember having an account there and queuing up there for 2 days to close it. I was not prepared to take any risk"

Northern Rock Customer

"It was suggested to us it could take 9 months to get our money back, during which time it could have been earning interest somewhere else"

Northern Rock Customer

"I looked at the queues, knew I was under the £28,000 guarantee, and didn't bother to queue. I was aware of the banking guarantee, like ABTA when you fly"

Northern Rock Customer

"You do panic. I actually went into Abbey and asked, is this going to happen to you? I didn't understand enough about it"

C2D, 46-60, £10,000+ savings

"With my personal bank I thought maybe I ought to spread it around a bit more and not have it in one place, but I was with Barclays, so I thought it's probably alright"

Small Business

"Horror for those poor people queuing up for days. But they weren't going to lose their money. There's so many regulations in place now that I don't think you'd lose your money now"

BC1, 25-45, £15,000 - £35,000 savings

"I don't perceive there to be a risk you need to spread, because NR was saved and the two big mortgage companies in America have both been rescued. Bradford & Bingley will be next, though there doesn't seem to be a rush to get money out"

BC1, 25-45, £15,000 - £35,000 savings, pre-Bradford & Bingley failure

"The government wouldn't even want that sort of social disorder going on...you can't have banks collapsing every 6 months and people losing money"

C2D, 25-45, £1,000-£10,000 savings

"I look at what just happened in the US with the mortgage institutions, and they're too big to allow them to fail, so they're going to print money for them, they're in public ownership. And I think it would be the same with Lloyds."

Small Business

"I also feel that if they stepped in for Northern Rock, it's pretty likely they'd step in for the likes of HSBC"

Small Business

"I think a big bank with a reputation would ride the storm. It would depend on what the bank was actually telling me rather than what the rumours were saying"

BC1, 25-45, £15,000 - £35,000 savings

The respondents' experience of Northern Rock, and the current market crisis which they saw as having the same underlying causes, have added to a general disillusionment with the banks, whose problems are seen as being of their own making through a combination of greed and incompetence, but now forced on their customers as well. Those who actively chose cash savings over supposedly more risky investments, only to find that these too could carry a risk when they had always been seen as completely safe, were particularly unsettled, and those on low incomes who felt they had been 'forced' into opening bank accounts by the government and utility providers were angry that they were now financially exposed as a result. This feeling of exposure arose from the risk they now saw to any savings they had through keeping them in a bank (rather than keeping them 'safe' as cash), and the catastrophic effect a bank's failure would have on their planned financial expenditure - which is explored later in the report at section 3.6.2.

Most of the respondents viewed the experience of Northern Rock and the current financial turmoil as creating fallout in terms of loss of respect for - and even basic trust in - banks, and thought that these effects are likely to be considerable and long term. The possibility that the banks may lose customers' savings has now been added to the already existing suspicion that banks may be out to make as much money as possible from their customers regardless of those customers' real needs. Respondents' views in this area suggest it is likely that customer relationships have suffered serious damage, which it may take a long time for the banks to repair.

There was also widespread criticism of the media coverage of Northern Rock's problems. TV and press were seen as sensationalising their stories, only giving time and space to the 'bad news' aspects of these stories, and distorting them to make them 'more exciting'. This view emerged particularly strongly among Northern Rock customers, but was also widely echoed in the other groups. This behaviour was seen as 'typical' of the media and unlikely to change, reflecting a perception of the media as distorting stories of banks' problems for their own ends and sowing unnecessary alarm.

3.4 Awareness and understanding of the FSCS

Although awareness of the FSCS by name was very low among the groups, many respondents thought there was 'something', and a few of the wealthier respondents mentioned a figure of around £30,000-£35,000 of savings which was guaranteed. All the Northern Rock customers knew it was £35,000 but were still unfamiliar with the FSCS by name. Almost nobody knew anything more about the scheme or how it worked (e.g. with regard to protection being based on a bank's authorisation or debt and savings relationships), and none knew how it was funded.

"It is like booking a holiday with an ABTA travel agent, I see it like that, you must be protected somehow"

C2D, 25-45, £1,000-£10,000 savings

"They have probably set up some sort of body in government haven't they. There must be something somewhere."

C2D, 46-60, £10,000+ savings

"I am just thinking that I have been totally naive and I just didn't think that my money wasn't safe in a bank"

BC1, 30-50, Current account only

"I think that there are safeguards in place, I don't know much about it but I feel very sure that there are!"

C2D, 46-60, £10,000+ savings

"If it was me and even if I knew that, I would just think I am going to go and get my money because I wouldn't believe it"

BC1, 30-50, Current account only

"It is a little known fact that if you have got more than £35,000 in an account the government will compensate you for £35,000 and that is it. If you have got more, you have lost it"

BC1, 30-50, Current account only

"I thought high street, interesting bearing accounts were no risk. It was safe, you may make less money but you'd get the capital back plus interest"

Under 60, £35K+ savings

"I haven't heard of it before, and if it already exists, then banks must have been hiding this information from their customers"

C2D, 25-45, £10,000+ savings

Without guidance, most assumed it to be a government scheme or some form of private sector insurance. If a government scheme, it was assumed to be run by the FSA, the Bank of England and/or the Financial Ombudsman. There was a measure of reassurance in this, as there was in any mention of the 'statutory' nature of the guarantee. If a private scheme, it was assumed to be run by one or more insurance companies and/or a consortium of banks. This was less reassuring, as these would be the same institutions that could be at risk of failure, and which were seen as causing the problems in the first place. In addition proper regulation and impartiality could be taken for granted in a government scheme, but not in a private one. Funding was also seen as more assured with a government scheme, though questions were asked about whether even this would be able to cope with a truly major failure or series of failures, and about how it would be funded if the 'pool' of available banks to levy shrank significantly.

"Where do the FSCS get the money from to pay for this?"

BC1, 25-45, £5,000-£15,000 savings

"What happens if several banks go down at the same time? Will there be enough money for that?"

BC1, 25-45, £5,000-£15,000 savings

3.5 Experience of recent account openers

Eight 30 minute telephone interviews were conducted with people who had recently opened either a savings or current account. The objective behind these interviews was to explore whether bank security had become an issue for consumers at point of purchase, and whether providers were actively mentioning/ promoting the FSCS scheme in the wake of Northern Rock. The fieldwork took place on the two days that news of the Lehman Brothers failure and merger of HBOS and LBSB broke.

Across our sample, relatively little active research was undertaken when sourcing a new account. Many respondents simply went to their existing provider, or to a provider recommended to them by friends or family and made no competitor comparisons.

"Well I don't want money everywhere, it's easier to have accounts in one place. I looked a couple of offers and chose what seemed best. I looked at the ones my boyfriend had suggested, he tends to know about these things!"

New account opener

"I chose NatWest in the end because my husband is with them and I have an account there too, the others offered £100 cash back but you had to do all this paper work so it was less hassle just to go with the NatWest again"

New account opener

"A lot of thought didn't really go into it. We just went straight in there and didn't bother to look around"

New account opener

"I went straight to the bank that I know well and in whom I have faith"

New account opener

Enquiries were confined to whether the account was fit for purpose – i.e. accessibility, interest rates, penalties, charges, incentives etc, rather than any brand or market stability questions. It was interesting that, despite the issues being topical and one person being an ex Northern Rock customer (who by chance had moved savings a few weeks before the difficulties), none of our respondents had questioned the providers about their financial standing and stability – it simply did not occur to them. As one person put it, they do not think it could happen to them/ their bank.

“It [Northern Rock] made me feel concerned that it can happen and that the government can let it get as bad as it did, but again it didn’t affect me and for whatever reason, I felt quite safe”

New account opener

“In normal circumstances if this hadn’t happened recently, people wouldn’t even think about guarantees, it is only now that people are more aware”

New account opener

“I haven’t thought about Abbey or Egg going bust, I suppose because they are such big companies. Until you hear something on the radio or you read an article about it, that your bank can close down, you don’t think it is going to affect you”

New account opener

“I think there is always someone to take them over or bail them out. I am sure that someone would help them if they got into real schtuck ... Northern Rock were bailed out”

New account opener

“It is one of those things that you think it is not going to happen to me and when it does I will deal with it then...I don’t want to worry myself over something that may not happen”

New account opener

This seems to indicate that at the time of the fieldwork there was a gap between the concerns that consumers may have about the market and how they then apply those general concerns to their specific and personal circumstances. The comment below is from the same respondent, who offered these two viewpoints almost simultaneously:

"I'm terrified. I heard on the news today about some big company in America. I just thought what the hell, why isn't somebody doing something ... the thought didn't cross my mind. The only thought that did cross my mind was that if they [Nationwide] demutualised we would probably get bonuses"

New account opener

These conflicting but co-existing attitudes mirror the apathy some of the other respondents acknowledged about knowing they should 'do something' about their savings but not being sure they would get around to it. Similarly business respondents were concerned about their personal savings but did not give any thought to their equally or more exposed business savings.

The process of taking out an account was relatively simple and straightforward. For several the process was relatively remote - either via the internet or simply picking up/ dropping off forms at the branch (no personal interaction). These individuals had limited opportunity, or perceived need, to ask detailed questions about the account, the provider or any consumer protection. While admitting that they had received various brochures and forms, all admitted that they did not bother to read these documents, assuming that they already knew the key features of the account and/ or that the brochures simply contained 'small print'.

"They gave me a welcome folder, which if I'm honest I didn't read - well I flicked through to check for freebies, saw there weren't any and filed it"

New account opener

"Probably not that thoroughly, we just skimmed past it and wanted to fill it in as quickly as possible"

New account opener

"Even if it was in the small print I probably wouldn't have taken it on board but it is interesting to know"

New account opener

"Everything you buy comes with conditions. Who is really going to read it?"

New account opener

Several respondents arranged an in-branch meeting to open the account. During this meeting the details of the account mechanics were discussed, including when charges would be incurred, etc. However, at no point was information offered about consumer protection or the FSCS; nor was it asked for.

"They gave me leaflets and brochures, they talked about rates and stuff, but didn't give me much information"

New account opener

"They gave me lots of information, plenty of small print. They seemed quite open and took me through all the terms and conditions type of stuff. I wanted to understand how the account worked, but that's all they told me I think"

New account opener

"Well, we just discussed normal account information - I had to prove my identity, asked about the rates and the minimum amounts in the account"

New account opener

"I read it through briefly but having been with the bank for so many years I wasn't worried unduly...I wouldn't call it laziness, I would call it a matter of habit. I am in with them up to my neck"

New account opener

Once the issue of the FSCS was discussed in the research interview, all respondents felt that they should have been alerted to the scheme, and felt reassured that the scheme was in place. They thought banks and building societies should be compelled to tell them about the FSCS.

"I think it's the sort of thing they should have told me face to face when I opened the account, and they didn't. I suppose they might have buried it in the terms and conditions - it's probably somewhere in the small print"

New account opener

"It is their [FSCS] responsibility (to let us know) because they are the ones defending us...now, I am not as worried. At least there is cover there"

New account opener

"The FSCS because they cover the banks so by doing that they encourage the man on the street to bank with these organisations. So they must reassure the man in the street that they will be okay"

New account opener

"They should have told people about the scheme, they should make people aware. If people had known they wouldn't have been queuing up"

New account opener

"There will be a bit of scare mongering because people will think why is the government telling us this now? Is everyone all of a sudden going to switch banks? But at the end of the day you can't blind the public, you have got to tell us what's what. It is the responsibility of the government as well as the banks"

New account opener

"The banks don't want to mention it in case you go somewhere else...it makes you feel that the bank is slightly wobbly. But is it no different to when you have laser treatment and they have to read out a disclaimer in case it all goes wrong or the safety demonstration on a plane"

New account opener

Many stated that it would not have changed their decision to open an account with that particular provider, but they would have appreciated being told of the risk/ protection available to them. While our respondents felt that consumers must accept some responsibility for keeping themselves informed, account opening is an ideal opportunity for providers to communicate the scheme and is felt to be an open and customer-centric approach. In the respondents' view, this should ideally be via verbal communication (either during a meeting or whilst dropping off forms) or, if remote, contained in the account information in a prominent and clearly visible position (not hidden in the small print).

3.6 Response to details of the FSCS

On being told of the existence of the FSCS and the compensation limit, the overwhelming response was positive - respondents were reassured by the fact that it was there.

"That is good, it makes you feel more comfortable"

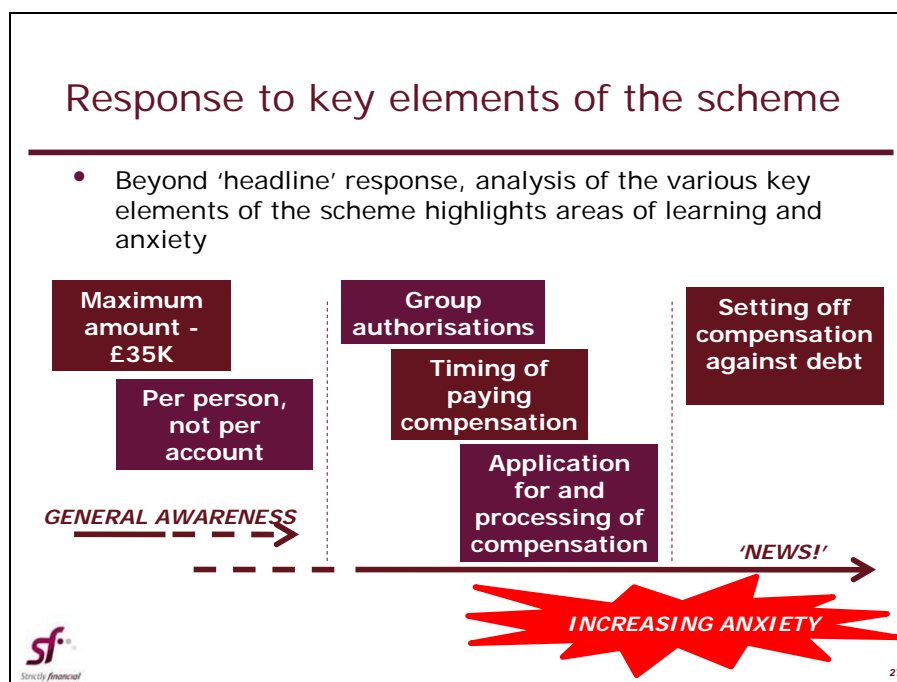
BC1, 30-50, Current account only

"I am thinking at least there is something and more than other countries, on first glance we seem to get a better level of protection than say somebody in Holland"

BC1, 30-50, Current account only

However, as they thought about the detail more, several common views emerged: the FSCS should guarantee depositors' money 100% rather than to a maximum of £35,000; and it unfairly favoured the institutions responsible for the problem at the expense of their customers - specifically they got back everything you owed them (through set-off), but you only got back up to £35,000 of what they owed you.

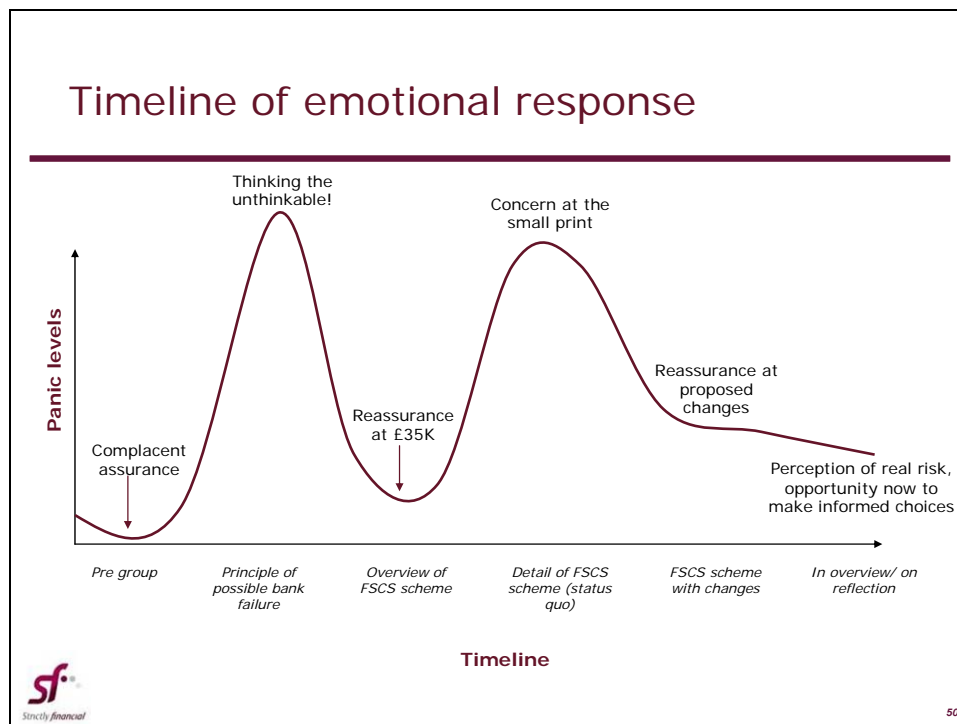
Figure 1: Knowledge of and response to scheme elements



As they were taken through the scheme's details, respondent anxiety increased as they considered first an application process which they expected to be flawed and the complexity of the scheme which could leave them more exposed than they might have assumed (because of the compensation being paid on a per customer and per FSA authorised deposit taker basis, rather than per account or per brand basis); and then the set-off of savings against debt with the same provider

The response to specific aspects of the scheme is discussed in more detail in the sections below, and the diagram represents how respondents felt emotionally about the scheme as the discussion progressed.

Figure 2: Emotional response to scheme elements



3.6.1 Response to the scheme limits

There was a view that £35,000 would cover most people's savings, but that the figure seemed low and 'old fashioned', 'out of touch' and arbitrary. Raising it to £50,000 was unlikely to make much material difference but was welcomed: it would make it seem more modern, and it was seen as a more 'natural' figure which would also make it easier to spread savings across providers. Neither figure compared with a 100% guarantee, which seemed more 'just'. This was raised spontaneously in a few groups, and was driven by the assumed safety of cash and a sense of what they saw as 'natural justice'.

