

## **WorldSpreads Limited (In Special Administration) – Frequently Asked Questions**

### **FSCS Protection**

#### **1. Who is eligible for compensation from FSCS?**

The FSCS is the compensation fund of last resort for customers of authorised financial services firms. If a firm becomes insolvent or ceases trading, such as WorldSpreads, we may be able to pay compensation to its customers.

Generally speaking, the FSCS can only accept claims for compensation from individuals and small companies.

From the work undertaken to date, it is likely all protected business transaction types will be eligible for compensation under FSCS compensation rules.

### **Application form for FSCS Compensation**

#### **2. When will FSCS be sending out application forms?**

FSCS will be emailing application forms for compensation to WorldSpreads clients by the end of June. In some instances, where balances are very small, FSCS will ask that clients request an application form to be sent to them for completion and return.

If you have not received an email (containing an application form) from FSCS by 6 July 2012 and wish to make a claim for compensation from FSCS, please contact FSCS on freephone 0800 678 1100 or 0207 741 4100 to request an application form. This will be sent by post.

#### **3. What should I do once I have received an application form but if I am unsure how to complete it?**

Once received, please try to complete the application form to the best of your ability, and avoid leaving any questions blank. The completed form should then be returned along with any documentation that you believe is relevant to the claim.

If you have specific queries about individual questions on the form, please contact the FSCS helpline on 0800 678 1100 or 0207 741 4100 and we will be happy to help you.

#### **4. How long will the FSCS take to process my claim?**

If claimants who have returned a completed application form to the FSCS are found to be eligible, and have agreed a final balance with KPMG, the FSCS will seek to pay compensation as quickly as possible.

### **Amount of FSCS Compensation**

#### **5. How will my compensation be calculated, and what compensation will I receive from the FSCS?**

This will be based on the account balance / information the FSCS receives from KPMG. The FSCS can pay up to £50,000 in compensation per claim.

#### **6. Should I await a dividend from the Administrator, or make a claim with FSCS instead. What can I claim from FSCS if I get the dividend first?**

It is for individuals to choose which claim to pursue, but it is possible to have a claim in both places at the same time.

If FSCS pays compensation, it will then take over your claim in the administration and receive all future dividends that would otherwise have been due to you (and will pay some or all of that dividend on to you if you are still suffering a loss after the FSCS payment).

If the administrator pays first, FSCS will deduct that amount from your loss calculation and pay you up to £50,000 to cover your remaining shortfall. You can, however, choose to refuse our offer of compensation and continue your full claim in the administration. After you have received any dividend(s) from KPMG you can then return to FSCS to claim for any remaining shortfall.

### **Financial Hardship Cases**

#### **7. What if I believe I am suffering financial hardship and need my claim to be considered urgently?**

Once a claim has been made to the FSCS, if any claimants believe that the FSCS should treat their case as a priority because they are facing immediate financial hardship, they should let the FSCS know as soon as possible. Where there is immediate financial hardship, we will do what we can to accelerate the handling of the claim.

However, please note that the FSCS cannot progress claims until account balances have been agreed with KPMG and notified by them to FSCS and a completed application form has been returned by you to FSCS.

## **Assignment of right to claim compensation**

### **8. The FSCS Application form refers to an assignment of my rights. What is meant by this?**

If the FSCS pays a claim for compensation, under the terms of its offer of payment, a claimant will be required to assign (make a legal transfer) to the FSCS all their legal rights in relation to their claim. This enables the FSCS to 'stand in the shoes' of investors in respect of their claim in the administration. Relying on these rights, the FSCS will seek to recover the compensation it has paid out.

If you have received an FSCS payment you will have assigned your rights to us. This means that any dividend you would have received from KPMG will now be paid to us. Please see question 12 for further information.

The compensation payment is in full and final settlement of your claim for compensation from FSCS, and in discharge of FSCS's obligations to you. Your rights against the firm and any relevant third parties are also transferred to FSCS.

### **9. If I receive compensation from the administrator (KPMG) can I still pursue a claim with the FSCS?**

Yes you can. However, when calculating your compensation the FSCS will deduct any payments you have received from the administrator from your final compensation loss calculation.

## **Compensation from third parties**

### **10. What happens if I have received compensation for my losses from a third party? Can I still claim compensation from FSCS?**

If at any time you receive money from anyone other than FSCS or KPMG relating to your WorldSpreads losses, you must immediately declare it to FSCS and KPMG.

The FSCS provides compensation for financial losses suffered only where they cannot be paid by anyone else. It is a requirement of your agreement with FSCS that you have not received compensation for your WorldSpreads losses from anyone else. Your agreement with FSCS transfers to them your legal right to claim against

WorldSpreads and requires you to repay FSCS if you receive a recovery from anyone else.

This means that if you have already sold your right to claim against WorldSpreads to someone else (e.g. a fund company) before you signed the application to FSCS, you are not entitled to any FSCS payment. If you receive any payment from a third party after you receive FSCS compensation, you are legally obliged to inform FSCS and, if required to do so, to repay some or all of the compensation paid to you by FSCS.

## **Compensation claims above £50,000**

### **11. What happens if my losses are over the FSCS max of £50,000 and I accept FSCS compensation?**

If you choose to accept FSCS compensation, you will be required to assign (or legally transfer) to FSCS all of your rights to claim in the administration. FSCS will then claim in the administration instead of you and will claim for the whole of your loss, even if it was over £50,000. When FSCS receives the dividends in your place it will then pay back to you any amounts that you would otherwise have received if you had accepted the dividends before claiming on FSCS. Our rules require that you are no worse off whether you claim from us first or whether from the administrator first.

Example 1:

- Loss = £80,000
- FSCS compensation = £50,000
- Dividend of 50p/£ received from FSCS by FSCS = £40,000
- FSCS pays £30,000 to claimant so he is fully compensated (total £80,000), and retains £10,000 recovery for itself

Example 2

- Loss = £100,000
- FSCS compensation = £50,000
- Dividend of 50p/£ received from KPMG by FSCS = £50,000
- FSCS pays £50,000 to claimant so he is fully compensated (total £100,000), and retains nothing for itself

FSCS does not have to have made a full recovery of its £50,000 before it starts paying its dividend recovery on to claimants

Claimants are not compelled to claim on FSCS, or to accept the FSCS offer of compensation. If you do not want to assign (transfer) your KPMG administration claim to FSCS in exchange for the compensation, then you can refuse FSCS compensation and continue your claim in the administration. After you have received the dividend(s) you can return to FSCS to claim for any remaining shortfall.