Quilter

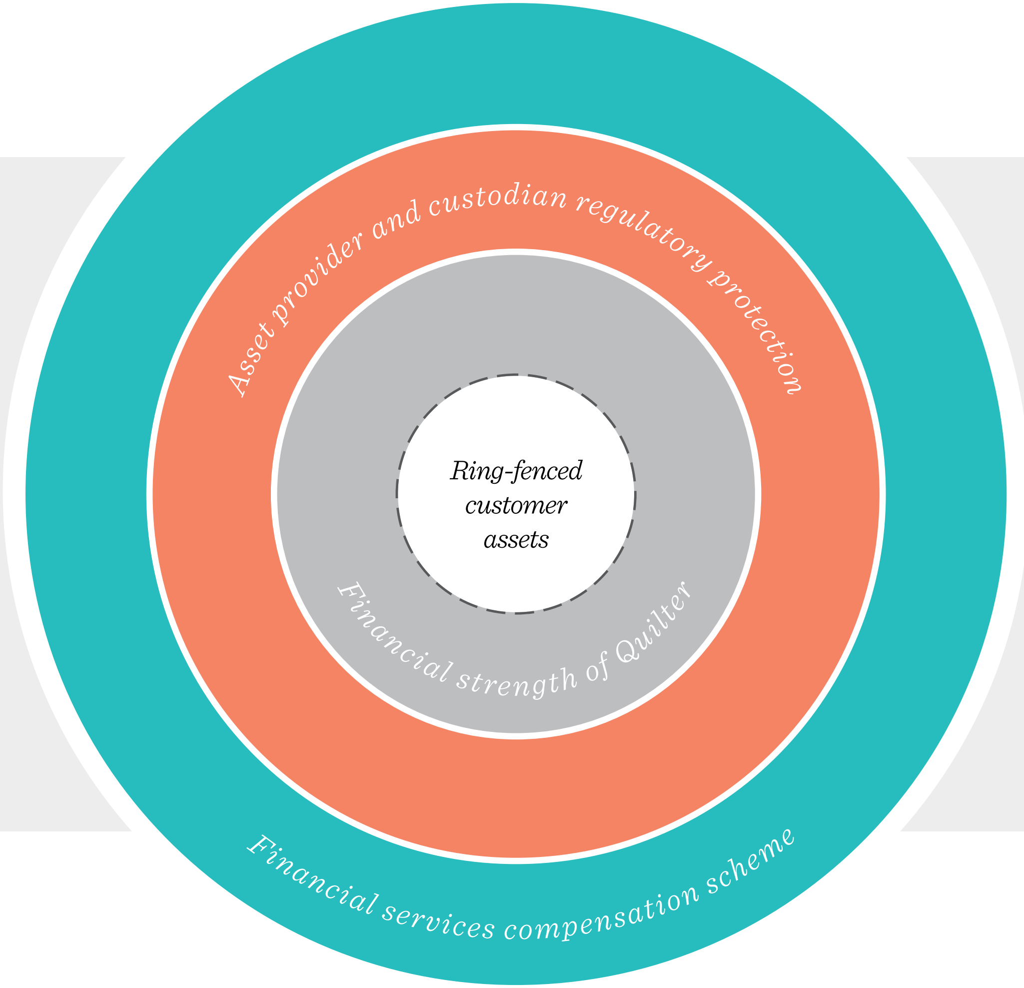
# How your money is protected

*May 2025*

# Contents

*When you invest through a reputable product provider like Quilter there are a number of safeguards to protect your money in the highly unlikely event that the provider, or the manager of the assets you invest in, becomes insolvent.*

**This document explains those safeguards.**




## *Key points*

**Whatever product you hold with us*:**

- your money and assets are segregated and ring-fenced from the company's own money and assets
- we, the custodian and the asset managers you are invested in provide extensive financial reports to the regulators, so that they can be assured there are enough assets to meet liabilities
- if all other protection fails, you may be protected by the Financial Services Compensation Scheme (FSCS).

**Please note:** Words in **bold** are explained further in the glossary at the end of this leaflet.

** Please see page 8 for safeguards related to the CashHub, powered by Bondsmith.*

## Strict safeguards put in place by regulators

You know when you invest that you accept the risk that the value of your investments can go up or down. Yet you still want to be sure that your money is well looked after in the unlikely event that something goes wrong – both to prevent issues arising and assist a prompt and orderly resolution.