These comments highlighted some respondents' confusion between having their money returned (where many respondents across all the groups felt the banks, having 'told' them cash was safe, should be obliged to return 100% of savings), and having it replaced by someone else, where there was more willing acceptance of an upper limit. Very few continued to insist on 100% compensation by 'the government'.

It should be noted that these comments predated any moves in other countries to guarantee 100% of depositors' savings, and also predated the increase of the FSCS's compensation limit for deposits from £35,000 to £50,000.

Many respondents failed to grasp that the bank that had failed would in effect not exist any more, and that the 'compensation' was being paid by a different organisation. Some respondents felt that the bank had been given the money in good faith and was looking after it on behalf of depositors, and as a result they failed to understand why the bank would not simply be able to return it in the event of a failure. It should also be noted that there was an underlying assumption that recovery of any funds beyond those guaranteed by the FSCS would at best be a long and protracted process, and at worst a largely fruitless one. There was an expectation that in any event a depositor would not get anywhere near the full amount owed (especially once the fees for the liquidators had been taken).

"If I put £100 in, I want £100 back"

C2D, 25-45, £1,000-£10,000 savings

"If a bank gets robbed, I expect to get my own money back. I don't know who from, but I expect to get it back. And it's the same in business. If they lose money I don't expect it to affect the money I have with them"

BC1, 25-45, £15,000 - £35,000 savings

"You go in there and you put your money in and they have no right to keep your money"

BC1, 30-50, Current account only

"Why should you lose any of your money?"

BC1, 25-45, £5,000-£15,000 savings

The limit of £35,000 per depositor rather than per account came as a surprise to most - and an unwelcome one. Conflicting with the respondents' tendency to think about savings in separate 'pots' rather than as a single entity, this cut across the way they viewed their money and was unsettling even to those well below the limit. For some it suggested underhandedness. Those above the limit were quite worried by this, but even where they had known about it before they had for the most part not acted on it by spreading their savings around.

"The scenario here, all it is doing is forcing you to put it in different banks which is a pain, but at least you have 100% security"

BC1, 30-50, Current account only

"£35,000 for Joe average that is probably okay but they could round it up to £50,000. I don't see £35,000 as a lot of money really"

C2D, 46-60, £10,000+ savings

"You're stuffed if you've got over £35,000...I'll never have more than £35,000 in a bank now. That's good to know"

BC1, 25-45, £15,000 - £35,000 savings

"I saw on GMTV last week that your first £35,000 is covered"

BC1, 25-45, £5,000-£15,000 savings

"I'd rather see it changed so that all banks were covered for £35,000. I think if you've got more than £35,000, you've probably got more than £50,000"

BC1, 25-45, £5,000-£15,000 savings

"I suspect these days unless you've just sold a house, the average person does not have over £35,000"

BC1, 25-45, £5,000-£15,000 savings

3.6.2 Response to set-off

Setting off deposits against debt with the same bank had a logic that people could understand, especially the better off, but came as a shock to all in relation to mortgages. For the less well off with loans and deposits in the same place and for all those with mortgages and deposits in the same place, it was very worrying.

Furthermore, mortgages were seen as quite different from other borrowing, being more akin to an investment than a loan, planned and agreed for repayment over a very long term and secured against an asset. Behind these rational arguments was the strong emotional resonance of the home and the impact its feared loss would have on its owner and family.

This stemmed in part from a fear that the mortgage could be foreclosed or sold on and the terms changed to become unaffordable in the wake of a bank failure. Even without this fear there was concern that wiping out savings would have long term consequences (e.g. not being able to fund children's education or take a carefully saved-for 'holiday of a lifetime').

There was therefore a strong feeling that mortgages should be excluded from this equation, even if other debt were not. That said, one respondent was able quickly to work out that, if she had over the compensatable limit in savings, not setting off her mortgage against her savings could leave her worse off than setting them off would (assuming, as she did, that the liquidation process would return little, if anything of her savings above the compensation limit).

"Because you have lent on that but with your mortgage you are expecting to pay it over 25 years, for a long time"

C2D, 25-45, £1,000-£10,000 savings

"You don't think of a mortgage of owing £100,000, you just think you owe £500 a month, you don't think of the whole value but with a credit card debt you are blatantly aware that you owe them £2,000. You think of them in different ways in your head"

BC1, 30-50, Current account only

"I don't think you look at a mortgage as a debt in the same way as you look at your credit card statement as a debt. You know that you have signed up for your mortgage for 25 years"

C2D, 46-60, £10,000+ savings

"If you had a net debt of £50,000, would they come knocking on your door looking for it straightaway?"

Over 60, £35,000+ savings

"Mortgages are different. They must fall outside this. They are an asset the bank can sell on for a longer term return. They are secured against an asset. It's secured, which makes it different from other debt"

Over 60, £35,000+ savings

"You're going to remortgage anyway. But if my mortgage provider went down, how quickly am I going to have to pay back another provider who took it on? That would worry me"

BC1, 25-45, £15,000 - £35,000 savings

"I can see the credit card thing. You owe them the money"

BC1, 25-45, £15,000 - £35,000 savings

"That mortgage part of it is very messy"

BC1, 25-45, £15,000 - £35,000 savings

"Can they change the interest rate when they buy the debt?"

BC1, 25-45, £15,000 - £35,000 savings

"There's no guarantee that the person who takes over that debt will issue the same interest rate as the original lender"

Over 60, £15,001 - £35,000 savings

"There's nothing you can do about it if you've got a mortgage, but you don't need to have your savings in the same place, so you can move them"

Over 60, £15,001 - £35,000 savings

"The bit about the mortgage is a bit concerning. Could someone knock on my door and demand all the money back?"

BC1, 25-45, £5,000-£15,000 savings

Setting off credit card related debt and loans against deposits was also concerning. For those with lower, or no, savings its impact was seen as almost as severe as setting off mortgages: savings were often for relatively short term but important goals such as a holiday (not seen as a luxury), a car or home improvement, or for helping with extraordinary costs on a day-to-day basis. Losing them would have a detrimental impact on their financial position, and at worst a major impact.

"Well, I work out exactly what I can afford each month. So if they say that they are going to take all money I owe on the credit card money out now, I wont have enough left in there to pay the mortgage and I can't make it up. So I am going to start to fall behind with the mortgage and eventually they will repossess my house"

C2D, 30-50, Current account only

The respondents in this latter position could in their current circumstances see little for themselves in the scheme as described. For these respondents, being forced to pay off even a relatively small debt would have a major knock-on effect on their day-to-day finances (which were often precarious and finely tuned). They could see this placing them into a situation where they could not afford their mortgage repayments, and so they would incur arrears and possibly eventually lose their home (as they saw little chance of earning extra income to make up a shortfall).

For the better off, who had fewer loans and more discretionary use of card expenditure, there was unease about the loss of savings – and thus the freedom to control how they are used. Respondents often thought about or referred to their savings in terms of a specific purpose or ‘an event’ – i.e. the savings represented a holiday, their children’s education, etc. This made them more valuable and less recoverable than the actual cash value of the account. Both the fear of not being able to ‘operate’ financially and of losing this control could be enough to encourage people to queue to get their money out of a failing bank under the scheme on its current basis. Not knowing how long they would have to wait to see some money back would further encourage them to do so, so it was seen as important to know from the outset how long you would have to wait for compensation although most thought a period of a few months was likely. Not knowing would make them more inclined to panic, and the respondents were generally of the view that panic breeds further panic.

3.6.3 Compensation timeframes

Expectations of how long it might take to recover their money ranged from months to years, and there was a tendency to conflate compensation with recovery, as if their money were being returned rather than replaced. But there was also an expectation of bureaucracy, complexity, inefficiency and errors, all likely to be compounded by the sheer number of customers affected. Some questioned why this should be so in a technologically driven era of instant data transfer. The sense of what constituted a reasonable timeframe often contracted after discussion from an initial view of three or even six months to a matter of weeks. Faced with the possibility of compensation within a week, a consensus on two weeks was often reached. The rationale for this was that anything longer than three months was long enough to lose faith in the process and start to really feel the loss of interest, and one month or more was too long a time for the less well off to wait. In contrast, one week was seen as too quick to be credible, and raised concerns about over-promising, mistakes and fraud, as well as for some people not giving them enough time to open a new bank account (seen as a slower and more arduous process than it used to be). Any move to provide compensation within one week would need to be founded on sound, reasonable and justifiable principles and proposals, as its introduction might be greeted with scepticism.

“You have to wait for them to send you the application form, then complete it and send it back for somebody to process it before they pay you. So you have money sat there you are wondering what is going on. It is quite a long period to wait”

C2D, 25-45, £1,000-£10,000 savings

"You shouldn't have to do it if it is your money, it should be automatic. You shouldn't have to apply for starters, the ball should roll straight away. They have all your details so they should just send you the money"

C2D, 25-45, £1,000-£10,000 savings

"I would want it quite quick, you couldn't survive without it. You need it to be within a calendar month really"

C2D, 25-45, £1,000-£10,000 savings

"Most of us can probably get by for a 7 day period..."

C2D, 25-45, £1,000-£10,000 savings

"I think you have to be realistic and there is quite a lot of administration to do with something like that so I would think 3 months is reasonable, but I wouldn't be surprised if it were 6 months or longer"

C2D, 25-45, £1,000-£10,000 savings

"It is a pain in the arse. They know exactly how much you have got in the account ... it should be automatic"

C2D, 25-45, £1,000-£10,000 savings

"It could take for ever in the real world! It is going to take time...there is an awful lot of work to do before it is sorted out"

C2D, 46-60, £10,000+ savings

Some form of payment prioritisation (e.g. the first £1,000 of everyone's savings first, followed by further amounts) was thought to be a good idea, on the grounds that everyone would need some money quickly, but that those with more could wait longer for most of it. For some the idea of payment within one week made sense in the context of a relatively small sum paid only to those most in need. How this might be ascertained by the FSCS was not discussed.

Going through an application process, as currently required under the rules governing the FSCS, was a widespread cause of concern. It was seen as old fashioned and unnecessary, a disadvantage to people with poor sight or trouble filling in forms, reliant on the postal system, and at worst a way of excluding people from receiving compensation and thus reducing payouts. It was felt the system should be automated, so that compensation was simply sent rather than applied for. This could be done with customer lists, although there were frequent concerns expressed that this information would have to be properly protected.

There was confusion about how payments would be made. Electronic payment was seen as quick and safe – but where to? Some feared payment might be made into an inaccessible (i.e. the old) account. Cheques overcame that problem, but there was some concern that they might be drawn on the failed bank, and the assumption of three days for a cheque to clear, especially combined with misgivings about the postal system, worked against the perception that reliable rapid payment was possible. Again these concerns about exactly how – and how quickly and efficiently – payment could be made create the potential for people to try and withdraw their savings from a bank in trouble even if they know about the scheme. More information and reassurance on this issue could reduce that potential.

3.6.4 Group ownership, FSA authorisation and foreign ownership issues

As regards authorisation, the concept of group ownership was familiar, but the concept of FSA authorised firms was not. Changes of ownership were seen as hard to keep up with and for some were of no intrinsic interest, and thus even more of an effort. Banco Santander/ A&L and LTSB/ HBOS were mentioned as examples of the ongoing fluidity of ownership, which again would make it difficult in the respondents' view for them, or thus for the average consumer, to stay up to date.

Respondents identified the brands as being different entities, leading to an assumption that all separate brands would be treated separately for the purposes of compensation. By this they meant that if there was a different 'name over the door', that institution would have its own separate authorisation, regardless of either its ultimate ownership or of any other institutions that happened to be under the same ownership. Halifax, Bank of Scotland, Birmingham Midshires, NatWest, and

RBS were commonly identified as 'brands' and thus all expected to be authorised completely separately - and separately from their 'sister' companies as well as from their competitors.

The discovery that this separation might apply, but could not be taken for granted, was a shock that prompted considerable criticism of both the system and the banks which had a single authorisation across brands. This was seen as unfair at best and underhand at worst, a practice intended to benefit the banks at the expense of their customers. Some customers of the bank used in the stimulus to illustrate the point were angry at having been exposed in this way without having been explicitly warned of the risk, and there was widespread indignation that this type of authorisation was allowed when brands gave indications of 'separateness' in their names, marketing and general behaviour.

There was a feeling that information on how a bank was authorised by the FSA was technical and obscure, and it was unreasonable to expect consumers proactively to stay up to date with it. This was felt to be especially true as different banks could be authorised differently (and possibly therefore change their authorisation status in future), and authorisation was not necessarily dependent on who owned whom, so that simply finding out who owned whom would not tell consumers what they needed to know. Several respondents were alarmed that they might not have (or had not) spread their savings as widely as they believed, and might now be much more exposed than they had thought.

This issue provoked strong feelings, and these were that the status quo is unjust, misleading and worrying. Respondents thought it should be changed so that every brand (i.e. 'name over the door') was treated equally and separately, as this would negate the need for further understanding. Failing that, there was a widespread call for individual brands to be compelled through regulation and information requirements to disclose their specific authorisation status and how it related to other named brands in the bank's authorisation.

"So you thought you were being wise putting it in all these different ones but they are all linked. So you need to now go and find out who is not linked to who!"

C2D, 25-45, £1,000-£10,000 savings

"That is sly!"

C2D, 25-45, £1,000-£10,000 savings

"You would be gutted"

C2D, 25-45, £1,000-£10,000 savings

"It strikes me that that is quite sneaky. Presumably they save money by doing it all under the one"

BC1, 30-50, Current account only

"We don't know what the companies are and where the companies are registered, we have got to do some homework. How would you know?"

C2D, 46-60, £10,000+ savings

"This has scared me, and it makes me wonder who owns my bank. With my ISAs I've got much more than that. It makes me think I ought to spread it around"

Over 60, £35,000+ savings

"This stuff should be printed on the blank back page of every single bank statement generated. So it would tell you what your rights are and the affiliation of the bank that sent you the statement"

Over 60, £35,000+ savings

"A lot of people don't realise, me as well until I came here tonight, that a lot of them are under the same umbrella"

Over 60, £35,000+ savings

"The banks should be made to do that and put it in all their brochures, stand alone on its own page, not hidden away somewhere in their documentation"

Over 60, £35,000+ savings

"I think examples like the one you gave us with HBOS should be made very clear to people"

Small Business

"I was thinking of putting money with Birmingham Midshires, having no idea they were part of Halifax"

Over 60, £15,001 - £35,000 savings

"It seems a bit cheeky to me, a bit devious. It's a bit underhand"

BC1, 25-45, £5,000-£15,000 savings

"You could carefully spread your money around, and then find that the people you've put it with aren't covered separately because they're in the same group with the same authorisation - and you didn't know that"

BC1, 25-45, £5,000-£15,000 savings

"The regulator should not allow a big company to own other companies which are still of a reasonable size and put them all under the same umbrella. It's a bit devious, really"

BC1, 25-45, £5,000-£15,000 savings

"The onus is on the bank to tell us about the group thing - how else would we find out about it? It's up to them to tell us what we need to know about them"

Over 60, £5-£50K savings

"Well, I have several accounts up to £35,000, which is the level of compensation on offer, but it's complicated. You have to know about who is the same part of the same group - Nat West are the same group but registered separately, HBOS is different, they are all one. And now with Santander and Abbey and Alliance & Leicester we need to check this all out"

Under 60, £35K+ savings

Foreign ownership was something respondents claimed to know little about. There was some speculation about HSBC, whose ownership was a matter of some doubt, and a few mentions of Santander. Some customers of ING did not know it was Dutch, and there was a view that with internet savings banks, it was harder to tell where an organisation was based.

There was a widespread view that any claim in a foreign country was likely to be a lot of hassle, but, overall, foreign ownership of savings banks was seen as less of a concern than transactional banks, as it would affect fewer people. However, respondents were reassured by Abbey's UK authorisation and ING's 'topping up' of its Dutch compensation to the UK level. Again they felt the onus should be on the banks to explain to customers where they are authorised and to provide more information about the implications to customers of that authorisation and of the compensation arrangements and processes in the event of failure.

It should be noted that these comments predated the failure of Icesave, the UK branch of Icelandic bank, Landsbanki.

"We have an ING account, are they not based in the UK? We had no idea"

C2D, 25-45, £1,000-£10,000 savings

"Scandalous, you are being ripped off without even knowing it. You are going to £14,000 from £35,000 without even knowing. If they operate in this country you assume they are registered here. It is not being told about it"

C2D, 25-45, £1,000-£10,000 savings

“That would be a pretty huge administrative effort on your part to claim 20,000 Euros, then the balance in the UK”

Over 60, £15,001 - £35,000 savings

3.6.5 Issues surrounding temporary high balances

Temporary high balances were something all the small business respondents had quite often. A few of the retail consumers currently had high balances following inheritance, redundancy or the sale of their home. Most respondents came to the view that almost anyone could end up with over £35,000, even if only for a short time, but they did not always come to this conclusion without prompting on inheritance or property sale.

This suggests they might possibly underestimate their own potential exposure unless they were reminded of the scheme’s boundaries at the same time as carrying a high balance, and particularly at such time as they were making a deposit that would take them over the compensatable limit.

Those consumers who had been in a situation where they held temporary high balances were highly critical and affronted that the organisations they trusted had willingly accepted the money without notifying the customer of the potential risk. This money often represented ‘life savings’ for the individuals, who felt that they had been exposed unfairly and without their knowledge. In the sessions where this had occurred, it generated strong feeling and generally a demand for a higher compensation limit on the scheme overall. The respondents also felt that the banks should have to disclose this information to customers when they make such a deposit. Again, they saw this as an issue for regulation and information requirements on banks.

