

Compensation (London Capital & Finance plc and Fraud Compensation Fund) Bill

EXPLANATORY NOTES

Explanatory notes to the Bill, prepared by HM Treasury and the Department for Work and Pensions, are published separately as Bill 9-EN.

EUROPEAN CONVENTION ON HUMAN RIGHTS

John Glen has made the following statement under section 19(1)(a) of the Human Rights Act 1998:

In my view the provisions of the Compensation (London Capital & Finance plc and Fraud Compensation Fund) Bill are compatible with the Convention rights.

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Provide for the payment out of money provided by Parliament of expenditure incurred by the Treasury for, or in connection with, the payment of compensation to customers of London Capital & Finance plc; provide for the making of loans to the Board of the Pension Protection Fund for the purposes of its fraud compensation functions; and for connected purposes.

BE IT ENACTED by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

1 Compensation payments to customers of London Capital & Finance plc

- (1) *There may be paid out of money provided by Parliament expenditure incurred by the Treasury for, or in connection with, the payment of compensation to customers of London Capital & Finance plc adversely affected by matters identified in the Gloster Report.* 5
- (2) Subsection (3) applies where, under Part 15A of the Financial Services and Markets Act 2000 (power to require FSCS manager to act in relation to other schemes), the Treasury require the FSCS manager (within the meaning of that Part) to exercise functions in relation to a scheme for the payment of compensation as mentioned in subsection (1). 10
- (3) Section 138I of that Act (consultation by the Financial Conduct Authority) does not apply in relation to rules made by the Financial Conduct Authority under section 224F(5) of that Act (rules about relevant schemes applying provisions of the FSCS) in connection with the exercise by the FSCS manager of functions in relation to that scheme. 15
- (4) In this section the “Gloster Report” means the Report of the Independent Investigation into the Financial Conduct Authority’s Regulation of London Capital & Finance plc, as revised on 10 December 2020.

2 Loans to the Board of the Pension Protection Fund

- (1) The Pensions Act 2004 is amended as follows. 20

- (2) After section 115 insert –

“115A Loans made by the Secretary of State

- (1) *The Secretary of State may lend money to the Board for the purposes of the exercise of the Board’s functions under Chapter 4 of this Part and any corresponding provision in force in Northern Ireland.* 5
- (2) A loan under this section may be made on such terms (including as to repayment and interest) as the Secretary of State may determine.”
- (3) In section 115 (borrowing from deposit-takers), in subsection (2) (limits on borrowing) –
- (a) after “borrow” insert “under this section”; 10
- (b) in paragraph (a), after “it” insert “under this section”.
- (4) In section 188 (Fraud Compensation Fund) –
- (a) in subsection (1) (contents of the Fund), after paragraph (c) insert –
- “(ca) money borrowed by the Board under section 115A for the purposes of this Chapter,”; 15
- (b) in subsection (3) (permitted payments from the Fund), in paragraph (e) (repayment of money borrowed under section 115), after “(1)(c)” insert “or (ca)”.

3 Short title

This Act may be cited as the Compensation (London Capital & Finance plc and Fraud Compensation Fund) Act 2021. 20

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To provide for the payment out of money provided by Parliament of expenditure incurred by the Treasury for, or in connection with, the payment of compensation to customers of London Capital & Finance plc; provide for the making of loans to the Board of the Pension Protection Fund for the purposes of its fraud compensation functions; and for connected purposes.

*Presented by John Glen
supported by
The Prime Minister,
The Chancellor of the Exchequer,
Secretary Thérèse Coffey,
Guy Opperman, Steve Barclay, Jesse Norman,
and Kemi Badenoch.*

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