Fortunately, there are strict regulations which ensure that there are a number of safeguards in place. These schemes work differently depending on the products you invest through, as we will explain.

Because we make these regulations and customers' interests a priority in our business, you can be assured that Quilter is a well run, secure business. Remember that a protection scheme is only important when things go wrong.

## How financially secure is the provider?

The businesses that comprise Quilter (Quilter Investment Platform Limited and Quilter Life & Pensions Limited) are UK regulated firms. This means that they must comply with the rules of the UK regulatory regime relevant to them.

**Key details in relation to these entities are:**

- Assets under management: £85.4 billion (as at 31 December 2024).
- Gross sales: £12.4 billion (as at 31 December 2024).
- Net Client Cash Flow: £5.5 billion (as at 31 December 2024).
- Whilst credit/financial strength ratings may not reflect the potential impact of all risks related to a firm, independent financial services research firm, **AKG**, has awarded a financial strength rating of A ('Superior') to Quilter Investment Platform Limited, and B+ ('Very strong') to Quilter Life & Pensions Limited as at 3 December 2024.
- Quilter Life & Pensions Limited is well capitalised with a **solvency II ratio** of 161% as at 31 December 2024. This means it operates with sufficient capital and liquidity resources to meet regulatory requirements, together with a capital buffer to help protect against unexpected adverse events.

*All Quilter figures sourced from results and reports available through www.quilter.com.*

## How financially secure is the provider of the CashHub?

Bondsmith, authorised by the FCA under the Electronic Money Regulations 2011, is the provider of the CashHub accessed via Quilter's platform. Some key indicators of their financial security are as follows:

- Client base: Bondsmith has long-term contracts with several key clients, including Abdrn, Nucleus and Quilter.
- Revenue stability: over 75% of Bondsmith's revenue is recurring as opposed to one-off income, which makes the business resilient to changes in economic conditions.
- Capital support: the company has received significant capital injections, which includes £10m in 2022. This ensures financial stability as Bondsmith approaches profitability. Any future funding needs are expected to support further growth.
- Cost management: Bondsmith operates with a lean team with strong cost control and efficient resource management. Staff levels are currently at around 35 and set to grow steadily with the size of the business

## Protection by the financial services compensation scheme

The UK has a protection scheme, the Financial Services Compensation Scheme (FSCS), which covers customers of the UK Financial Services industry.

The FSCS is independent of government and the financial services industry, and was created under the Financial Services and Markets Act 2000 (FSMA). It is an industry-funded compensation scheme of last resort (there is no charge to individual customers to use the service), providing customers of UK authorised financial services firms with a safety net should the firm be unable to meet its financial obligations.

**The availability of compensation depends on several factors:**

- Whether you're investing as an individual or on behalf of an organisation.
- The type of product or investment you take out.
- Which party is unable to meet its obligations (e.g. Quilter, the manager of assets you choose to invest in, the deposit taker (bank) where we hold your cash, the deposit taker (bank) Bondsmith holds your cash in, the underlying bank chosen by you for your CashHub savings, or the custodian for exchange traded investments).
- The country the investments are held in. If the investment is managed outside of the UK, you may be eligible under a compensation scheme in that country, or the manager may have bought-in to the FSCS scheme. You should speak to your financial adviser for further details where this is relevant to you.

## *Safeguards if you hold an Individual Savings Account (ISA), Junior ISA, or Collective Investment Account (CIA)*

**The ISA and Collective Investment Account are provided by Quilter Investment Platform Limited.**

In the unlikely event that Quilter Investment Platform Limited was unable to meet its obligations, there are a number of regulatory safeguards in place to protect investors' interests. These have been formalised by the Financial Conduct Authority (FCA) and include the following:

- Extensive financial reports are required to be provided to the UK financial regulator, the FCA, to help them ensure firms meet capital adequacy standards.
- Client money is held within statutory trust accounts (client money bank accounts), ring-fenced away from company assets.
- Regular reconciliations of cash (daily) and assets (daily or monthly) by regulator designed/approved methodologies are conducted and are subjected to rigorous auditing. This ensures all customer cash and assets are accounted for and are where they should be.
- The firm is required to maintain a 'resolution pack' – essentially a living will – enabling an insolvency practitioner to promptly identify all money and assets and who they belong to.

