Channel Islands Financial Ombudsman - Response received RE: Bank Depositor's Scheme Review

Thank you for reaching out on this matter on behalf of the Scrutiny Panel. While the existence of, and degree of coverage of the deposit compensation scheme in Jersey are of general interest to me and my team at CIFO, I do not believe we have any informed views to share with the Scrutiny Panel in connection with this matter and I certainly would not wish to waste any of the Panel's valuable hearing time.

As you can undoubtedly appreciate, in an environment where no retail-facing banks have failed since the introduction of our office in 2015, we do not have any experience of the impact of such a scheme on consumers in a bank failure scenario. From our perspective, failures of financial service providers in general (not just banks) rendering them unable to comply with CIFO binding decisions to award compensation to their customers is a much more relevant issue for our statutory mandate. It has occurred in only a few discrete instances over our ten years of operation. In the UK, the Financial Services Compensation Scheme provides funds in such circumstances. See:

Financial Services Compensation Scheme | FSCS

In the absence of such a broader compensation scheme in Jersey, CIFO works with the regulator (in this case the JFSC) as best able, given regulator confidentiality provisions, to avoid such circumstances where possible.

Our own compensation limit has been static at £150,000 since our inception in 2015 when it was aligned to that of the UK Financial Ombudsman Service (UK FOS) at the time. The UK FOS limit is now £445,000.

If my comments above are of interest to the Scrutiny Panel, I would be pleased to attend to share my views.

Please let me know your thoughts on this. Happy to discuss if helpful.

Best regards,

Douglas Melville | Principal Ombudsman & Chief Executive

Channel Islands Financial Ombudsman (CIFO)