“I think everyone should be aware of it. My dad got made redundant and he got a big pay off and he put it into the Bradford & Bingley. So if that had happened to him that would have been his redundancy lost just like that”

C2D, 25-45, £1,000-£10,000 savings pre B&B issues

“When I sold my house last year I had all my equity, £120,000, in my account for two months with the Halifax. If that happened I could have lost all that. I didn’t even know about it, I hadn’t even realised. You just think it is safe”

BC1, 30-50, Current account only

"I was left a large sum in my grandfathers will and that was in the Halifax for about six months"

BC1, 30-50, Current account only

"It should be made crystal clear that if you do make a deposit or open a savings account over a certain point, you should be made very much aware that these are the facts, and you can then make an informed decision"

BC1, 30-50, Current account only

"You get a big lump and stick it in one bank and you could be vulnerable, now that is worrying"

C2D, 46-60, £10,000+ savings

Consumers were unprepared to pay insurance to secure their high balances, and they gave several reasons for this. They didn't think they should be having to insure something that was supposed to be safe in the first place; they thought they should not have to pay to cover the bank's mistakes; and they thought the insurance might be with a company at risk as much as the bank, or that the bank itself might stop paying over the premiums if it was getting short of cash.

They thought it preferable to spread their cash deposits across separate institutions, but working out which ones were separately authorised and finding enough of them, then opening accounts with each as required, was seen as a considerable hassle, especially if it was only going to be for a few months (e.g. before buying another home). So some thought in all likelihood they would take the risk (a risk which fundamentally they thought was low, as mentioned above). Others claimed they would spread the risk, but there seemed to be a greater impetus to do so with longer term high balances than with temporary ones.

"I am really struggling with you paying more for them to take extra care of your money. They are making billions and billions and they are using our money to invest in other places to make money which is coming back to the shareholders, I think they have got to be the ones who are funding covering it, period!"

BC1, 30-50, Current account only

"It's my money, why should I have to pay to look after it?"

BC1, 25-45, £15,000 - £35,000 savings

"[Insurance] Oh yes, that's a very sensible idea, you could take out insurance with er, what's that company in America - oh yes AIG!"

Under 60, £35K+ savings

Small business respondents were more comfortable with the thought of insuring high balances, but for some only on the assumption that premiums would be very low, and possibly 'lost' in slightly higher bank charges rather than paid as a standalone premium. Others pointed out that such insurance would need to be flexible, as the high balances constantly vary. For the businesses, splitting balances across banks was not practical, as it would lose all the advantages of speed, ease and flexibility that having current and deposit accounts at the same bank gave their businesses.

"You wouldn't have to buy that insurance, because it would just be a slight increase in your banking charges, just another business expense"

Small Business

Most of the business respondents seemed to 'think' quite differently as a business owner and as a retail banking consumer. This included not thinking through that the implications of the FSCS for them as consumers could equally well apply to their businesses. In a couple of cases, business respondents had adjusted their personal finances by spreading savings after the Northern Rock failure, but done nothing about their business accounts. This was more a sign of 'compartmentalised' thinking than a deliberate strategy.

"I thought it might be more guaranteed for businesses"

Small Business

"I never really thought about it"

Small Business owner, who had spread his personal savings following Northern Rock

3.7 Response to communications

3.7.1 Key elements of communication

Almost all the respondents felt strongly that information about this scheme needed to be communicated more widely to consumers and in a variety of ways, particularly by the banks themselves, in tandem with greater regulation. This was true throughout the fieldwork period. A very few were concerned that doing so might sow seeds of alarm or even panic among the population, to a degree that would outweigh any benefit to be gained by the information being made more widely available.

There was a view that the key information about the scheme disseminated by the banks should have its wording vetted and approved by the regulator, to ensure that it was clear that all the banks were in the same situation (based on an assumption that they all would be). This would prevent people from being confused as to whether different wordings actually meant the same thing, and would prevent banks from trying to gain competitive advantage by ‘spinning’ their wording of the facts to make themselves look ‘better’ in this respect than their competitors.

The key elements of the existing compensation arrangements they felt needed to be communicated were:

- The amount covered by the scheme
- The timing of compensation payments
- The details that would affect how compensation would be calculated, such as authorisation status of the different banks and the set-off of balances against debt
- The fact that the scheme is an independent organisation created under statute rather than industry sponsored, and thus can be relied upon to pay out under all circumstances.

Personalised and up-to-date information was regarded as very useful to assist consumers in their decision-making. This suggests a requirement on an ongoing basis for:

- Regular reminders about the key elements of information about the FSCS
- Updated information about any changes to the scheme, as and when they occur
- Effect on 'me' of the scheme: 'where I stand', and updates to this as 'my' circumstances change with regard to the scheme (e.g. going over the compensatable limit, etc.)
- Information about any changes in the bank's circumstances that might affect 'me' (e.g. change in authorisation status)

3.7.2 Effective information - reaction, action and timing

Realistically, most respondents thought this information would have more impact on them when they were opening new accounts than on an ongoing basis, and was more likely to affect their choice of new accounts than prompt a review of their existing arrangements. However, some also said they would not act on it then unless they were reminded to do so at the time, and others that they would probably not act on it at all because they did not think there was a real risk of their bank being 'allowed' to fail.

The likely response to receiving and reading this information was thought to be a realisation that 'my' money is not necessarily safe, contrary to the 'accepted' wisdom that cash is entirely safe. The two most likely reactions to that would be either to feel that the real risk of bank failure (and thus of 'my' personal exposure) is probably very small, so in reality it is not necessary to take any action, or that the risk is real enough to require 'me' to do something about 'my' savings.

However, even recognising that risk will not necessarily lead to action, as some respondents talked about putting it on their 'to do' list but could see themselves not actually getting around to taking any action. What constitutes a 'real' risk is the personal belief that the bank will or might fail. Any such belief is likely to be affected by outside influences, including media coverage and rumour.

Respondents' stated views suggest that they would, in theory, use information about the compensation arrangements to evaluate what they felt the 'real' risk would be to them. There is some potential for customer churn between banks, though this assumes the evaluated risk overrides other differences between the banks – such as terms and interest rates. The potential churn is, however, unlikely to be fully realised in practice, as some consumers will feel the risk is sufficiently low as to not justify moving their accounts, while others will simply not get around to doing so despite their intentions.

Enabling consumers to make an informed evaluation on what the 'real' risk is to their saving requires the banks to provide the same level of openness and accessibility to information on the applicable compensation arrangements. The respondents thought the more similar – in wording as well as content – the information was between the banks, the easier it would be to digest and the more obvious it would be that all banks are 'equal' in this regard. They felt the banks should be compelled to provide such information, and some thought the wording itself should be standardised and policed by the FSA.

3.7.3 What should happen now – raising awareness

In groups where any of the respondents had high balances, there was a general feeling that those people should have been told explicitly by their banks about the compensation limits, and thus about the risk they were taking with amounts of money that would be life changing for them to lose. The banks were criticised for not doing so.

None of the respondents interviewed about recently opening new accounts claimed to have been told anything about the FSCS, and they were unhappy about this. Some respondents in groups suspected this information had probably been contained somewhere in the small print of the documentation they had been sent, and were fairly cynical about this: their view was that the banks knew that customers never read the small print in the literature they were sent, and felt the banks were happy to 'hide' this information there rather than risk alarming customers and thus losing customers' larger deposits.

There was a consistent view across the groups that the FSCS should be brought to consumers' attention. Also consistent was the view about how this should be done, which was through a two-pronged approach combining robust regulation and communication from both the banks and the FSCS. Respondents envisaged a combination of banks being required to provide 'micro' communication to customers, and 'macro' communication coming from the FSCS itself.

The respondents placed considerable onus on the banks to inform their customers, clearly and transparently, about the implications to them of the scheme. This meant requiring the banks proactively to offer them information on the bank's authorisation status as well as providing information in response to customer requests, tailoring such information to them (e.g. making it relevant to the amount of money they have or are putting into an account), and proactively keeping them up to date with any changes either in the bank's circumstances (e.g. with regard to authorisation) or in those of the customer (balances increasing beyond the limit). Underlying this was a widespread view that if banks fail to do this they will be acting against the interests of their customers and thus damaging the relationships they have with them.

"The regulator should make all the banks send out information to their customers about who was in the group and how they were authorised, in exactly the same way, I don't think there would be any panic. But if any of them, especially any of the big ones, didn't do it, then that would worry people"

BC1, 25-45, £5,000-£15,000 savings

"The banks wouldn't want to tell you this. They would have to be made to"

BC1, 25-45, £5,000-£15,000 savings

"But it's how the banks would tell that concerns me. That's why I want the government to control the wording, to make sure it's clear and tells you all the facts"

BC1, 25-45, £5,000-£15,000 savings

"You'd be more sceptical of exactly what you were being told if it came from the banks. If it was from someone independent you could have more trust that you were being told everything you needed"

BC1, 25-45, £5,000-£15,000 savings

"The banks should be made to, just like a tobacco company is made to tell you about the dangers of smoking"

Small Business

“Banks would put it all in reams of small print they know you won’t read, then claim they’ve told you”

Over 60, £15,001 - £35,000 savings

As the respondents saw it, the FSCS' role in raising awareness of the scheme and its main features included publicising itself and its independence from the financial services industry, encouraging consumers to find out more from their banks, ensuring that information and messaging from the banks to their customers is consistent, and making people aware of any changes to the scheme or other relevant new information.

In order to improve awareness and understanding of the FSCS, the respondents envisaged above-the-line advertising from the FSCS 'launching' the scheme and publicising its main features, followed up with a 'drip-feed' approach, adding detail and reinforcing the initial communication. The headline features, as they saw it, were that there is a scheme, that it is an independent, statutory body, and that it is there to protect the consumer. They saw this as preferable to an advertising campaign that tried to tell everyone everything at once, which they thought was likely to overwhelm its audience. Given that different media appeal to different people, they felt there was a requirement to use a variety of media in these communications, and this included below-the-line media such as leaflets, inserts with bank statements and the like.

A few respondents referred to the HMRC advertising, reminding people through the use of a cartoon figure about their tax returns. What was liked about this approach was the relative warmth and friendliness (and thus reassurance) of the tone, together with the use of TV to alert people to look out for communication from elsewhere, i.e. something coming in the post. They could see parallels for the FSCS.

The way the respondents saw it, the current uncertainties and anxieties provided the perfect platform for such a relaunch, rather than meaning the FSCS need take a tentative approach: the relaunch could be positioned as a response to recent events, designed to reassure the public, outlining the key points and telling people to watch out for further communication from their banks. The banks would then send customer-specific below-the-line communications, which because of the FSCS's above-the-line advertising, customers would be more likely to read, having been alerted that it was coming. Key information needed from the outset would include the amount covered and the timescale within which compensation payment could be expected. Reminders and supporting information could be provided on an ongoing basis on monthly and annual statements and other bank materials such as brand and product literature.

"Why not say that these changes could affect you, see your bank for more details"

C2D, 25-45, £1,000-£10,000 savings

"They (FSCS) should be the ones advertising it and pointing you to your own bank, they should warn you in a way"

C2D, 25-45, £1,000-£10,000 savings

"It's the government's responsibility to make sure we are all aware of these facts. The government needs to be careful that it doesn't sow panic in making us all aware of these facts. They have to put it across in a positive way"

Over 60, £35,000+ savings

"I think people, especially those with more money, have responsibility to keep themselves informed. And it's the people with more money who stand to lose here. So I think it should be mainly through the banks"

Over 60, £35,000+ savings

"I'd rather have an information sheet explaining the scheme to me and telling me where to go for more information"

Over 60, £35,000+ savings

"The information most of us need is that this organisation exists and why, a simple explanation of how it works, and an invitation to ring your bank to find out what group it's in and how that affects your compensation"

Over 60, £35,000+ savings

"The important information is that this scheme exists. And if you've got under £35,000 you don't need to worry about it. If you think you may be at risk, look further. It's better to give the minimum information, because it's simpler"

Over 60, £35,000+ savings

"They mustn't panic people. They have to give this information in a way that provides security"

Over 60, £35,000+ savings

"The media will get hold of it and try to spread panic"

Over 60, £35,000+ savings

"People are aware of Ofcom, the ombudsman, the DTI, the FSA. They should make a noise too, and say there's a potential issue here, we're here to tell you about this"

Small Business

"We'd none of us heard of the FSCS, so I think that should become more of a brand"

BC1, 25-45, £15,000 - £35,000 savings

"You could have something from the FSCS telling you'd be getting something from your bank and that you ought to read it, then you get the details from your bank about how it affects them"

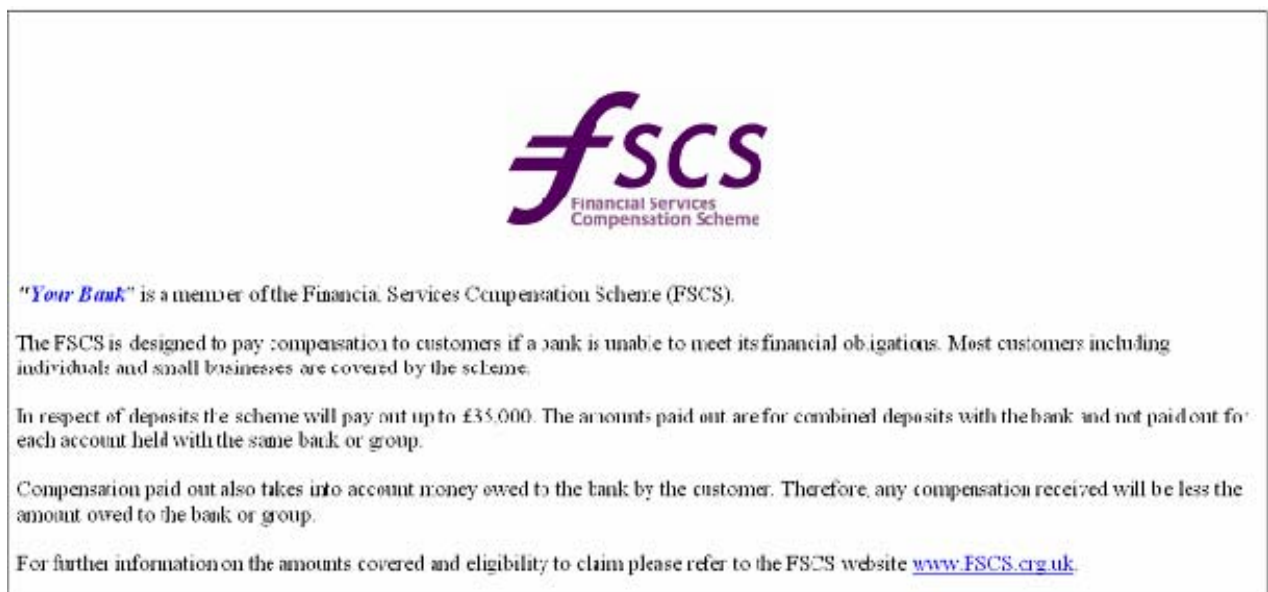
BC1, 25-45, £5,000-£15,000 savings

The respondents were aware that advertising and generally publicising the scheme could sow seeds of alarm if the right tone were not adopted in the communication – and the few who thought the scheme should not be publicised did so because they thought that even the ‘right’ tone could not avoid having this effect. For the others, the key to getting the tone right and to avoid causing alarm was to stress the positive side of knowing about the scheme – enabling consumers to take control of their savings and, armed with knowledge of the scheme, avoid unnecessary worry.

The answer they felt was needed to the ‘Why are they telling me now?’ question was either that ‘in view of the market uncertainty here are the facts’, or that ‘the rules are changing so here is the new information you need to know’. They talked about striking a balance between information and reassurance, and cited the HMRC campaign. Adopting the flat and educative tone of some of the stimulus material used in the sessions was felt to be inappropriate for communications and could potentially cause panic, when it was reassurance that people would be looking for.

3.7.4 Response to draft FSCS explanatory paragraph

Figure 3: Draft FSCS explanatory paragraph



Respondents were shown a number of pieces of mocked-up stimulus illustrating how the FSCS might be described and how relevant account information could be personalised in different ways in communication with account holders. These were designed to give the respondents something to react to and to provoke discussion, and were not ‘finished’ communication materials.

Overall the response to this draft paragraph was fairly positive: it was felt to cover all the important basic information and to be informative and for the most part clear and easy to understand. That said, there were also other comments: it was thought to be a flat, dull read that did not draw the reader in, and, linked to this, to be potentially a little overwhelming because the writing style and visual presentation did not make the information very easy to digest. Several respondents mentioned that they would probably not read to the end if they saw this in the 'real world'.

The focus of these criticisms was that the explanation was too text heavy and dry, and that it was too focused on the FSCS itself rather than on the reader and the implications of the scheme to him/her (although subsequent stimulus did address this point). There were also suggestions that it should have some kind of call to action, such as telling the reader what to do next (e.g. refer to their own bank for more information). Specific criticisms included that it is not clear what is a bank and what is a building society, and that this paragraph does nothing to explain that; that the mention of a banking group is slightly lost, given its importance from the authorisation perspective; and that the contact details should be more prominent and include a telephone number.

In its current form, it was seen as the possible basis for an in-branch poster, as text for inclusion in product literature or as an insert.

"It is a bit yeah, yeah, yeah"

C2D, 25-45, £1,000-£10,000 savings

"The amount is low for today. And it's too complicated. The man in the street wouldn't finish reading that. It needs to be simplified, or they need to find a way to explain it simply"

Over 60, £35,000+ savings

"But if that was in a bank, I don't think anyone would walk up and read it, and I don't think they would on an application form either. It'll be just one of those bits you skip over before you sign. It needs something to draw you in"

BC1, 25-45, £15,000 - £35,000 savings

"It needs to say what banks are in the group, because that's so important these days"

Over 60, £15,001 - £35,000 savings

"You need a hook and a headline, something that is going to say to you in bright colours 'you are covered up to £35,000'. You lost me by line two of that paragraph"

C2D, 25-45, £10,000+ savings

3.7.5 Personalisation

There was a widely and strongly held view that personalising the messaging would make it considerably more engaging and powerful, particularly coming from the bank. However, this brought certain expectations too: any personalised information given to consumers needed to be up to date and accurate (or at the very least clearly dated so that it was easy to see how up to date it was). Any information missing (such as holdings with another organisation falling within the same authorisation) should be clearly indicated and its significance explained; and it should all be presented in a way that is visually interesting, clear and easy to read and digest. Some respondents suggested a form of 'traffic light' system, so they could tell more or less at a glance where they stood. Again this would require clarity and accuracy in order to be effective.