**What would happen if Quilter Investment Platform Limited were to become insolvent?**

In the unlikely event Quilter Investment Platform Limited were to become insolvent, it is possible that its assets would be transferred to another financial services firm where they would continue to be invested on your behalf. This produces the minimum disruption to customers whilst generating a cash sum (the purchase price) for the insolvency practitioner to use to wind up the company.

If no buyer could be found, the insolvency practitioner would need to return cash and assets to investors. Insolvency rules allow the practitioner to use client assets to pay the costs of this return of assets, but not to meet liabilities to creditors. Money held in cash in one or more ring-fenced client money bank accounts are not available to the practitioner should Quilter Investment Platform Limited fail, so should be available to you.

However, in the event that insufficient funds were available to pay their claim in full, whether due to the costs of distributing cash and assets, accounting error or fraudulent activity, eligible investors would be able to make a claim to the Financial Services Compensation Scheme (FSCS), up to a maximum of £85,000 per investor.

AKG A
FINANCIAL STRENGTH RATED
PLATFORM SECTOR SUPERIOR
QUILTER INVESTMENT PLATFORM LTD

## *Safeguards if you hold an Individual Savings Account (ISA), Junior ISA, or Collective Investment Account (CIA)*

**What would happen if an exchange traded investment (ETI) manager became insolvent?**

The asset manager has an obligation to have measures in place to protect client money, such as ring-fencing client assets. However, you should be aware that ETIs are not protected by the FSCS and there is no compensation in the event of insolvency of the underlying ETI.

**What would happen if the ETI custodian became insolvent?**

Quilter Investment Platform Limited uses an external custodian to hold ETIs on your behalf. Your ETIs are securely ring-fenced from other assets belonging to the custodian. Quilter has undertaken extensive due diligence on this firm and will continue to oversee the firm on a regular basis. The external custodian is authorised and regulated by the Financial Conduct Authority for this activity and a daily reconciliation is undertaken to compare the assets held by the custodian to our internal records.

In the unlikely event of the custodian's failure and insufficient assets being held, any shortfall would be shared proportionally with other Quilter Investment Platform Limited investors. This can help to reduce the size of the shortfall each individual investor may incur. However, even if there are insufficient assets to pay a claim in full, whether due to the costs of distributing cash and assets, accounting error or fraudulent activity, eligible investors would be able to make a claim to the Financial Services Compensation Scheme (FSCS), up to a maximum of £85,000 per investor.

**What would happen if a fund group became insolvent?**

In the unlikely event that a fund management group with which you hold investments through Quilter Investment Platform Limited was unable to meet its obligations, the same safeguards and compensation arrangements as above would apply. FSCS compensation of up to £85,000 is applied per investor, per insolvent event, so diversification of your investments across fund groups can further lessen any potential risk of loss.

You should be aware that some fund groups operate under a number of trading names, but the FSCS cover would aggregate claims against all trading names within a marketing group. It is therefore important to be aware if you are investing into a fund that is part of a wider group.

The FSCS may not be able to recover losses if the fund you are invested in is not based in the UK. If the fund you are invested in is operated outside of the UK, you may be able to claim compensation from a compensation scheme in that other country, or the fund may have 'bought into' the FSCS. Your financial adviser will be able to provide more information.

**What would happen if one of the banks we use became insolvent?**

If you hold some or all of your investments in cash, we spread your cash across a number of different banks. This includes well known high street names. We keep these banks under review and other banks could be used. Investing your cash across a number of different banks helps to manage the risk of any of these banks becoming insolvent and limit any potential loss. For more information on the banks used, please visit our website.

In the unlikely event of one of the banks we use becoming insolvent, investors are covered by the FSCS up to £85,000 per investor, per bank. Any cash you hold with the bank for other reasons, such as a personal savings account, will also be subject to this limit. For example, if you held £50,000 with the bank through Quilter and £50,000 with the bank in a savings account outside of Quilter, you would hold in total £100,000 with the bank and only be entitled to a maximum of £85,000.

## *Safeguards if you hold a Collective Retirement Account (CRA) or Collective Investment Bond (CIB)*

**The Collective Retirement Account and Collective Investment Bond are provided by Quilter Life & Pensions Limited.**

Policyholder assets are segregated from Quilter's own assets in compliance with Prudential Regulatory Authority (PRA) regulations regarding the segregation of policyholder and shareholder funds.

