

Dear Bondholder

Update from the Financial Services Compensation Scheme (“FSCS”)

Today (9 January 2020) the FSCS has provided a significant update to Bondholders in London Capital & Finance plc (“LCF”). Here is a link to the update: <https://www.fscs.org.uk/failed-firms/lcf/>

In the Statement of Proposals published by the Joint Administrators on 25 March 2019, we highlighted that transfers into LCF from stocks and shares ISAs and the receipt of investment advice might provide the basis for FSCS cover. We have been working with the FSCS and are pleased that the FSCS has now confirmed that it will make payments to some investors on this basis.

The FSCS has confirmed that:

- It will provide compensation to 159 Bondholders* who switched from stocks and shares ISAs to LCF bonds. **Bondholders in this category do not need to take any action, as the FSCS will contact these customers.** The FSCS will pay compensation to these Bondholders by the end of February 2020.
- It is unable to protect the 283 Bondholders* who dealt with LCF before it was authorised to carry out financial services business (on 7 June 2016). **The FSCS will contact these customers to confirm this.**
- On the basis of the evidence reviewed so far, some customers were given misleading advice by LCF either by telephone, letter, email or face-to-face and so have valid claims for compensation. However, the FSCS has made clear that many customers will not be eligible for compensation on this basis as, whilst the FSCS acknowledges that many customers were given incorrect information about investing in LCF bonds, being given incorrect information on its own doesn't constitute receiving misleading advice. At this stage, the FSCS has not provided examples of what would amount to misleading advice rather than the mere provision of incorrect information and this will have to be determined on a case by case basis by the FSCS. The FSCS will make a further communication with details of when and how customers in this category can submit claims.

The FSCS will aim to provide a further update by the end of February outlining the next steps. In the mean-time LCF Bondholders do not need to take any action.

*** If you believe you fall into either of these categories but do not receive any direct communication from the FSCS by the end of February please contact the FSCS.**

The administrators of LCF are unable to provide further information on today's statement from the FSCS. If you should have any queries regarding their statement, please contact the FSCS directly.

Kind regards

The Joint Administrators' of LCF

The affairs, business and property of the Company are being managed by the administrators Finbarr O'Connell, Adam Stephens, Colin Hardman and Henry Shinnars who act as agents of the Company and without personal liability. Finbarr O'Connell, Adam Stephens, Colin Hardman and Henry Shinnars are licensed as insolvency practitioners in the UK by the Institute of Chartered Accountants in England and Wales. Further information regarding the administration can be found at the joint administrators' webpage: www.smithandwilliamson.com/london-capital London Capital

& Finance Plc is incorporated in England and Wales under the Companies Act 2006 with registered number 08140312. The Company is authorised and regulated by the Financial Conduct Authority with FRN 722603.

The Fair Processing Notice in relation to the General Data Protection Regulation can be accessed at <https://smithandwilliamson.com/rsgdpr>. Should you wish to be supplied with a hard copy, free of charge, please contact Smith & Williamson's offices.

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