It should be noted that some of the wealthier and business respondents felt they did not need this level of 'spoon feeding', as they were on top of their various accounts and did not need things spelled out for them in this way. Their view was that they knew how much they had on deposit and with whom, so all the information they needed was the scheme framework and the authorisation status of their bank(s): they could work out the personal illustrations for themselves. Most others were happy for someone else to do the calculations for them, but then it became absolutely crucial that those calculations were correct (and holistically so, across a bank's entire authorisation - see below).

"That will instantly prick up people's ears, so start with that first. Oh, what is happening, I will read on"

C2D, 25-45, £1,000-£10,000 savings

"I think it is wonderful to have that personalisation"

C2D, 46-60, £10,000+ savings

"Quoting all these figures...they'll change every day, so they'll be out of date. And it creates more work for the banks, and they get enough wrong as it is"

Over 60, £35,000+ savings

"It might make more inclined to read it, because it's about my money, it's personalised to me"

BC1, 25-45, £5,000-£15,000 savings

Figure 4: Example of personalisation

You currently have a total of £1,000 on deposit at "Your bank" in your current account and £38,700 in "Your bank" savings account. You also owe £850 on "Your bank" credit card. The total amount you now have with "Your bank", adding together your money and taking away what you owe, is currently £38,850. This is above the compensatable limit of £35,000. A total of £3,850 would not be covered by the FSCS in the event of "Your bank" failing.

Personalising the information in the way developed for the stimulus brings with it two requirements: the calculation must be easy to follow, and it should be very prominent. The stimulus itself was criticised on both these criteria. The calculation took the form of a dense paragraph of text, whereas columns of figures would have made the calculation much easier to follow; and it was placed after the explanatory paragraph about the FSCS, which several respondents said they would not read to the end. The feeling was that it would arrest the attention more if the personalisation and calculation came before the general explanation.

"I don't like it in one big sentence like that. It would be easier to take in if they had it in a spreadsheet, or at least have the figures in lines"

BC1, 25-45, £5,000-£15,000 savings

Figure 5: Semi personalised wording

You currently have a total of £970 on deposit at "Your bank". If you have any other accounts with "Your bank", the amounts may also be included in any amount protected up to the limit, minus any monies owed to "Your bank" through any loans, mortgages or credit cards held with us.

The example shown with the deposit amount personalised, but with the remainder described in general terms only, was not widely favoured. The view was that the deposit amount would be on the statement anyway, and that text around it did little to make the information personally relevant because it contained no further personal detail. The long sentence explaining the implications of the scheme was felt to be unwieldy and contain archaic language ("monies"), as well as having a repetitive quality through the way "accounts" and "amounts" are used. Together these made the sentence hard to follow and its meaning and implications difficult to absorb. However, for the minority mentioned above, who felt they needed little 'spoon feeding', this level of detail felt about right. They were among the wealthier, more financially sophisticated and business respondents.

"You don't really know what they are talking about, you don't understand what they are saying is going to be taken out. You need the actual figures there"

C2D, 25-45, £1,000-£10,000 savings

"It is like a clause in a contract. Insert punctuation and a breath here and there!"

BC1, 30-50, Current account only

"The one that told you need to check your own totals struck me as lazy. They should give you the information"

Small Business

Figure 6: Personalised wording, below the limit

You currently have a total of £1,000 on deposit at "Your bank" in your current account and £3,000 in your "Your bank" cash ISA. You also owe £850 on your "Your bank" credit card. This is a total of £3,150 at this time and is below the limit of £35,000.

The more detailed example showing the amount on deposit, in the Cash ISA on the credit card, showing a total well below the compensatable limit, was generally better received. Its perceived strengths were that it showed clearly and stated unambiguously where 'you' stand. This was felt to be reassuring, but it made it all the more important that the information be completely accurate, and that accuracy had to reflect holdings and debts (and their implications) with other parts of the same authorised group.

"Would this be able to tell you about the other accounts in other parts of the group that you need to take into the calculation? They might say you're within the limit, when in fact you're not because you've got another £30,000 with Birmingham Midshires or something"

Over 60, £15,001 - £35,000 savings

"You don't want them telling you you're within the limit when you're not. So if they're going to give you that information it's got to be for the whole group"

Over 60, £15,001 - £35,000 savings

"Even if they can't give you the amounts you have in other parts of the group, if they put down who they all are, you know if you've money with them"

Over 60, £15,001 - £35,000 savings

Some respondents took the view that if you were under the compensation limit you did not need as much information as this example contained: the reassurance that you were under the limit would be enough, and greater detail should be reserved for when you were approaching or over the limit.

There was a more widespread view that, provided your circumstances did not change, this level of information was needed only intermittently, typically quarterly or half yearly, though for a few annually was enough. Behind this was a concern among some that if you see this information repeated too often it ceases to be meaningful.

Figure 7: Personalised wording, above the limit

You currently have a total of £1,000 on deposit at "Your bank" in your current account and £38,700 in your "Your bank" savings account. You also owe £850 on your "Your bank" credit card. The total amount you now have with "Your Bank", adding together your money and taking away what you owe with "Your Bank" is currently £38,850. This is above the compensatable limit of £35,000. A total of £3,850 would not be covered by the FSCS in the event of "Your bank" failing.

The example showing the current account and credit card balances together with a high deposit account balance taking the customer over the £35,000 limit and stating by how much, was very well received. What was liked was that it clearly showed both the risk and the level of exposure, handing control to the consumer and enabling him or her to make an informed decision as to what action to take. There was an underlying assumption that a communication like this from the bank would be triggered by the customer reaching, or ideally approaching, the limit, and this was felt to be a very good idea. Most also thought that these reminders should keep being issued for as long as the customer was at or near the limit so that they could not 'forget', but again there was disagreement with this on the grounds that you become 'blind' to communication that is repeated too often. Some also thought that once you 'knew', you knew, and that reminders were not necessary: from that point it is up to you to take control.

"That tells you exactly what you are not going to get back. It does go on a bit"

C2D, 25-45, £1,000-£10,000 savings

"Everybody should be aware if it and if you are getting near, then yes remind you but you don't need more than that. I wouldn't want it on every statement"

C2D, 46-60, £10,000+ savings

"It tells you everything you need to know"

Small Business

"I like it because it's telling you you're over the limit"

BC1, 25-45, £15,000 - £35,000 savings

"It's a good idea. You'd read it every time because you'll want to know where you stand"

Over 60, £15,001 - £35,000 savings

"That doesn't help you because it's only one bank. You've still got to look at your other savings and work out if they're covered too. And you don't know if they're all under one roof"

Over 60, £15,001 - £35,000 savings

"If you've got that, you could make an informed decision"

BC1, 25-45, £5,000-£15,000 savings

Figure 8: Personalised wording, including mortgage debt

You currently have a total of £1,000 on deposit at "Your bank" in your current account and £9,000 in your "Your bank" savings account. You also owe £850 on your "Your bank" credit card and £100,000 on your mortgage. The total amount you now have with "Your Bank", adding together your money and taking away what you owe with "Your Bank" is currently - £90,850.

The example also showing the mortgage debt and thus a net debt of over £90,000 was widely regarded as a very worrying communication to receive from any provider. The only real exceptions to this were those with offset mortgages, who were used to thinking about their money in this way, and a few other financially sophisticated respondents with a fairly 'detached' view of their finances. For the majority, who tended to view mortgages as quite different from other debt, it was a stark and very unwelcome way of seeing their finances presented. Furthermore, they cast doubt on its realism: their logic was that mortgage debt would be sold on in the event of a bank failure, and would thus in effect be taken out of the savings/ debt equation for compensation purposes.

"Jesus, that would just scare the life out of me! It would make me go into sheer panic"

C2D, 25-45, £1,000-£10,000 savings

"At the end of the day we all know roughly what we owe on our mortgage and we know what money we have but I guess it is just spelling it out in black and white. It would put the fear of God into you"

BC1, 30-50, Current account only

"That would panic people"

Over 60, £35,000+ savings

"You don't really see it as a debt, just as a thing that you have. I see loans and credit cards as a debt, but not a mortgage"

BC1, 25-45, £5,000-£15,000 savings

"Why is it telling you this? It should add something saying, so you're not covered. I'd freak if I just saw it like that"

BC1, 25-45, £5,000-£15,000 savings

3.7.6 Message placement

Respondents were shown mock-ups of how information could be presented in various ways and at various depths of detail on bank materials - primarily (but not only) paper and electronic statements. This chimed with spontaneous suggestions from the respondents about how 'piggybacking' on existing regular communications from the banks could offer the FSCS a 'natural' route into communications with individuals at the personalised level.

While it was felt that bank statements were the obvious place for messages about the FSCS, especially if such messages were going to be personalised with individuals' account information, there was also concern that such messages could be missed, because people are only really interested in their account totals or whether specific transactions have gone through: they are focused when they look at statements, and not open to wider information.

The key point in this thinking was that customers needed to be alerted that there was something they needed to read, rather than just dismissing material from the bank as unsolicited and uninteresting marketing. The material itself needed to convey - at a glance, which was all it might get - that it was important to read it.

For that reason it was felt that any message must be highly noticeable: it needed to be at the top of the statement rather than at the bottom (or at least have a prominent message at the top indicating that there was important information at the bottom), and it must not in any way look like small print. Bold type was suggested as a way of avoiding this.

"If it's your personal breakdown, you're going to read it, because those are your numbers there. You're not going to confuse it with some sort of general literature, because it relates to you"

Small Business

"I don't pay a lot of attention to my bank statement. I just look at the totals"

BC1, 25-45, £15,000 - £35,000 savings

"Something punchy the first time it comes, and with colour to attract your attention"

BC1, 25-45, £15,000 - £35,000 savings

"Once you've read it, you'll know it's important. The thing is to draw your attention to where it is, wherever it is"

Over 60, £15,001 - £35,000 savings

"I think it gets a bit lost in the rest of the statement. But where it says I'm over by £5770, I think they should highlight that in red or bold or something. Your eyes would go straight to the red bit"

BC1, 25-45, £5,000-£15,000 savings

"You get your statement through the door, you look at the bottom figure, think I'm alright, and put it away. If I'm not expecting to get a message like that I don't know that I'd look long enough to see it"

BC1, 25-45, £5,000-£15,000 savings

Other suggestions were made as alternatives to information from the bank contained on the statement itself: these included a separate insert, a cover page on the statement itself, something obvious on the envelope or even a separate letter drawing the recipient's attention to the information.

For internet statements the feeling was that the requirement for impact was the same, but that meeting it needed a different approach. Placing any important information at the bottom of a page was seen as a mistake, because it might not be noticed or even appear on the screen without having to scroll down. The message would have more impact on the account overview page, it was thought, and there was felt to be some logic to that, as the FSCS information could well relate to several accounts. In this instance it was felt that it would need to be near the totals in order to be noticed.

"You don't really look at the bottom bit"

C2D, 25-45, £1,000-£10,000 savings

"You tend to go in to see what your balance is or has that cheque gone through or whatever, you don't tend to scroll all the way to the bottom every time you log on"

BC1, 30-50, Current account only

"There is so much on your screen, it could be missed. I wonder where they would put it because you have got about 5 pages there of history. I only ever look at page one, because I want the latest information"

C2D, 46-60, £10,000+ savings

"It needs to get you initially rather than you having to look for it"

C2D, 46-60, £10,000+ savings

"I think people would ignore that if it's at the bottom"

Small Business

Some respondents suggested that the message should be on the bank's welcome page, with a requirement to acknowledge that you have read it before being able to click through to the account itself. Other suggestions included menu items on the bank's site with more detail and links to the FSCS website, pop-ups and banners (a couple of very internet-savvy respondents pointed out that some browsers automatically block pop-ups).

Once people were engaged, the respondents thought further information should be easily accessible and user-friendly. Common suggestions were a link to information showing how a bank was authorised and a calculator, either on the bank's website or on the FSCS site, enabling consumers to work out their own exposure. The appeal of using the FSCS website for this was based on an assumption that it could be relied upon to have complete and up-to-date information on every bank's (and every individual brand's) authorisation status. Implicit in this assumption is a lack of real distinction in the respondents' eyes between the FSA (for authorisation) and the FSCS (for compensation).

"If it's there when you log on, and you have to read it to get past it. At least the first time"

Small Business

"I like the idea of having this as the first page when you log on, with the full information. But not every time"

Small Business

"I bank online with NatWest, and whenever they introduce something important, they put it on as the front page when you log on, so you have to read it to log on to your account. That would be a good thing to do with this"

BC1, 25-45, £15,000 - £35,000 savings

"It should be a pop-up, or something you have to confirm that you have read before you can go past it"

BC1, 25-45, £15,000 - £35,000 savings

"When you look at your statement you're looking for certain information about payments in or out. You're not really open to other stuff. That's why it should be something you have to click to say you've read it before you look at your statement"

BC1, 25-45, £15,000 - £35,000 savings

"That summary page is probably a better place, because I think that's where you normally start from, and if you're going to be moving any money that's probably the page you'll look at before you do"

BC1, 25-45, £15,000 - £35,000 savings

Over time respondents expected the FSCS logo to become increasingly familiar to consumers, and an analogy spontaneously given in many groups was with the ABTA/ ATOL logo found on travel agents' premises and communications. The thinking was that as this happened the need for more explanatory text would gradually diminish, and the logo itself would come to communicate all that was necessary. They saw the logo becoming like a kite mark, acting as a form of instant reassurance, and that it should be or become ubiquitous, appearing on all bank materials (real and virtual), in branches on doors and walls and at cashier windows, and some even suggested that it could be used in bank advertising, much as 'Intel inside' is used in PC manufacturer advertising.

Until that point they felt you needed to be reminded more frequently, especially if you were over the compensation limit. Beyond that, there was still a need for occasional reminders.

"You can't just tell people once, you have to remind people at least once a year. You don't want it every month"

C2D, 25-45, £1,000-£10,000 savings

"I think it should be information that you should be entitled to once a year and maybe when the thresholds have changed. At the start of the tax year or something, something that should be sent to you"

BC1, 30-50, Current account only

"You suddenly have a lump of money, and go from zilcho to £120k. It would be nice to know in advance of that, so you could at least think on"

BC1, 30-50, Current account only

"Once people are made aware, then they don't need it to be reinforced"

BC1, 30-50, Current account only

"You only need to know it once, and then it is up to you to keep account of it"

C2D, 46-60, £10,000+ savings

"If you are told in the very first place, and not again until you are over it"

C2D, 46-60, £10,000+ savings

"Everyone should know these figures and then be reminded when you are getting near"

C2D, 46-60, £10,000+ savings

"It is the moment that you hit it. You are not vulnerable until you hit it"

C2D, 46-60, £10,000+ savings

"Maybe with every 6 month statement. Things change, so you need to keep up to date"

BC1, 25-45, £15,000 - £35,000 savings

"It's such a low risk, maybe every 6 months"

BC1, 25-45, £15,000 - £35,000 savings

"You may not read it every month, but it's a reminder coming every month"

BC1, 25-45, £15,000 - £35,000 savings

Cheque books and pass books were both seen as increasingly out of date. However, a place was seen in both for the logo in the way described above, when it had come to carry much of the associated messages about the FSCS in and of itself. These media were seen as less appropriate for a more lengthy explanation of the scheme. The passbook stimulus used, which had an explanation as well as a logo, drew the response that the explanation would need to be physically in small print, and would therefore also look like 'small print', and that both of these factors would militate against its being read. There was also a view that, even though cheque books and pass books could be replaced over time with new ones carrying the FSCS logo, old ones without it might still remain in use for some time.

Messaging in-branch, e.g. through video loops on displays for while people are queuing, were seen as a good idea in principle, not least because queuing in-branch was seen as 'dead time' and the queue as a captive audience. Respondents saw plenty of opportunity here for some sort of call to action, along the lines of 'Ask a member of staff' or 'Pick up a leaflet.' However, there was also a view that branch environments can be busy and noisy, so any such information playing on a video would need to be kept relatively simple, otherwise it could be missed, misunderstood or not understood at all. This was felt to be a particular risk for the elderly and hard of hearing. For this reason the right level of information was seen as stating membership of the scheme and the total cover provided, including the savings/ debt relationship, but stopping short of trying to explain the implications of a given group's authorisation.

All of this led to a requirement that customer facing staff in branches and on the phone should know about the scheme, including how their employer's authorisation status would affect customers. While it was thought that this would lead to increased training costs for the banks, the general and often strong view was that this information was important and that the banks should have a duty to give it freely, accurately and, from the customer standpoint, easily. This chimed with their view that they should have been told about the scheme and its limits by their banks in the first place. Respondents also thought that these staff needed to be able to give customers credible (and justified) reassurance at both the rational and emotional levels (e.g. confidence, tone of voice). Of note with regard to the PR damage done to the banking industry, several respondents mentioned that the banks would find a way to pass on these training costs to their customers.

It was also suggested that if video screens were not available, posters and other well placed static messaging could be used, and that video loops played on screens in-branch could also be used as clips played on the FSCS and possibly other internet sites to help build awareness.

Small business owners made other suggestions as to how awareness could be raised and maintained. They were thinking about their businesses, but these suggestions could also apply to at least a proportion of consumers:

"Whenever you file any of your returns online"

Small Business

"Documentation that comes through from the Inland Revenue should include something on it"

Small Business

4 Appendix

4.1 Final sample frame

14 x 2 hour representative consumer groups:

Social class	Age	Value of savings	No. groups
BC1	30-50	Current account only	1
	25-45	£5,000 - £15,000	1
		£15,001 - £35,000	1
	46-60	£5,000 - £15,000	1
		£15,001 - £35,000	1
C2D	30-50	Current account only	1
	25-45	£1,000 - £10,000	1
		£10,001 +	1
	46-60	£1,000 - £10,000	1
		£10,001 +	1
BC1C2	Over 60	£5,000 - £15,000	1
		£15,001 - £35,000	1
		£35,001 +	1 (mini group)
	Under 60	£35,001 +	1 (mini group)

2 x mini groups with Northern Rock customers

- Two x two hour mini groups of Northern Rock savings customers at the time of the bank's failure and rescue. Ideally these should include a couple of offset mortgage holders

8 telephone interviews of specialist consumer sample

- Eight x 30 minute telephone interviews with consumers who have recently (ideally within the last three months) opened a new/ switched bank or savings account

2 x 2 hour business groups

- Two groups of small business owners who regularly have account balances over £35,000, across a range of banking providers

4.2 Preplacement exercise

Prior to attending the group discussions respondents were asked to complete a preplacement task. The aim of the exercise was twofold; firstly to get respondents thinking about how they manage their money on a day-to-day basis (in preparation for the discussion in the group sessions re how long they may be able to cope without access to their main current account). Secondly, the preplacement collected information about the deposits held by respondents - this allowed time for people to think about and recall all of the accounts that they may have and the amounts held in them (if asked on the 'spur of the moment', people can often forget/ miss out some accounts). Collecting this information in a preplacement also allowed respondents a degree of privacy. Nearly all respondents completed the preplacements.