All policyholder assets are subject to monthly reconciliation by regulator designed/approved methodologies. These reconciliations are subject to rigorous auditing and reported to the regulator, with material breaches notifiable without delay.

Quilter Life & Pensions Limited is required to prepare and publish a Solvency and Financial Condition Report (SFCR) each year for the UK regulator. This report details the financial position of the organisation and enables comparison with other life assurance firms' financial positions. It is reported through our group parent company, Quilter plc and is available to view on their website, ***www.quilter.com/investor-relations/results-reports-and-events/***.

**What would happen if Quilter Life & Pensions Limited became insolvent?**

In the unlikely event of Quilter Life & Pensions Limited becoming insolvent, the FSCS would work with the FCA to secure continuity of cover through the transfer of holdings to, or the issue of substitute policies by, another firm.

The EU Solvency II Directive contains specific rules dealing with the winding up of insurance companies, meaning that policyholder claims take precedence over most others' claims. Only if meeting these other claims means that the remaining assets are insufficient to meet policyholder claims in full would a policyholder need to call upon the FSCS.

The amount that can be claimed from the FSCS is up to 100% of the amount payable under the policies or contracts you have with Quilter Life & Pensions Limited, with no upper limit. This compensation is only applicable in the unlikely event that Quilter Life & Pensions Limited itself were to become insolvent and were unable to meet policyholder claims in full.

AKG B+
FINANCIAL STRENGTH RATED
PROVIDER SECTOR VERY STRONG
QUILTER LIFE & PENSIONS LIMITED

## *Safeguards if you hold a Collective Retirement Account (CRA) or Collective Investment Bond (CIB)*

**What would happen if a fund group or exchange traded investment (ETI)* manager became insolvent?**

Asset managers have an obligation to ring-fence customers' assets so they should be available for the owners (Quilter Life & Pensions Limited in this case) to claim their property with little or no loss. The FCA is very strict at enforcing this. However, in the unlikely event that ring-fencing at the asset manager fails, then any resultant loss will be reflected in the value of your CIB or CRA.

The contract you have is known as a life policy and under this contract we undertake to pay you an amount based on the value of the assets linked to your policy. In the event of a fund group or ETI manager becoming insolvent, Quilter Life & Pensions Limited, as the owner of the assets, is unable to claim compensation from the FSCS because we are not eligible under FSCS compensation rules.

**What would happen if the custodian of the ETI* became insolvent?**

Quilter Life & Pensions Limited uses an external custodian to hold ETIs on your behalf. Your ETIs are securely ring-fenced from other assets belonging to the custodian. Quilter has undertaken extensive due diligence on this firm and will continue to oversee the firm on a regular basis. The external custodian is authorised and regulated by the Financial Conduct Authority for this activity and a daily reconciliation is undertaken to compare the assets held by the custodian to our internal records.

In the unlikely event of the custodian's failure and insufficient assets being held, any shortfall would be shared proportionally with other Quilter Life & Pensions Limited investors. This can help to reduce the size of the shortfall each individual investor may incur. The contract you have is known as a life policy and under this contract we undertake to pay you an amount based on the value of the assets linked to your policy. In the event of a fund group or ETI manager becoming insolvent, Quilter Life & Pensions Limited, as the owner of the assets, is unable to claim compensation from the FSCS because we are not eligible under FSCS compensation rules.

**What would happen if one of the banks we use became insolvent?**

If you hold some or all of your investments in cash, we spread your cash across a number of different banks. This includes well known high street names. We keep these banks under review and other banks could be used. Investing your cash across a number of different banks helps to manage the risk of any of the banks becoming insolvent and limit any potential loss. For more information on the banks used, please visit our website.

**Collective Retirement Account**

Any cash held in your account will share proportionally in any shortfall in the bank account, but in the event of the failure of the bank account for any reason, the trustee will make a claim to the FSCS for compensation for up to £85,000 per member. The risk for money held in cash is transferred to you and although the trustee will make a claim it is not guaranteed to be successful, so it's important to consider this risk when choosing investment options for your pension.

If the claim is successful, compensation is available up to £85,000 per investor, per bank. Any cash you hold with the bank for other reasons, such as a personal savings account, will also be subject to this limit. For example, if you held £50,000 with the bank through Quilter and £50,000 with the bank in a savings account outside of Quilter, you would hold in total £100,000 with the bank and only be entitled to a maximum of £85,000.

