



EMBARGOED UNTIL 10:00AM FRIDAY 5TH DECEMBER

Press release from

Transparency Task Force and its Woodford Campaign Group

“UK finance industry on the ropes”

The High Court will decide on 18 January whether to approve the £230m Scheme of Arrangement of Link Fund Solutions Ltd which the FCA claims will return 77p in the pound to investors. Link’s failure to manage the Woodford Equity Income Funds appropriately has left over 300,000 retail investors with billions in losses. Now the Scheme of Arrangement, promoted by the FCA, threatens to remove their statutory rights to complain to the Financial Ombudsman Service and the ultimate protection of the Financial Services Compensation Scheme of up to £85,000. If sanctioned by the High Court, all Woodford retail investors will be forced to forgo their compensation claims against Link for a fraction of their true value.

FSCS protection underpins public confidence in the UK finance industry by guaranteeing retail customers payment of compensation in the event of default of regulated firms. This includes bank, insurance, pensions, building societies, investments, IFA and mortgage products. Its web site says:

“FSCS protects customers of financial services firms that have failed. If the company you’ve been dealing with has gone bust and can’t pay claims against it, we can step in to pay compensation.”

Andy Agathangelou, Founder of Transparency Task Force and co-Founder of its Woodford Campaign Group which is fighting the Scheme of Arrangement said:

“The UK’s finance industry is on the ropes because this case will decide whether users of UK financial services have the statutory protections enshrined in law; with no ifs, buts or

maybes. The FCA is promoting a Scheme of Arrangement for Link which will denude retail investors of those protections, long after they made their investment decisions in good faith. If this Scheme of Arrangement is sanctioned, then in future any failed bank, investment or pension provider can legally cram down retail investor compensation claims; a loophole to evade the FOS and FSCS £85,000 statutory protection."

The Woodford fund's Prospectus contained all the industry standard assurances that retail investors had the right to take complaints to the FOS and ultimately FSCS if Link failed to pay. So these promises will be worthless if the Scheme of Arrangement that the FCA has been championing is approved. Several Woodford Campaign Group members have calculated their true losses using a "fair compensation" methodology found in relevant published FOS decisions. Typically, the payment under the Scheme of Arrangement is around 5-10% of the FOS "fair compensation", which would be entirely backed by FSCS up to £85,000. Far from the 77p in the pound result actively promoted in FCA press releases.

Last month, Bob Blackman CBE MP referred the Link case to Bim Afolami MP, the Economic Secretary to the Treasury and City Minister. Mr Blackman is Chair of the All-Party Parliamentary Group on Personal Banking and Fairer Financial Services, and his letter was co-signed by other Parliamentarians and investors. He said "The massive Woodford losses arose from a rogue fund manager, the failure of fund management by Link and ineffective regulatory control by the FCA. Fair compensation is not being paid under the Scheme of Arrangement by the bad actors responsible, so both retail and corporate investors stand to lose out. Forcibly removing the FOS and FSCS protections after the event for retail investors will set a dangerous precedent which may damage confidence in the entire UK finance industry and drive investors abroad."

Notes to Editors:

[The Financial Ombudsman Service](#) was established in 2000, and given statutory powers in 2001 by the Financial Services and Markets Act 2000. Its website claims that:

- *"The Financial Ombudsman Service is a free and easy-to-use service that settles complaints between consumers and businesses that provide financial services. We resolve disputes fairly and impartially, and have the power to put things right."*

[The Financial Services Compensation Scheme](#) was set up in 2001 under the Financial Services and Markets Act 2000. It funds the compensation it pays by imposing levies on authorised financial services firms. It states in its [2022/3 Annual Report and Accounts](#):

- "Our mission: Providing customers with a trusted compensation service which helps raise public confidence in the UK financial services industry." Page 18.

- “During 2022/23, we helped 67,908 customers get back on track by either paying them compensation or enabling them to transfer to a new provider for their investment or insurance policy. In total, we made just under 97,000 decisions on claims.” Page 23.

[Transparency Task Force](#) is a certified Social Enterprise with a mission to promote ongoing reform of the financial sector so it serves society better.

[The Woodford Campaign Group](#) is a sub-brand of the Transparency Task Force and is for all investors that have lost money as a result of the Woodford scandal. The purpose of the Woodford Campaign Group is to get full answers to 4 key questions:

#1 – What happened?

#2 – Who’s to blame for what happened?

#3 – How might the thousands of victims get the justice and compensation they deserve?

#4 – What changes are needed to help ensure that nothing like it ever happens again?

END.