While in no way statistically significant, we have conducted an analysis of the completed preplacements and, used with caution, this can give us a 'feel' for how each group is managing their money.

Group sampling criteria	No. respondents	Preplacement analysis
BC1, 30-50, current account only	8	<ul style="list-style-type: none"> Income range between £950 and £3,200 per month All are living at, or just within, their means with outgoings more or less equalling income Most have a savings account, but all have less than £300 in it. One respondent has no savings and is carrying a £500 deficit on his current account each month
BC1, 25-45, £5,000 - £15,000	8	<ul style="list-style-type: none"> Income range between £2,400 and £5,000 per month For most, outgoings are below income and they carry a surplus each month. Rent/ mortgage repayments are a significant draw on income The bulk of savings appears to be held in one main account, with lesser amounts in subsidiary accounts
BC1, 25-45, £15,001 - £35,000	8	<ul style="list-style-type: none"> Income range from £1,800 to £6,000 per month Most appear to have a good positive financial margin in their monthly finances Generally savings appear to be spread between accounts (with same and different providers) and providers vs. the previous group
BC1, 46-60, £5,000 - £15,000	8	<ul style="list-style-type: none"> Income ranged between £1,500 and £5,700 per month All had an average current account balance of at least £250, some as high as £3,500 Whilst mortgage/ rent payments were still present, for many they represented a smaller proportion of their income than for the younger group Most had between 3-4 deposit products, and several had spread their money between

		these accounts
BC1, 46-60, £15,001 - £35,000	8	<ul style="list-style-type: none"> Income between £1,750 to £3,500 with most managing to maintain a surplus each month Savings appear to be more spread between accounts and/ or providers
C2D, 30-50, Current account only	8	<ul style="list-style-type: none"> Income between £1,400 and £2,500 per month For all, income more or less equals their monthly outgoings, leaving perhaps £50 - £150 in their accounts One respondent is carrying a -£2,000 debt on his current account each month Most have no savings whatsoever. Savings, where they exist, are very limited - £80 in one case to £450 in another
C2D, 25-45, £1,000 - £10,000	7	<ul style="list-style-type: none"> Income between £1,200 to £3,300 per month All are managing monthly expenditure, with several having a £2-300 surplus at the end of the month A few are keeping surplus money in their current accounts of £800 - £1,500. Savings tended to be around £2,000 - £3,000 in total, and are with a single organisation (although may be in two different accounts)
C2D, 25-45, £10,001 +	7	<ul style="list-style-type: none"> Wide range of income levels of between £1,800 to £5,000 per month Most tend to have an ongoing positive balance in their current accounts of at least £300, with several holding more significant amounts of £3,000 - £5,000 regularly in their current accounts. However, despite high savings amounts, one respondent has a -£2,000 monthly current account balance Some have all/ most of their savings with a single organisation, whilst others seem to have spread their money between providers - no one was using more than three providers

C2D, 46-60, £1,000 - £10,000	8	<ul style="list-style-type: none"> Income between £800 - £3,000 - although most seemed to be around £1,000 - £1,200 mark All are living within their means, with several managing a healthy positive balance at the end of each month Most had savings of £1,000 - £3,000, with one individual having £6,000 in savings. These tended to be with one or two organisations
C2D, 25-45, £10,001 +	8	<ul style="list-style-type: none"> Income between £1,300 and £3,700 and most are living just within their means (possibly £100 - £200 surplus per month) Bulk of savings is held with one organisation
BC1C2, Over 60, £5,000 - £15,000	7	<ul style="list-style-type: none"> Income ranged between £385 to £2,000 per month Rent/ mortgage, loans and credit card repayments form proportionally less of the over 60s outgoings than for younger groups Main savings tended to be with one provider
BC1C2, Over 60, £15,001 - £35,000	8	<ul style="list-style-type: none"> Income range between £480 and £3,600 per month All have relatively high average balances in their current accounts, with many running into several thousand pounds Savings tends to be spread between two organisations
BC1C2, Over 60, £35,001 +	6 (mini group)	<ul style="list-style-type: none"> Income ranged between £2,000 to £6,500 and all were living well within their means Average current account balances were high, at least £1,000 and several £3,000 - £4,000. Two respondents held £10,000 in their current accounts, and one had £73,000 in this account Most held large savings amounts in two or three different providers, for example; <ul style="list-style-type: none"> One respondent had £75,000 with Nationwide and £24,000 with A&L

		<ul style="list-style-type: none"> – Another had £100,000 with each of Nationwide and Halifax, and a further £50,000 with Portman – Another had between £10,000 - £15,000 with each of ING, Lloyds, B&B and Abbey, and a lesser amount with Nationwide
BC1C2, Under 60, £35,001 +	5	<ul style="list-style-type: none"> • Income between £1,200 and £3,500 • Once again many were carrying high regular current account balances • Savings tended to be in largish lump sums split between two or three providers <ul style="list-style-type: none"> – One respondent had £220,000 with Halifax and a further £70,000 with HSBC – Another respondent had £20,000 with Ice Save and £30,000 with Lloyds – Another had split their savings between five providers, with £20,000 to £60,000 in each

4.3 Discussion guides

4.3.1 Main consumer discussion guide

Group Discussion Guide, Job No: 08-0851 Main consumers (2 hours)

Introduction (10 mins)

- Confirm purpose of research and how results will be used
- Remind re MRS code of conduct, reassure on confidentiality, taping, mobiles etc
- Explain interested in how they manage their money, specifically their banking and savings accounts
- Introductions (first name, what you do) – a sentence about their **approach** to banking and savings

Setting the scene/ review of preplacement (15 mins)

- What banking and savings accounts do you have? (current accounts, deposit accounts and cash ISAs)
 - How many accounts?
 - Who with? How long?
 - Why/ purpose of these accounts?
- How often do you look at/ keep track of these accounts?
 - How do you deal with the account (channel – internet, phone, texts, branch etc) – why?
 - What sorts of amounts do you regularly keep in the accounts?
 - Why
 - When/ why might you move money around?
 - What prompts this?
- How comfortable are you with the accounts you have/ the providers you are using?
 - Why/ why not?
 - What is making you comfortable/ uncomfortable

Discuss as appropriate/ when Northern Rock mentioned spontaneously

- What do you know about the situation that arose with Northern Rock
 - What exactly happened, why did it happen, what was the eventual outcome?
 - Why do you think so many people tried to withdraw their money – what was prompting this?
 - If it had been you/ your money, what would you have done (left it vs withdrawn it) – why?
- How did it make you feel ...
 - ... generally about banks and other financial institutions?
 - ... specifically about your savings/ deposit arrangements?
 - How, if at all, did this change how you think about/ organise your deposits?
- Who is responsible for this/ making sure that this situation does not happen again?
 - Why them? What can they do/ what is/should their role be?

If it had been you - Managing if your bank/ building society failed (20)

Explain: In order to be able to help people, the FSA and FSCS wants to understand the effect that something like this could have on people. Again, we are purely talking hypothetically (no provider is about to 'go under'). Ask respondents to refer to their pre-task and ask respondents to imagine that they no longer were able to access their accounts because their provider was in difficulties. NB moderator to reassure that this is hypothetical throughout

- Firstly, imagine the situation if your main bank were to get into difficulties and you could not access your current account funds
 - What would you do?
 - What would happen re your personal financial situation
 - How would it affect you?
 - Would you be able to manage - how?
 - How long would you be able to manage for?
 - What do you think you would do? Eg borrowing – from whom, and for how long?
 - Where would you go for information?
 - What information would you need?
- Now, imagine the situation if your savings accounts providers were to get into difficulties and you could not access your savings
 - Repeat probes above
- Do any of you have both savings and a current account with the same provider?
 - Probe re their response in this situation
 - Explain that some providers are part of a bigger 'group' of providers
 - Awareness of this, anyone have savings with companies within the same group – probe which one
 - What do they think would happen in this situation – why?
 - Where would they go for information first, then after that if they still needed more
- What about if you had a credit in an account but also had a debt/ loan with that same provider?
 - Expectations re what would happen – why?

Awareness of FSCS (10 mins)

Explain: As a result of the Northern Rock problems, we want to understand what people think would happen in this situation (NB reassure as necessary that this is purely hypothetical and no provider is about to 'go under'!)

- Thinking hypothetically about the Northern Rock situation, if the government hadn't stepped in to keep it going, what do you think would have happened to those customers' savings?
 - Probe for expectations and why
- Are there any safeguards in place to protect people with savings in these situations? *(clarify whether this is knowledge vs assumptions or expectations of what would happen)*
 - How do you know about these safeguards/ where did you get this information
 - What are these safeguards?
 - Who is protected by the safeguards/ who is eligible?
 - What are the limits on the safeguards? *Probe for amounts*

- What procedure do you need to go through to activate the safeguards? How long would this procedure take?
- Who is 'responsible' for providing these safeguards? (*probe for FSA/ FSCS/ bank other*)
- Have you ever asked/ been told any information about the safeguards
 - Who by, what were you told, how did it make you feel?

Reaction to FSCS current framework and suggested changes (20 mins)

- There is actually an organisation called the Financial Services Compensation Scheme (FSCS) which is responsible for providing consumers with some protection in these situations
 - Have you ever heard of them before?
 - What do you know about them/ how the scheme works?
 - *Probe fully*
 - How did you find out about FSCS?

Show stimulus of current FSCS framework in turn

- Show 'how does it work' 1 & 2
 - Initial reactions, which parts of the scheme are most important and why?
 - Did you know any of this before – what bits, where from?
 - How adequate are these rules?
 - What do you think about the limits of the scheme?
 - What does this actually mean for you in your situation (would you be covered?)
 - How adequate is the £35,000 for you?
 - Would there be times when this amount would not fully cover your current account/ savings accounts – why/ when/ by how much/ how long for?
 - What is a reasonable *and realistic* maximum amount for the scheme to cover (*Probe for amounts, suggest £50,000 and discuss how adequate this would be for them, circumstances when it may not be adequate etc*)
 - What do you think about the possibility of having to wait to receive the compensation?
 - How long do you think it would take?
 - How would this affect how you may cope? How long would you be able to cope for? (refer to earlier discussion)
 - What is a reasonable time for the scheme to aim for – bearing in mind that they need to check eligibility of people claiming etc (probe for reactions for a month, a week etc)
 - Reactions to gross payout – show credit vs debt calculation and why
 - Reactions, is this what you would expect to happen? And why
- Show authorised firm explanation
 - Reactions, expectations, awareness of what groups may be affected
 - Were you aware of this before
 - How, if at all, will this affect how you go about organising your savings/ using different providers?
- Show overseas firms explanation
 - Reactions, expectations, awareness of what companies this could affect
- Overall, how fair do you think the scheme is?
 - Why do you say that?
- Thinking about your personal situation, would you be covered...
 - Fully, partially etc?

- Any situations when you would not be covered?
 - When, why?
- How much would you be affected by this?
 - What, if anything, will you do about it (now you know the situation)?
- What improvements would you make to the scheme
 - Which are most important (prioritise)?
 - How realistic are these improvements?
 - Who would pay for these improvements?
- Now you know the details of how the scheme works, how do you feel about:
 - Your personal deposits/ savings?
 - The providers that you are using for savings/ deposits?
 - Your other financial products (investments, pensions etc)?
- Will this change your attitude/ behaviour in any way – why, how?
- Where/who you would turn to for information about this?
 - The industry/ government/ FSA/FSCS
 - Anyone else? Who?

Information requirements (15 mins)

- Have you ever been told/ asked for this information before?
 - Why/ why not? What were you told?
- Do you think you should be told about compensation and how it works?
 - Why/ why not?
- Now you know the situation, what information ...
 - ... is absolutely essential for you to be told?
 - ... is important but not essential
 - ... is not important
- Who should be responsible for telling you this information?
 - Why them?
 - Does it make a difference who tells you – why, how does it change things?
 - *Probe reactions if: FSA/ FSCS/ Providers gave information*
 - Which are you most familiar with? How do these different 'brands' make you feel – (*probe on confidence/ reassurance*). Which is most relevant for you? Which is most powerful/ convincing?
- What requirements should there be on banks/ building societies to give you information that affects you/ about the scheme?
 - What responsibility do they carry for keeping you informed?
 - At what point should they tell you certain information?
- How do you want to be told about this?
 - Apart from TV and press advertising, what method of communication would be most effective
 - When should you be told/ reminded about this – at what point in your relationship with your provider, how frequently etc?
 - Eg (account opening, annually, when balance reaches certain amount, etc)
 - How should they do this?
 - *For each method/ stage mentioned, probe what level of communication is appropriate (i.e. headlines vs. more detail etc)*

Explain that there is some information that banks will have to give you (i.e. regulated information about the limits/ scheme that has to be included) and also general awareness information to increase people's appreciation of the situation generally – probably by posters or leaflets etc.

- What view do you have on what information banks/ building societies should be required to give you about compensation vs. the more general awareness information – why?
 - What is the difference in your mind between the two?
 - How should this difference be approached?

Communication examples (30 mins)

Explain that we are now going to look at some ideas for communicating this information effectively to people. These are purely ideas – so feel free to comment on them/ suggest improvements or alternatives. We are looking at the nature of the communication (poster, statement etc) and the wording/ what it is actually telling you.

Rotate stimulus mock-up styles, and rotate wording examples. For each:

- Initial reactions
- What do you think about using this method of communication?
 - How effective is it?
 - Is this something that would catch your eye/ you would read - why/ why not?
 - NB probe: in reality, would you really read it?
 - What level of detail is required for this approach – why?
- What do you think about the actual wording used here?
 - What is this telling you (in your own words)?
 - Does this cover the key information or not – what is missing?
 - What about the alternative wordings – are they better/ worse, why?
 - Which wording is most appropriate for this method – why?
- What would your reaction be to seeing/ receiving something like this?
 - How you organise your money, how secure you feel, how you feel about the provider etc
 - How, if at all, would it change your attitudes or behaviour?
- What brand is most effective on this piece of communication?
 - Probe for strengths and weaknesses of provider vs FSCS vs FSA brands
- Improvements/ changes/ alternatives/ suggestions

Once all stimulus shown

- Overall, which method/ wording is most effective – why?
- Is this the sort of things that you want to see/ be told – why/ why not?
 - Is it along the 'right lines' – if not, what would be better?
 - How effective is it?
- How does it all work together?
 - Which different elements should be used, how and why?
- Sum up – three pieces of advice for the FSCS/ FSA when they are developing this further

Thank and close

4.3.2 New account opener discussion guide

Telephone Depth Discussion Guide, Job No: 08-0851 New Account Openers (30 mins)

Introduction (2 mins)

- Confirm purpose of research and how results will be used
- Remind re MRS code of conduct, reassure on confidentiality, taping etc
- Explain interested in how they manage their money, specifically their banking and savings accounts
- Introductions (first name, what you do) – a sentence about their approach to banking and savings

Setting the scene (3 mins)

- What banking and savings accounts do you have? (current accounts, deposit accounts and cash ISAs)
 - How many accounts?
 - Who with?
 - What sorts of amounts do you regularly keep in the accounts?
 - Why?

New Account (5 mins)

- Tell me a little about the account that you have just opened
- What prompted you to think about opening a new account?
 - Purpose of account
 - Was it additional to, or replacing, your other accounts? Or was it new, because you didn't have one?
 - What type of account is it?
 - Who is it with?
- How did you choose the account that you opened?
 - What elements did you take into consideration?
 - What attracted you to this account or bank rather than any other?
 - How many accounts or banks did you compare when selecting this one?
- What information were you given by the bank or building society when you opened the account?
 - What sorts of areas did this cover?
 - How much notice did you take of this information (did you actually read the information) – why?
 - Were you told about the Financial Services Compensation Scheme (FSCS)?

Awareness of FSCS (20 mins)

- When you took out the account, did you consider the situation if the provider were to under?
 - Why/ why not?
- Have you heard of the Financial Services Compensation Scheme
 - What do you know about the scheme/ how it runs?
 - Where did you find out this information? (*see question above re opening a new account*)
- Awareness of Northern Rock situation
 - What did you know about this/ why it happened?
 - Did this affect how you feel about taking out a new account? Did you do anything differently – why/ what?

Explain: the scheme guarantees to pay 100% of the first £35,000 in savings (minus any debt you have with them) if your bank fails. This limit applies to the total amount you have with them in all of your accounts.

- Did you know about this before?
- Reactions – how adequate would this cover be for your savings?
- It this something you thought about before you took out your new account – why/ why not?
 - If so, how?
- Have you ever been told/ asked for this information before?
 - Why/ why not? What were you told? By whom?
- Do you think you should be told about compensation and how it works?
 - Why/ why not?
 - At what point in the account opening process do you think you should be told?
 - What time would have been most appropriate?
 - How should you have been told (communication method)
 - Who should have told you (*probe bank/ FSA/ FSCS*)
 - In reality, how much notice would you have taken of the information – would you have read it; would it have changed your decision in any way?
- Can you suggest three pieces of advice to help make sure that people who are opening new accounts are aware of the scheme and its limits
 - Most important and why

Thank and close

4.3.3 Northern Rock discussion guide

Group Discussion Guide, Job No: 08-0851

Northern Rock (2 hours)

Introduction (10 mins)

- Confirm purpose of research and how results will be used
- Remind re MRS code of conduct, , reassure on confidentiality, taping, mobiles etc
- Explain interested in how they manage their money, specifically their business banking and savings accounts
- Introductions (first name, what you do) – a sentence about their approach to banking and savings
- Products held with Northern Rock when it got into trouble

Setting the scene/ review of Northern Rock experience (30 mins)

- What happened to you when the situation arose with Northern Rock?
 - When did you realise there was a problem?
 - What were your concerns?
 - Why did you have those concerns?
 - What was influencing you? (*Probe on media – which ones – and word of mouth vs own concerns*)
 - What messages/ information/ impressions were you picking up?
 - Did any of those concerns prove justified? (eg not being able to get to money – for how long?)
 - What exactly did you do with your account(s) there?
 - Why?
 - How did you go about it?
 - Did you encounter any difficulties doing this?
 - How did that make you feel?
- Did you consider any other course of action?
 - What did you consider?
 - Why that?
 - Why did you end up taking one course of action over any others you had considered?
- Did you hesitate at all before taking the action you did?
 - Why? What was going through your mind?
- Was there any information you felt you needed but couldn't find or didn't know how to get?
 - What?
 - Why did you want it?
 - Did you ever get it?
 - Where from?