For any other cash, such as pending payments out to you or to an asset manager, the amount is at our risk so the cash value will remain within your Collective Retirement Account.

**Collective Investment Bond**

You are unable to select cash (known as Transactional Cash on the CIB) as an investment option however, Transactional Cash will be used in some instances to fund adviser fees or Quilter's charges. Any amount of Transactional Cash is at our risk so the value will remain within your Collective Investment Bond.

**ETIs are only currently offered on the CRA*

## *Safeguards if you hold a CashHub savings account (CHB)*

**The CashHub is provided by Bondsmith Savings Limited, a Deposit Aggregator**

Deposit Aggregators, sometimes referred to as cash management platforms or savings marketplaces, are online platforms which enable customers to deposit funds in savings accounts held with a number of banks or building societies.

In the unlikely event that Bondsmith Savings Limited was unable to meet its obligations, there are a number of safeguards in place to protect savers' interests.

These include:

- Extensive financial reports are provided to the UK financial regulator, the FCA, to help them ensure firms meet capital adequacy standards.
- Regular reconciliations of cash by regulator designed and approved methodologies are conducted and are subjected to rigorous auditing. This ensures all customer cash is accounted for and is where it should be. The holding account, easy access and notice accounts are reconciled daily, and fixed term accounts are reconciled monthly, until maturity.

**What would happen if Bondsmith Savings Limited were to become insolvent?**

If Bondsmith were to become insolvent money held in a savings account would not be affected, and could continue to be held in one of the chosen FSCS protected banks until it is returned. There may be a delay in returning money to you, and fixed term accounts will generally be maintained to maturity.

Any money in the holding account is deposited on trust with HSBC, or in some instances ClearBank. Money is held in a segregated account that any creditors of Bondsmith cannot access.

There is no limit to the level of protection through these safeguarding measures, however some costs could be taken by the administrator or insolvency practitioner if Bondsmith were to fail, and no other sources were available. These costs would be divided equally among all customers.

Bondsmith Savings Limited is not covered by the FSCS, so you should be aware there is no compensation scheme protection in the event of Bondsmith's insolvency.

**What would happen if one of the savings account banks or building societies became insolvent?**

Savers' money is held within statutory trust accounts at a UK bank, ring-fenced away from company assets. In addition to this ring fencing, the FSCS currently provides protection up to £85,000 per individual, per authorised institution. If you hold a joint account, the protection is up to £170,000. Please note that if you hold any deposits with the same bank or building society outside of this service, those deposits will count towards your total protected amount. The FSCS will compensate savers of failed banks automatically, there is no need for you to do anything. The FSCS will check and pay compensation as soon as possible, and usually within three months.

## AKG rating

AKG is an independent organisation that provides a customer-focused assessment of a company's ability to maintain operational capability to meet the needs of customers. These ratings are specifically designed for use by advisers, working on behalf of these customers.

AKG's financial strength ratings scale is A (highest), B+, B, B-, C, D (lowest).

## AuA - Assets under Administration

This is the total amount of customer money that we look after and invest on their behalf. This is influenced by our net client cash flow and global stock market movements.

## Exchange traded investment (ETI)

ETIs are types of investments that aim to replicate the performance of a given market, generally by tracking an underlying benchmark index.

## Gross sales

The gross cash inflows received from customers during the current reporting period. Typically this is a measure of how much new business is received.

## Net Client Cash Flow (NCCF)

This is the difference between the amounts which new and existing customers invest with us and the amounts which are being withdrawn.

## Platform

This is the technology that facilitates the online administration of a pension, bond or investment product. The technology is used by both financial advisers and their clients to invest and manage their assets in line with the investors' objectives. Quilter's technology platform supports five products, three are administered by our platform business (Individual Savings Account (ISA), Junior ISA and Collective Investment Account) with the remaining two products (Collective Retirement Account and Collective Investment Bond) administered by our life business, Quilter Life & Pensions Limited.

## Solvency II ratio

Solvency II focuses on the amount of capital that EU insurance companies must hold to reduce the risk of insolvency. A Solvency II ratio is a key measure used to demonstrate the financial strength of a business to its stakeholders, including the regulator and its customers.

*quilter.com*

*Please be aware that calls and electronic communications may be recorded for monitoring, regulatory and training purposes and records are available for at least five years.*



Published: May 2025

QIP 20339/165/10161/May 2025