- Why do you think so many people tried to withdraw their money – what was prompting this?
 - Did you really think you might lose some or all of your money with Northern Rock?
 - Why/ why not?
 - What did you think at the time would happen to your money?
 - Best case
 - Worst case
 - Why did you think that? What was leading you to form those views?
 - Did you think Northern Rock or someone else would somehow 'look after' you?
 - If so, who/ how/ why?
- Did any of you think there might be some 'protection' for your money?
 - What did you think this might be?
 - Did this affect how you felt or how you reacted?
 - How/ why not?
- If you had thought or known there was protection in place, how would that have affected what you did?
 - Why is that?
- What about those of you who had a mortgage with them?
 - How did you think it would affect you?
 - What did you do?
- Did you consider any other course of action?
 - What did you consider?
 - Why that?
 - Why did you end up taking one course of action over any others you had considered?
- How did it make you feel ...
 - ... generally about banks and other financial institutions?
 - ... specifically about your savings/ deposit arrangements?
 - With Northern Rock?
 - Elsewhere?
 - How, if at all, did this change how you think about/ organise your deposits?
- What banking and savings accounts do you now have? (current accounts, deposit accounts and cash ISAs)
- How often do you look at/ keep track of these accounts?
 - How do you deal with the account (channel – internet, phone, texts, branch etc) – why?
 - What sorts of amounts do you regularly keep in the accounts?
 - Why
 - When/ why might you move money around?
 - What prompts this?
- Who is responsible for this/ making sure that this situation does not happen again?
 - Why them? What can they do/ what is/should their role be?
- And if it did happen again, what would you do...
 - Current account
 - The same?
 - Something different?
 - Why?
 - Savings
 - The same?

- Something different?
 - Why?
- Do you feel anything has changed since then?
- Do you know now anything you didn't know then, that would make you act or feel differently?
 - What?
 - What difference would it make?
 - Why?

Awareness of FSCS (15 mins)

Explain: As a result of the Northern Rock problems, we want to understand what people think would happen in this situation (NB reassure as necessary that this is purely hypothetical and no provider is about to 'go under'!)

- Thinking about the Northern Rock situation, if the government hadn't stepped in to keep it going, what do you think would have happened to your and other customers' savings?
 - *Probe for expectations and why*
- Are there any safeguards in place to protect people with savings in these situations? *(clarify whether this is knowledge vs assumptions or expectations of what would happen, and whether they found this out during or after the Northern Rock problems)*
 - How do you know about these safeguards/ where did you get this information
 - What are these safeguards?
 - Who is protected by the safeguards/ who is eligible?
 - What are the limits on the safeguards? *Probe for amounts*
 - What procedure do you need to go through to activate the safeguards? How long would this procedure take?
 - Who is 'responsible' for providing these safeguards? *(probe for FSA/ FSCS/ the bank/ other – who?)*
- Have you ever asked/ been told any information about the safeguards?
 - Who by, what were you told, how did it make you feel?
- If you had known about such safeguards before, would it have affected your reaction when Northern Rock got into trouble?
 - How/ why not?

Reaction to FSCS current framework and suggested changes (20 mins)

- There is actually an organisation called the Financial Services Compensation Scheme (FSCS) which is responsible for providing consumers with some protection in these situations
 - Have you ever heard of them before?
 - What do you know about them/ how the scheme works?
 - *Probe fully*
 - How did you find out about FSCS? (Again probe link between any knowledge they have and their Northern Rock experience)
 - Did any of you know about this before Northern Rock got into difficulty?
 - Did it affect your reaction?
 - How/ why not?

Show stimulus of current FSCS framework in turn

- Show 'how does it work' 1 & 2
 - Initial reactions, which parts of the scheme are most important and why?
 - Did you know any of this before – what bits, where from?

- How adequate are these rules?
- What do you think about the limits of the scheme?
 - What does this actually mean for you in your situation (would you be covered?)
 - How adequate is the £35,000 for you?
 - Would there be times when this amount would not fully cover your current account/ savings accounts – why/ when/ by how much/ how long for?
 - What is a reasonable *and realistic* maximum amount for the scheme to cover (*Probe for amounts, suggest £50,000 and discuss how adequate this would be for them, circumstances when it may not be adequate etc*)
- What do you think about the possibility of having to wait to receive the compensation?
 - How long do you think it would take?
 - How would this affect you?
- What is a reasonable time for the scheme to aim for – bearing in mind that they need to check eligibility of people claiming etc (probe for reactions for a month, a week etc)
- Reactions to gross payout – show credit vs debt calculation and why
 - Reactions, is this what you would expect to happen? And why
- Show authorised firm explanation
 - Reactions, expectations, awareness of what groups may be affected
 - Were you aware of this before?
 - How, if at all, will this affect how you go about organising your savings/ using different providers?
- Show overseas firms explanation
 - Reactions, expectations, awareness of what companies this could affect
- Overall, how fair do you think the scheme is?
 - Why do you say that?
- Thinking about your personal situation, would you be covered...
 - Fully, partially etc?
 - Any situations when you would not be covered?
 - When, why?
- How much would you be affected by this?
 - What, if anything, will you do about it (now you know the situation)?
- What improvements would you make to the scheme
 - Which are most important (prioritise)?
 - How realistic are these improvements?
 - Who would pay for these improvements?
- Now you know the details of how the scheme works, how do you feel about:
 - Your personal deposits/ savings?
 - The providers that you are using for savings/ deposits?
 - Your other financial products (investments, pensions etc)?
- Will this change your attitude/ behaviour in any way – why, how?
- Where/who you would turn to for information about this?
 - The industry/ FSA/FSCS
 - Anyone else? Who?

Information requirements (15 mins)

- Have you ever been told/ asked for this information before?
 - Why/ why not? What were you told?

- Do you think you should be told about compensation and how it works?
 - Why/ why not?
- Now you know the situation, what information ...
 - ... is absolutely essential for you to be told?
 - ... is important but not essential
 - ... is not important
- Who should be responsible for telling you this information?
 - Why them?
 - Does it make a difference who tells you – why, how does it change things?
 - Probe reactions if: FSA/ FSCS/ banks gave information
 - Which are you most familiar with? How do these different 'brands' make you feel – (*probe on confidence/ reassurance*). Which is most relevant for you? Which is most powerful/ convincing?
- What requirements should there be on banks/ building societies to give you information that affects you/ about the scheme?
 - What responsibility do they carry for keeping you informed?
 - At what point should they tell you certain information?
- How do you want to be told about this?
 - Apart from TV and press advertising, what method of communication would be most effective
 - When should you be told/ reminded about this – at what point in your relationship with your provider, how frequently etc?
 - Eg (account opening, annually, when balance reaches certain amount, etc)
 - How should they do this?
 - *For each method/ stage mentioned, probe what level of communication is appropriate (i.e. headlines vs. more detail etc)*

Explain that there is some information that banks will have to give you (i.e. regulated information about the limits/ scheme that has to be included) and also general awareness information to increase people's appreciation of the situation generally – probably by posters or leaflets etc.

- What view do you have on what information banks and building societies should be required to give you about compensation vs. the more general awareness information – why?
 - What is the difference in your mind between the two?
 - How should this difference be approached?

Communication examples (30 mins)

Explain that we are now going to look at some ideas for communicating this information effectively to people. These are purely ideas – so feel free to comment on them/ suggest improvements or alternatives. We are looking at the nature of the communication (poster, statement etc) and the wording/ what it is actually telling you. Rotate stimulus mock-up styles, rotate wording examples. For each:

- Initial reactions

- What do you think about using this method of communication?
 - How effective is it?
 - Is this something that would catch your eye/ you would read - why/ why not?
 - NB probe: in reality, would you really read it?
 - What level of detail is required for this approach – why?
- What do you think about the actual wording used here?
 - What is this telling you (in your own words)?
 - Does this cover the key information or not – what is missing?
 - What about the alternative wordings – are they better/ worse, why?
 - Which wording is most appropriate for this method – why?
- What would your reaction be to seeing/ receiving something like this?
 - How you organise your money, how secure you feel, how you feel about the provider etc
 - How, if at all, would it change your attitudes or behaviour?
- What brand is most effective on this piece of communication?
 - *Probe for strengths and weaknesses of provider vs FSCS vs FSA brands*
- Improvements/ changes/ alternatives/ suggestions

Once all stimulus shown

- Overall, which method/ wording is most effective – why?
- Is this the sort of things that you want to see/ be told – why/ why not?
 - Is it along the 'right lines' – if not, what would be better?
 - How effective is it?
- How does it all work together?
 - Which different elements should be used, how and why?
- Sum up – three pieces of advice for the FSCS/ FSA when they are developing this further

Thank and close

4.3.4 Business discussion guide

Group Discussion Guide, Job No: 08-0851

Small Businesses (2 hours)

Introduction (10 mins)

- Confirm purpose of research and how results will be used
- Remind re MRS code of conduct, reassure on confidentiality, taping, mobiles etc
- Explain interested in how they manage their money, specifically their banking and savings accounts
- Introductions (first name, what your business is) – a sentence about their approach to business banking and savings

Setting the scene/ review of pre-task (15 mins)

- What business banking and savings accounts do you have? (current accounts, deposit accounts)
 - How many accounts?
 - Who with? How long? Are they with the same providers? Who?
 - Why/ purpose of these accounts?
- How often do you look at/ keep track of these accounts?
 - How do you deal with the account (channel – internet, phone, texts, branch etc) – why?
- What sorts of amounts do you regularly keep in the accounts?
 - Typically how much money do you have in the main business current account?
 - And in the savings account(s)?
 - When/ why might you move money around?
 - What prompts this?
 - How often do you do this?
 - What is the pattern of these movements?
- What do you know about the situation that arose with Northern Rock?
 - What exactly happened, why did it happen, what was the eventual outcome?
 - Why do you think so many people tried to withdraw their money – what was prompting this?
- How did it make you feel ...
 - ... generally about banks and other financial institutions?
 - ... specifically about your savings/ deposit arrangements?
- Did it make you think about your business current and savings accounts?
 - How?
 - How, if at all, did this change how you think about/ organise your business deposits?
 - Did you think about your business deposits in the same way that you thought about your personal cash savings
- Who is responsible for this/ making sure that this situation does not happen again?
 - Why them? What can they do/ what is/should their role be?

Managing if your business bank failed (20)

Explain: In order to be able to help people, the FSA and FSCS wants to understand the effect that something like this could have on people. Again, we are purely talking hypothetically (no provider is about to 'go under'). Ask respondents to refer to their pre-task and ask respondents to imagine that they no longer were able to access their accounts because their provider was in difficulties. NB moderator to reassure that this is hypothetical throughout

- Firstly, imagine the situation if your main business bank were to get into difficulties and you could not access your current account funds
 - What would you do?
 - What would happen re your business financial situation
 - How would it affect you?
 - Would you be able to manage - how?
 - How long would you be able to manage for?
 - What do you think you would do?
 - Where would you go for information?
 - What information would you need?
- Now, imagine the situation if your business savings accounts providers were to get into difficulties and you could not access your business savings
 - Repeat probes above
- Do any of you have both business savings and current accounts with the same provider?
 - Probe re their response in this situation
 - Explain that some providers are part of a bigger 'group' of providers
 - Awareness of this, anyone have savings with companies within the same group – probe which one
 - What do you think would happen in this situation – why?
 - Where would you go for information first, then after that if you still needed more
- What about if you had a credit in an account but also had a debt/ loan with that same provider?
 - Expectations re what would happen – why?

Awareness of FSCS (10 mins)

Explain: As a result of the Northern Rock problems, we want to understand what people think would happen in this situation (NB reassure as necessary that this is purely hypothetical and no provider is about to 'go under'!)

- Thinking hypothetically about the Northern Rock situation, if the government hadn't stepped in to keep it going, what do you think would have happened to those customers' savings?
 - Probe for expectations and why
 - Do you think it would have been any different for business customers?
 - How?
 - Why?
- Are there any safeguards in place to protect small businesses with savings in these situations? (*clarify whether this is knowledge vs assumptions or expectations of what would happen*)
 - How do you know about these safeguards/ where did you get this information?
 - What are these safeguards?
 - Who is protected by the safeguards/ who is eligible?

- What are the limits on the safeguards? *Probe for amounts*
- What procedure do you need to go through to activate the safeguards? How long would this procedure take?
- Who is 'responsible' for providing these safeguards? (*probe for FSA/ FSCS/ bank/ other*)
- Have you ever asked/ been told any information about the safeguards?
 - Who by, what were you told, how did it make you feel?

Reaction to FSCS current rules and suggested changes (20 mins)

- There is actually an organisation called the Financial Services Compensation Scheme (FSCS) which is responsible for providing consumers and small businesses with some protection in these situations
 - Have you ever heard of them before?
 - What do you know about them/ how the scheme works?
 - *Probe fully*
 - How did you find out about FSCS?

Show stimulus of current FSCS framework in turn

- Show 'how does it work' 1 & 2
 - Initial reactions, which parts of the scheme are most important and why?
 - Did you know any of this before – what bits, where from?
 - How adequate are these rules?
 - What do you think about the limits of the scheme?
 - What does this actually mean for your business in your situation (would you be covered?)
 - How adequate is the £35,000 for you?
 - Would there be times when this amount would not fully cover your current account/ savings accounts?
 - Why/ when/ how often/ by how much/ how long for?
 - What is a reasonable *and realistic* maximum amount for the scheme to cover (*Probe for amounts, suggest £50,000 and discuss how adequate this would be for them, circumstances when it may not be adequate etc*)
 - What do you think about the possibility of having to wait to receive the compensation?
 - How long do you think it would take?
 - How would this affect how you may cope? How long would your business be able to cope for? (*refer to earlier discussion*)
 - What is a reasonable time for the scheme to aim for – bearing in mind that they need to check eligibility of people claiming etc (probe for reactions for a month, a week etc)
 - Reactions to gross payout – show credit vs debt calculation and why
 - Reactions, is this what you would expect to happen? And why
- Show authorised firm explanation
 - Reactions, expectations, awareness of what groups may be affected
 - Were you aware of this before?
 - How, if at all, will this affect how you go about organising your savings/ using different providers?
- Show overseas firms explanation
 - Reactions, expectations, awareness of what companies this could affect
- Overall, how fair do you think the scheme is?
 - Why do you say that?

- Thinking about your own business situation, would you be covered...
 - Fully, partially etc?
 - Any situations when you would not be covered?
 - When, why?
 - How often does that occur?
- How much would you be affected by this?
 - What, if anything, will you do about it (now you know the situation)?
- What improvements would you make to the scheme
 - Which are most important (prioritise)?
 - How realistic are these improvements?
 - Who would pay for these improvements?
- Now you know the details of how the scheme works, how do you feel about:
 - Your business current and savings accounts?
 - The providers that you are using for these accounts?
- Will this change your attitude/ behaviour in any way – why, how?
- Where/who you would turn to for information about this?
 - The industry/ FSA/ FSCS
 - Anyone else? Who?

Information requirements (15 mins)

- Have you ever been told/ asked for this information before?
 - Why/ why not? What were you told?
- Do you think you should be told about compensation and how it works?
 - Why/ why not?
- Now you know the situation, what information ...
 - ... is absolutely essential for you to be told?
 - ... is important but not essential
 - ... is not important
- Who should be responsible for telling you this information?
 - Why them?
 - Does it make a difference who tells you – why, how does it change things?
 - Probe reactions if: FSA/ FSCS/ banks gave information
 - Which are you most familiar with? How do these different information sources make you feel – (*probe on confidence/ reassurance*). Which is most relevant for you? Which is most powerful/ convincing?
- What requirements should there be on banks to give you information that affects your business/ about the scheme?
 - What responsibility do they carry for keeping you informed?
 - At what point should they tell you certain information?
- How do you want to be told about this?
 - Apart from TV and press advertising, what method of communication would be most effective
 - When should you be told/ reminded about this – at what point in your relationship with your provider, how frequently etc?
 - Eg (account opening, annually, when balances reach certain amounts, etc)
 - How should they do this?
 - *For each method/ stage mentioned, probe what level of communication is appropriate (i.e. headlines vs. more detail etc)*

Explain that there is some information that banks will have to give you (i.e. regulated information about the limits/ scheme that has to be included) and also general awareness information to increase people's appreciation of the situation generally – probably by posters or leaflets etc.

- What view do you have on what information banks/ building societies should be required to give you about compensation vs. the more general awareness information – why?
 - What is the difference in your mind between the two?
 - How should this difference be approached?

Communication examples (30 mins)

Explain that we are now going to look at some ideas for communicating this information effectively to people. These are purely ideas – so feel free to comment on them/ suggest improvements or alternatives. We are looking at the nature of the communication (poster, statement etc) and the wording/ what it is actually telling you. Rotate stimulus FSCS wordings and get reactions: Where they would expect to see them, Which levels of detail are appropriate – to which media, when/ how often...and the probes below.

For each:

- Initial reactions
- What do you think about using this method of communication?
 - How effective is it?
 - Is this something that would catch your eye/ you would read - why/ why not?
 - NB probe: in reality, would you really read it?
 - What level of detail is required for this approach – why?
- What do you think about the actual wording used here?
 - What is this telling you (in your own words)?
 - Does this cover the key information or not – what is missing?
 - What about the alternative wordings – are they better/ worse, why?
 - Which wording is most appropriate for this method – why?
- What would your reaction be to seeing/ receiving something like this?
 - How you organise your money, how secure you feel, how you feel about the provider etc
 - How, if at all, would it change your attitudes or behaviour?
- What brand is most effective on this piece of communication?
 - *Probe for strengths and weaknesses of provider vs FSCS vs FSA brands*
- Improvements/ changes/ alternatives/ suggestions

Then show stimulus mock-up styles, examples of how they might look - How often do you want to see this, where and when – should it be on every statement, would you really read it...

Once all stimulus shown

- Overall, which method/ wording is most effective – why?
- Is this the sort of things that you want to see/ be told – why/ why not?
 - Is it along the 'right lines' – if not, what would be better?
 - How effective is it?
- How does it all work together?
 - Which different elements should be used, how and why?

- Sum up – three pieces of advice you would give the FSCS/ FSA when they are developing this further

Thank and close

4.4 Stimulus material

4.4.1 Scheme explanation

The Financial Services Compensation Scheme for deposits - How does it work? (1)

- The FSCS is the statutory compensation scheme for customers of an authorised bank, building society or credit union which fails or goes into liquidation
 - It is triggered when a firm is unable, or likely to be unable, to repay its customers who have deposited money with it
- The scheme guarantees to pay 100% of the first £35,000 per customer per authorised firm
 - This covers any money you may have in a current account, deposit account or cash ISA
 - The limit applies to each individual for the total of deposits that they have with the firm
 - If you have more than one account, then the limit applies to the total amount you have across all of your accounts (including an equal proportion of any money you may have in joint accounts)
- To claim, you will need to complete an application form, which will be sent to you by the FSCS

The Financial Services Compensation Scheme – How does it work? (2)

- If you have more than £35,000 with the firm, you will receive compensation up to the limit (£35,000). In addition:
 - If the bank has any assets left following liquidation, you may receive a proportionate share but this is not guaranteed
 - The liquidation process can take a long time
- If you owe any money to the firm (for example, loans, mortgage or credit card debts), these may be 'set-off' against any compensation you may receive
 - So if you have credit card debt of £5,000 and savings of £15,000, you would only be able to claim £10,000
 - If you had a mortgage of £200,000 and credit of £150,000, you would end up owing the bank £50,000 and so would not be able to claim

The £35,000 limit applies once per authorised firm

- Some banks are owned by a larger company or part of a group, and the limit depends on how the 'group' is authorised with the Financial Services Authority
- Some groups register all of their brands under one 'parent' authorisation
 - For example, Bank of Scotland, Halifax and Birmingham Midshires are all authorised under the one firm, HBOS
 - In this case, the limit of £35,000 would apply once to all accounts held across all of these organisations.
- Some groups register each of their brands separately
 - For example Royal Bank of Scotland and NatWest are part of the same 'group' but are authorised separately
 - In this case, you could claim up to the limit of £35,000 for each bank with which you have an account

Compensation for foreign firms

- Some firms may be owned by foreign companies, but authorised in the UK
 - For example, Abbey is owned by Santander but is authorised in the UK
 - In this case, the normal £35,000 limit applies to Abbey
- Some firms are registered outside of the UK but within the European Economic Area (EEA)
 - In this case, you will have a minimum level of protection under European Directives of 20,000 Euros per eligible depositor in the event of a bank failure
 - Any claim would need to be made in the country where the company is registered
- If the firm is operating in the UK, they may choose to 'top up' the limit or scope of protection to that offered by the FSCS
 - For example, ING has chosen to do this so that all of its customers are protected up to the limit of £35,000
 - The claim for the initial 20,000 Euros would need to be made to the scheme in the country where the company is registered and the FSCS would deal with the claim for the balance
- Deposits outside the European Economic Area, or in the Channel Islands or Isle of Man are not covered by the FSCS

4.4.2 Explanatory wording stimulus

Version A

"**Your Bank**" is a member of the Financial Services Compensation Scheme.



Version B



"**Your Bank**" is a member of the Financial Services Compensation Scheme (FSCS).

The FSCS is designed to pay compensation to customers if a bank is unable to meet its financial obligations. Most customers including individuals and small businesses are covered by the scheme.

In respect of deposits the scheme will pay out up to £35,000. The amounts paid out are for combined deposits with the bank and not paid out for each account held with the same bank or group.

Compensation paid out also takes into account money owed to the bank by the customer. Therefore, any compensation received will be less the amount owed to the bank or group.

For further information on the amounts covered and eligibility to claim please refer to the FSCS website www.FSCS.org.uk.



"**Your Bank**" is a member of the Financial Services Compensation Scheme (FSCS).

The FSCS is designed to pay compensation to customers if a bank is unable to meet its financial obligations. Most customers including individuals and small businesses are covered by the scheme.

In respect of deposits the scheme will pay out up to £35,000. The amounts paid out are for combined deposits with the bank and not paid out for each account held with the same bank or group.

Compensation paid out also takes into account money owed to the bank by the customer. Therefore, any compensation received will be less the amount owed to the bank or group.

You currently have a total of £970 on deposit at "**Your bank**". If you have any other accounts with "**Your bank**", the amounts may also be included in any amount protected up to the limit, minus any monies owed to "**Your bank**" through any loans, mortgages or credit cards held with us.

For further information on the amounts covered and eligibility to claim please refer to the FSCS website www.FSCS.org.uk.



"**Your Bank**" is a member of the Financial Services Compensation Scheme (FSCS).

The FSCS is designed to pay compensation to customers if a bank is unable to meet its financial obligations. Most customers including individuals and small businesses are covered by the scheme.

In respect of deposits the scheme will pay out up to £35,000. The amounts paid out are for combined deposits with the bank and not paid out for each account held with the same bank or group.

Compensation paid out also takes into account money owed to the bank by the customer. Therefore, any compensation received will be less the amount owed to the bank or group.

You currently have a total of £1,000 on deposit at "**Your bank**" in your current account and £3,000 in your "**Your bank**" cash ISA. You also owe £850 on your "**Your bank**" credit card. This is a total of £3,150 at this time and is below the limit of £35,000.

For further information on the amounts covered and eligibility to claim please refer to the FSCS website www.FSCS.org.uk.



"**Your Bank**" is a member of the Financial Services Compensation Scheme (FSCS).

The FSCS is designed to pay compensation to customers if a bank is unable to meet its financial obligations. Most customers including individuals and small businesses are covered by the scheme.

In respect of deposits the scheme will pay out up to £35,000. The amounts paid out are for combined deposits with the bank and not paid out for each account held with the same bank or group.

Compensation paid out also takes into account money owed to the bank by the customer. Therefore, any compensation received will be less the amount owed to the bank or group.

You currently have a total of £1,000 on deposit at "**Your bank**" in your current account and £38,700 in your "**Your bank**" savings account. You also owe £850 on your "**Your bank**" credit card. The total amount you now have with "**Your Bank**", adding together your money and taking away what you owe with "**Your Bank**" is currently £38,850. This is above the compensatable limit of £35,000. A total of £3,850 would not be covered by the FSCS in the event of "**Your bank**" failing.

For further information on the amounts covered and eligibility to claim please refer to the FSCS website www.FSCS.org.uk.



"**Your Bank**" is a member of the Financial Services Compensation Scheme (FSCS).

The FSCS is designed to pay compensation to customers if a bank is unable to meet its financial obligations. Most customers including individuals and small businesses are covered by the scheme.

In respect of deposits the scheme will pay out up to £35,000. The amounts paid out are for combined deposits with the bank and not paid out for each account held with the same bank or group.

Compensation paid out also takes into account money owed to the bank by the customer. Therefore, any compensation received will be less the amount owed to the bank or group.

You currently have a total of £1,000 on deposit at "**Your bank**" in your current account and £9,000 in your "**Your bank**" savings account. You also owe £850 on your "**Your bank**" credit card and £100,000 on your mortgage. The total amount you now have with "**Your Bank**", adding together your money and taking away what you owe with "**Your Bank**" is currently -£90,850.

For further information on the amounts covered and eligibility to claim please refer to the FSCS website www.FSCS.org.uk.

4.4.3 Mock up statements

Example - Traditional paper statement (below £35,000)

"YOUR BANK"

"Your Bank"

Address

Telephone number

Miss T Taylor

1 ABC Street

London

Account: "Your Bank" Current Account

Account Number: 123456


Your Statement for the period 1st -31st August is below.

Account Summary as at 31.08.08

Balance	£ 970
Money in	£1,050
Money out	£ 80

Details of transactions

Date	Transaction	Credit	Debit	Balance
18/08/08	Bacs payment ref: wages	£1,000		£1,000
18/08/08	Gas bill	£30		£970
20/08/08	Cash deposit	£50		£1,020
23/08/08	Cheque	£50		£970



"Your Bank" is a member of the Financial Services Compensation Scheme (FSCS).

The FSCS is designed to pay compensation to customers if a bank is unable to meet its financial obligations. Most customers including individuals and small business are covered by the scheme.

In respect of deposits the scheme will pay out up to £35,000. The amounts paid out are for combined deposits with the bank and not paid out for each account held with the same bank or group.

Compensation paid out also takes into account money owed to the bank by the customer. Therefore, any compensation received will be less the amount owed to the bank or group.

You currently have a total of £970 on deposit at "[Your bank](#)". If you have any other accounts with "[Your bank](#)", the amounts may also be included in any amount protected up to the limit, minus any monies owed to "[Your bank](#)" through any loans, mortgages or credit cards held with us.

For further information on the amounts covered and eligibility to claim please refer to the FSCS website www.FSCS.org.uk.

Example - Traditional paper statement (over £35,000)

"YOUR BANK"

"Your Bank"

Address

Telephone number

Miss T Taylor

1 ABC Street

London

Account: "[Your Bank](#)" Current Account

Account Number: 123456

Your Statement for the period 1st -31st August is below.

Account Summary as at 31.08.08

Balance	£ 970
----------------	--------------

Money in	£1,050
-----------------	---------------

Money out	£ 80
------------------	-------------

Details of transactions

Date	Transaction	Credit	Debit	Balance
-------------	--------------------	---------------	--------------	----------------

18/08/08	Bacs payment ref: wages	£1,000	£1,000
18/08/08	Gas bill	£30	£970
20/08/08	Cash deposit	£50	£1,020
23/08/08	Cheque	£50	£970



"Your Bank" is a member of the Financial Services Compensation Scheme (FSCS).

The FSCS is designed to pay compensation to customers if a bank is unable to meet its financial obligations. Most customers including individuals and small business are covered by the scheme.

In respect of deposits the scheme will pay out up to £35,000. The amounts paid out are for combined deposits with the bank and not paid out for each account held with the same bank or group.

Compensation paid out also takes into account money owed to the bank by the customer. Therefore, any compensation received will be less the amount owed to the bank or group.

You currently have a total of £970 on deposit at "Your bank" and owe £200 on your "Your bank" credit card. You also have £40,000 in "Your Bank" savings account. The total amount you now have with "Your Bank", adding together your money and taking away what you owe "Your Bank" is currently £40,770. This is above the compensatable limit of £35,000. A total of £5,770 would not be covered by the FSCS in the event of "Your bank" failing.

For further information on the amounts covered and eligibility to claim please refer to the FSCS website www.FSCS.org.uk.

Example - Internet Banking Statement

"YOUR BANK"

Your on-line bank statement is available below

Miss T Taylor

Date 31st August 2008

Type of Account - Current Account

Account Number 123456

Current Balance £970

Overdraft limit £100

Transaction made after 5pm will not show until the following banking day.

Details of transactions

Date	Transaction	Credit	Debit	Balance
23/08/08	Cheque	£50		£970
20/08/08	Cash deposit	£50		£1,020
18/08/08	Gas bill	£30		£970
18/08/08	Bacs payment ref: wages	£1,000		£1,000



"Your Bank" is a member of the Financial Services Compensation Scheme (FSCS).

The FSCS is designed to pay compensation to customers if a bank is unable to meet its financial obligations. Most customers including individuals and small business are covered by the scheme.

In respect of deposits the scheme will pay out up to £35,000. The amounts paid out are for combined deposits with the bank and not paid out for each account held with the same bank or group.

Compensation paid out also takes into account money owed to the bank by the customer. Therefore, any compensation received will be less the amount owed to the bank or group.

For further information on the amounts covered and eligibility to claim please refer to the FSCS website www.FSCS.org.uk.

At a glance on-line bank statement

"YOUR BANK"

At a glance statement of accounts held with "Your bank"

Miss T Taylor

Please select account to view recent transactions in more detail.

List of Accounts		Balance
"Your" Current Account	123456	£1,000
"Your" Cash ISA Account	654321	£9,000
"Your" Credit Card	123456654321	-£850
"Your" Mortgage Account	1122334455	-£100,000



"Your Bank" is a member of the Financial Services Compensation Scheme (FSCS).

The FSCS is designed to pay compensation to customers if a bank is unable to meet its financial obligations. Most customers including individuals and small business are covered by the scheme.

In respect of deposits the scheme will pay out up to £35,000. The amounts paid out are for combined deposits with the bank and not paid out for each account held with the same bank or group.

Compensation paid out also takes into account money owed to the bank by the customer. Therefore, any compensation received will be less the amount owed to the bank or group.

You currently have a total of £1,000 on deposit at "Your bank" in your current account and £9,000 in your "Your bank" savings account. You also owe £850 on your "Your bank" credit card and £100,000 on your mortgage. The total amount you now have with "Your Bank", adding together your money and taking away what you owe with "Your Bank" is currently -£90,850.

For further information on the amounts covered and eligibility to claim please refer to the FSCS website www.FSCS.org.uk.

4.5 Recruitment questionnaires

4.5.1 Main consumer sample

PROJECT NAME: FSCS
JOB NUMBER: 08-0851

Date of Interview/Group: _____
Time of Interview/Group: _____
Attended Interview/Group: _____
Group No: _____

RECRUITMENT QUESTIONNAIRE - MAIN CONSUMER SAMPLE

NAME: _____

AGE OF RESPONDENT: _____
(Check quota & write in)

ADDRESS: _____

POSTCODE: _____

Tel _____
(incl. STD code)

MARITAL STATUS:

OCCUPATION OF RESPONDENT/CHIEF WAGE EARNER:
(Probe for skills, responsibilities etc.)

TITLE: _____

BUSINESS/INDUSTRY: _____

QUALIFICATIONS: _____

NO OF PERSONS

RESPONSIBLE FOR: _____

Under 25	1 close
25-30	2
31-45	3 check
46-50	4 quota
51-60	5
60+	6

SEX:	Male	1 recruit
	Female	2 recruit

Single	1
Married/cohabit	2
Divorced/widowed	3

PRESENCE OF CHILDREN AT HOME:	No children	1
	Kids under 10	2
	Kids 11-16	3
	Kids aged 16+	4

SOCIAL GRADES:	A	1
	B	2
	C1	3
	C2	4
	D	5

WORKING STATUS:	Full time	1
	Part time	2
	Non working	3
	Retired	4
(IF CODE 4) Retirement Status	Semi-retired	1
	Retired	2

INTERVIEW DECLARATION:

I have carried out an interview within the Market Research Code of Conduct. The respondent is not a relative or friend of mine.

Interviewers Signature: _____ Date: _____

We are carrying out a market research survey and are looking for people representing various occupations. I need to ask you a few questions to establish if you are amongst the type of people we need to talk to.

Q1. Firstly, do you or any members of your family or close friends work in any of the following occupations, either now or in the past?

	YES	NO
Advertising	1	1
Design	2	2
Journalism	3	3
Market Research	4	4
Marketing	5	5
Public Relations	6	6
Employees of financial institutions (including insurance companies, banks etc) or advisers/ brokers (IFAs) etc	7	7

IF YES TO ANY OF THE ABOVE - CLOSE INTERVIEW

Q2a. Have you ever attended a Market Research group discussion?

Yes	1 Ask Q2b & Q2c
No	2 Go to Q2d

Q2b. What was the discussion about?

--

IF ABOUT BANKING OR SAVING - CLOSE INTERVIEW

Q2c. How long ago did you attend a Market Research group discussion?

In the last 6 months	1 Close interview
Longer ago than 6 months	2

Q2d. Would you be willing to be re-contacted in the future?

Yes	1
No	2

TO COMPLY WITH THE DATA PROTECTION ACT

Q3 The project is about how people organise their banking and savings. Firstly, can I just check whether you, or any close relative, have EVER worked for a bank, building society, credit union or other financial services company offering banking or savings products?

Yes	1 Close
No	2

All Groups

Recruiter: it is vital that respondents do not have any 'insider' knowledge of the industry

Q4 Looking at these statements, can you tell me which ones best applies to you?

I am solely responsible for making financial decisions in our household i.e. selecting a financial provider or product	1
My partner and I are jointly responsible for making financial decisions in our household i.e. selecting a financial provider or product	2
Whilst my partner and I take joint decisions, my partner tends to take the lead on these things	3 Close
My partner is solely responsible for all financial decisions in our household	4 Close

All Groups

All respondents must be either solely or jointly responsible for all financial decisions

Q5 I would now like to talk a bit about your banking and savings arrangements. Firstly, which bank do you have your main current account with?

Lloyds TSB	1
Barclays	2
NatWest	3
HSBC	4
Nationwide	5
Halifax	6
Abbey	7
Other (write in)	

Spread of banks required please - no more than two per research group with the same bank
No more than four per research group to code 1-4

Q6a Is that account in your name only, or held jointly with your partner?

Single name	1
Joint name	2

Q6b And is that an offset account (with your mortgage)/ all in one account?

Yes	1
No	2

Ideally recruit at least one offset account holder in each group

Q7 Other than withdrawing cash at a cashpoint, how do you normally conduct your banking?

Tend to use online banking for most things	1
Tend to use telephone banking for most things	2
Tend to use the branch for most things	3
Mix of the above	4

Recruit a mix of banking channel

Ask ALL EXCEPT OFFSET ACCOUNT HOLDERS

Q8 And now thinking about your main bank account, roughly how much do you have in your account on average during the month?

Explain that we appreciate that this is a difficult question, but we just need an approximation. Ask respondent to think about what is paid into the account, what goes out straight away and then what tends to be left in there for a week or two. Write in rough amount.

£

Ask ALL

Q9 Now, please think about your savings accounts, by which we mean any deposit accounts that you may have at a bank, building society, savings company (such as ING or similar) or credit union and also including any cash ISAs but not including any investments/ equity based savings/ stocks and shares. So this could include a savings account, a notice account, a higher rate savings account, cash ISA etc. and could be a branch based account, postal account or internet account.

Please tell me what accounts you have (either in your own name or in joint names with your partner)

For each account mentioned, ask who the account is held with and roughly how much the respondent has in the account. Respondent may have several, similar accounts - please note each one separately. Continue to probe until respondent has mentioned all the accounts that they have.

Type of account (deposit, higher rate, notice, cash ISA etc.)	Provider	Amount in account
Total amount in savings		£

If respondent has savings (Q9) of less than £100, but does have a current account, recruit to current account only groups (A and F)

For all other groups, add current account average amount (Q8) and total savings (Q9) to calculate average value of deposits and recruit to relevant quota

NB if anyone mentions Northern Rock as their provider, recruit to Northern Rock groups (O & P)

If anyone ONLY has NS&I savings exclude - this means anyone who only has NS&I or has some other savings but these total less than £100

Q10 I am now going to read out a list of statements about how people may feel about dealing with banking and savings. For each statement, please state how much you agree/ disagree with it
Read out scale

	Disagree strongly	Disagree slightly	Neither agree nor disagree	Agree slightly	Agree strongly
A: I always read the personal financial pages in the newspapers	1	2	3	4	5
B: I wish someone else would sort out my financial affairs	1	2	3	4	5
C: I think I am more clued about money than the average person	1	2	3	4	5

BC1 groups: none to code Q10a: 1 or 2, Q10b: 4 or 5, Q10c: 1 or 2

C2D groups: none to code Q10a: 4 or 5, Q10b: 1 or 2, Q10c: 4 or 5

Q11a And finally I am now going to read out a list of financial services organisations. For each one, please say how familiar you are with them

	I have never heard of them before	I know the name but not much more about them	I am familiar with the name and know a little bit about what they do	I am very familiar with them and know exactly what they do
BBA (British Bankers' Association)	1	2	3	4
BSA (Building Societies Association)	1	2	3	4
FSCS (Financial Services Compensation Scheme)	1	2	3 Go to Q11b	4 Close
FSA (Financial Services Authority)	1	2	3	4 Close

Exclude anyone who is very familiar with either the FSCS or FSA.

Q11b What do you know about the FSCS (Financial Services Compensation Scheme)?
Write in

Refer to exec.

Recruit to quota. Explain that there will be a preplacement task asking respondents to think about their banking and savings in more detail. The group discussion will be talking about these subjects, so please ensure that the respondent is happy being open about their banking and savings arrangements in a group of similar people. Reassure that all their comments are confidential and anonymised.

4.5.2 Business sample

PROJECT NAME: FSCS
JOB NUMBER: 08-0851

Date of Interview/Group: _____
Time of Interview/Group: _____
Attended Interview/Group: _____
Group No: _____

RECRUITMENT QUESTIONNAIRE – BUSINESS SAMPLE

NAME: _____

AGE OF RESPONDENT: _____
(Check quota & write in)

ADDRESS: _____

POSTCODE: _____

Tel No _____
(incl. STD code)

Under 25	1 close
25-30	2
31-45	3 check
46-50	4 quota
51-60	5
60+	6 Close
SEX:	Male 1 recruit
	Female 2 recruit

OCCUPATION OF RESPONDENT/CHIEF WAGE EARNER:
(Probe for skills, responsibilities etc.)

MARITAL STATUS:	Single	1
	Married/cohabit	2
	Divorce/widow	3
PRESENCE OF CHILDREN AT HOME:	No children	1
	Kids under 10	2
	Kids 11-16	3
	Kids aged 16+	4

TITLE: _____
BUSINESS/INDUSTRY: _____
QUALIFICATIONS: _____
NO OF PERSONS RESPONSIBLE FOR: _____

SOCIAL GRADES:	A	1
	B	2
	C1	3
	C2	4
	D	5

WORKING STATUS:

Employed (full or part time)	1 close
Self employed	2
Business owner	3
Partner in partnership or limited company	4
Non working	5 close
Retired	6 close

INTERVIEW DECLARATION:

I have carried out an interview within the Market Research Code of Conduct. The respondent is not a relative or friend of mine.

Interviewers Signature: _____ Date: _____

We are carrying out a market research survey and are looking for people representing various occupations. I need to ask you a few questions to establish if you are amongst the type of people we need to talk to.

Q1. Firstly, do you or any members of your family or close friends work in any of the following occupations, either now or in the past?

	YES	NO
Advertising	1	1
Design	2	2
Journalism	3	3
Market Research	4	4
Marketing	5	5
Public Relations	6	6
Employees of financial institutions (including insurance companies, banks etc) or advisers/ brokers (IFAs) etc	7	7

IF YES TO ANY OF THE ABOVE - CLOSE INTERVIEW

Q2a. Have you ever attended a Market Research group discussion?

Yes	1 Ask Q2b & Q2c
No	2 Go to Q2d

Q2b. What was the discussion about?

--

IF ABOUT Banking OR SAVING - CLOSE INTERVIEW

Q2c. How long ago did you attend a Market Research group discussion?

In the last 6 months	1 Close interview
Longer ago than 6 months	2

Q2d. Would you be willing to be re-contacted in the future?

Yes	1
No	2

TO COMPLY WITH THE DATA PROTECTION ACT

Q3 The project is about how businesses organise their banking and savings. Firstly, can I just check whether you, your business partners/ associates or any close relative, have EVER worked for a bank, building society, credit union or other financial services company offering banking or savings products?

Yes	1 Close
No	2

All Groups

Recruiter: it is vital that respondents do not have any 'insider' knowledge of the industry

Q4 Looking at these statements, can you tell me which ones best applies to you?

I am solely responsible for making financial decisions for the business i.e. selecting a financial provider or product	1
I am jointly responsible for making financial decisions for the business i.e. selecting a financial provider or product	2
Someone else in the business is responsible for the financial side of things	3 Close

All Groups

All respondents must be either solely or jointly responsible for all financial decisions

Q5 And please tell me a little bit about your business. Are you?

Self employed/ sole trader	1
In a partnership arrangement	2
The sole/ joint shareholder of a limited company	3
Other (write in - refer to exec)	

Q6 Apart from the other partners/ owners of the business, do you employ any permanent staff?

No	1
Yes - up to four employees	2
Yes - five or more employees	3 close

Q7 I would now like to talk a bit about the banking and savings arrangements for your business. Firstly, which bank do you have your main business current account with?

Lloyds TSB	1
Barclays	2
NatWest	3
HSBC	4
Alliance and Leicester	5
Co-operative	6
Abbey	7
Other (write in)	

Spread of banks required please - no more than two per group with the same bank

Q8 And is that the same bank or a different bank to where you have your main personal current account?

Same bank	1
Different bank	2

Spread of those who have personal account with same provider as business account, and those whose personal account is elsewhere

Q9 Thinking again about your main business current account, what is the maximum and minimum amounts that you tend to have in the account on average across any one month?
Write in - ask respondent to estimate these amounts

Average minimum amount	£
Average maximum amount	£

Q10 And what other accounts does your business have, either with this provider or another one? Please mention any other current accounts, deposit accounts (i.e. credit) as well as any loans (debts) that the business may have

For each account mentioned, ask who the account is held with and the maximum amount that has been in this account in the last year. Respondent may have several, similar accounts - please note each one separately. Continue to probe until respondent has mentioned all the accounts that the business has.

Type of account	Provider	Maximum amount in account over last 12 months
Total amount in savings (ignore any loans/ debts for this calculation)		£

Recruit those businesses/ self employed people who regularly (i.e. several times a year) have £35,000 or more in their business current accounts and/ or savings accounts (from Q9 and Q10). If unsure, refer to exec.

Recruit to quota. Explain that there will be a preplacement task asking respondents to think about their banking and savings in more detail. The group discussion will be talking about their business banking and savings in more detail in a group of other businesses - ensure that the respondent is happy being open about their business banking and savings arrangements in a group of similar people.

4.5.3 Northern Rock sample

PROJECT NAME: FSCS
JOB NUMBER: 08-0851

Date of Interview/Group: _____
Time of Interview/Group: _____
Attended Interview/Group: _____
Group No: _____

RECRUITMENT QUESTIONNAIRE - NORTHERN Rock CONSUMERS

NAME: _____

AGE OF RESPONDENT: _____
(Check quota & write in)

ADDRESS: _____

Under 25	1 close
25-30	2
31-45	3 check
46-50	4 quota
51-60	5
60+	6

POSTCODE: _____

Tel _____ (incl. STD code)

SEX: Male 1 recruit
Female 2 recruit

Work:
Home:

MARITAL STATUS: Single 1
Married/cohabit 2
Divorced/widowed 3

OCCUPATION OF RESPONDENT/CHIEF WAGE EARNER:
(Probe for skills, responsibilities etc.)

PRESENCE OF CHILDREN AT HOME: No children 1
Children under 10 2
Children 11-16 3
Children aged 16+4

TITLE: _____

BUSINESS/INDUSTRY: _____

QUALIFICATIONS: _____

NO OF PERSONS

RESPONSIBLE FOR: _____

SOCIAL GRADES: A 1
B 2
C1 3
C2 4
D 5

WORKING STATUS: Full time 1
Part time 2
Non working 3
Retired 4
(IF CODE 4) Semi-retired 1
Retirement Retired 2
Status _____

INTERVIEW DECLARATION:

I have carried out an interview within the Market Research Code of Conduct. The respondent is not a relative or friend of mine.

Interviewers Signature: _____ Date: _____

We are carrying out a market research survey and are looking for people representing various occupations. I need to ask you a few questions to establish if you are amongst the type of people we need to talk to.

Q1. Firstly, do you or any members of your family or close friends work in any of the following occupations, either now or in the past?

	YES	NO
Advertising	1	1
Design	2	2
Journalism	3	3
Market Research	4	4
Marketing	5	5
Public Relations	6	6
Employees of financial institutions (including insurance companies, banks etc) or advisers/ brokers (IFAs) etc	7	7

IF YES TO ANY OF THE ABOVE - CLOSE INTERVIEW

Q2a. Have you ever attended a Market Research group discussion?

Yes	1 Ask Q2b & Q2c
No	2 Go to Q2d

Q2b. What was the discussion about?

--

IF ABOUT Banking OR SAVING - CLOSE INTERVIEW

Q2c. How long ago did you attend a Market Research group discussion?

In the last 6 months	1 Close interview
Longer ago than 6 months	2

Q2d. Would you be willing to be re-contacted in the future?

Yes	1
No	2

TO COMPLY WITH THE DATA PROTECTION ACT

Q3 The project is about how people organise their banking and savings. Firstly, can I just check whether you, or any close relative, have EVER worked for a bank, building society, credit union or other financial services company offering banking or savings products?

Yes	1 Close
No	2

All Groups

Recruiter: it is vital that respondents do not have any 'insider' knowledge of the industry

Q4 Looking at these statements, can you tell me which ones best applies to you?

I am solely responsible for making financial decisions in our household i.e. selecting a financial provider or product	1
My partner and I are jointly responsible for making financial decisions in our household i.e. selecting a financial provider or product	2
Whilst my partner and I take joint decisions, my partner tends to take the lead on these things	3 Close
My partner is solely responsible for all financial decisions in our household	4 Close

All Groups

All respondents must be either solely or jointly responsible for all financial decisions

Q5 We are interviewing customers and ex customers of Northern Rock about their banking and savings arrangements. Have you currently, or have you recently (within the last year) had, a bank account or savings account with Northern Rock?

Yes -currently have account	1
Yes - had an account within the last year	2
No	3 close

Q6 And did you have these accounts at the time when the news of Northern Rock's financial difficulties broke?

Yes	1
No	2 close

Q6 At that time, what types of account did/ do you have with them?
Please list all accounts

Current account(s)	1
Offset mortgage/ all in one account	2
Savings or deposit account(s)	3
Cash ISA	4
Mortgage	5
Other (write in)	

Respondent must have at least one of current account (1), offset mortgage (2) or savings account (3) - ideally each group to include two offset mortgage customers

Q7a When the news about Northern Rock's financial difficulties broke, what action, if any did you take?

I left my account(s) alone and waited to see what would happen	1
I tried to move my money away from Northern Rock but was unable to do so	2
I used the internet/ phone bank to move my money out of Northern Rock	3
I went to the Northern Rock branch to move my money out of Northern Rock	4
Other (write in)	

Spread of response please

Ask all who coded 1 or 2 at Q7a

Q7b And subsequently, have you kept your account with Northern Rock or have you moved it elsewhere?

Left it with Northern Rock	1
Moved it elsewhere	2

Ask all who moved their money away from Northern Rock at either Q7a (3 & 4) or Q7b (2)

Q7c Where did you move the money to?
Write in original Northern Rock account type and the name of the provider they moved this to - repeat for each account where money was moved

Original Northern Rock account	New provider

Ask all

Q8 Thinking about all of the deposit accounts that you had with Northern Rock at the time when the news broke, roughly how much cash did you have with them in total? Please include your current account(s), any savings accounts (such as instant access, notice accounts etc) and any cash ISAs

£

Recruit to quota. Explain that there will be a preplacement task asking respondents to think about their banking and savings in more detail, and particularly their experience with Northern Rock. The group discussion will be talking about these subjects, so please ensure that the respondent is happy being open about their banking and savings arrangements in a group of similar people. Reassure that all comments are confidential and will be anonymised

4.5.4 Recent account opener sample

PROJECT NAME: FSCS
JOB NUMBER: 08-0851

Date of Interview/Group: _____
Time of Interview/Group: _____
Attended Interview/Group: _____
Group No: _____

RECRUITMENT QUESTIONNAIRE - NEW ACCOUNT OPENERS

NAME: _____

AGE OF RESPONDENT: _____

(Check quota & write in)

ADDRESS: _____

Under 25 1 close
25-30 2
31-45 3 check
46-50 4 quota
51-60 5
60+ 6

POSTCODE: _____

Phone _____
(incl. STD code)

SEX: Male 1 recruit
Female 2 recruit
MARITAL STATUS: Single 1
Mar/cohabit 2
Divorce/widow 3
PRESENCE OF CHILDREN AT HOME: No children 1
Kids under 10 2
Kids 11-16 3
Kids aged 16+ 4

OCCUPATION OF RESPONDENT/CHIEF WAGE EARNER:
(Probe for skills, responsibilities etc.)

TITLE: _____

BUSINESS/INDUSTRY: _____

QUALIFICATIONS: _____

NO OF PERSONS

RESPONSIBLE FOR: _____

SOCIAL GRADES: A 1
B 2
C1 3
C2 4
D 5

WORKING STATUS: Full time 1
Part time 2
Non working 3
Retired 4
(IF CODE 4) Semi-retired 1
Retirement Retired 2
Status

INTERVIEW DECLARATION:

I have carried out an interview within the Market Research Code of Conduct. The respondent is not a relative or friend of mine.

Interviewers Signature: _____ Date: _____

We are carrying out a market research survey and are looking for people representing various occupations. I need to ask you a few questions to establish if you are amongst the type of people we need to talk to.

Q1. Firstly, do you or any members of your family or close friends work in any of the following occupations, either now or in the past?

	YES	NO
Advertising	1	1
Design	2	2
Journalism	3	3
Market Research	4	4
Marketing	5	5
Public Relations	6	6
Employees of financial institutions (including insurance companies, banks etc) or advisers/ brokers (IFAs) etc	7	7

IF YES TO ANY OF THE ABOVE - CLOSE INTERVIEW

Q2a. Have you ever attended a Market Research group discussion?

Yes	1 Ask Q2b & Q2c
No	2 Go to Q2d

Q2b. What was the discussion about?

--

IF ABOUT Banking OR SAVING - CLOSE INTERVIEW

Q2c. How long ago did you attend a Market Research group discussion?

In the last 6 months	1 Close interview
Longer ago than 6 months	2

Q2d. Would you be willing to be re-contacted in the future?

Yes	1
No	2

TO COMPLY WITH THE DATA PROTECTION ACT

Q3 The project is about how people organise their banking and savings. Firstly, can I just check whether you, or any close relative, have EVER worked for a bank, building society, credit union or other financial services company offering banking or savings products?

Yes	1 Close
No	2

All Groups

Recruiter: it is vital that respondents do not have any 'insider' knowledge of the industry

Q4 Looking at these statements, can you tell me which ones best applies to you?

I am solely responsible for making financial decisions in our household i.e. selecting a financial provider or product	1
My partner and I are jointly responsible for making financial decisions in our household i.e. selecting a financial provider or product	2
Whilst my partner and I take joint decisions, my partner tends to take the lead on these things	3 Close
My partner is solely responsible for all financial decisions in our household	4 Close

All Groups

All respondents must be either solely or jointly responsible for all financial decisions

Q5 We are interviewing people about their banking and savings arrangements. Have you recently, within the last three months, opened up a new bank or savings account? By this we mean any current account or a savings account such as an instant access/ notice account/ higher rate savings account or a cash ISA etc. The account could be a branch based account, postal account or internet account.

Yes	1
No	2 close

Q6 Thinking about the account(s) that you have recently opened, what type of account was it? Who was it with?
Write in as much detail as possible

Type of account	Provider	Channel (branch, phone, internet etc)	Date account opened

Range of account type/ provider please

Account opening must be within last three months as we will be asking them about the experience/ information that they were given at the time etc.

Recruit to quota. Explain that we will be conducting telephone interviews with them, lasting up to 30 minutes. We will be talking about their banking and savings generally, and particularly their experience when they opened the new account. Please ensure that the respondent is happy being open about their banking and savings arrangements. We will be sending them a 'crib sheet' of information that we want them to think about before the interview/ have to hand during the interview.

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