

## **A Guernsey Depositor summarises the last 2.5 years (14 March 2011) :**

**85% of savings repaid to date / expected max final recovery of 91%** Fourth repayment of 17.5p in the £ made February 2011 bringing total repayments to date of 85%. Final payment anticipated late 2011 early 2012 of between 87 and 91p in the £

**Lack of States action in supporting depositors** - Whilst UK (and other governments) repaid savers with failed Icelandic banks and took action against Iceland to repay lost savings, the States of Guernsey offered no real support – Chief Minister told deputies that he would deal with the Landsbanki situation in conjunction with the Administrator. The States have particularly let down many older & OAP depositors who were in desperate need of financial support – a number of whom had died waiting for their savings to be repaid. Latest press reports indicate that Iceland to repay UK Government > £3bn to cover prepayment of UK based savers with Icelandic banks – why did not the States of Guernsey work together with UK Government when problems identified?

**UK preferential status** - Funds from Landsbanki Guernsey depositors have been transferred to “New Landsbanki” leaving Guernsey depositors classed as non-preferential creditors with no chance of any repayments whereas UK Government will receive repayments

**Failings of GFSC / Independent Report** - The report prepared by Matthew Dorman (issued Oct 2008) raised a number of significant queries on the performance of the GFSC prior to Landsbanki collapse that should be investigated further – this appears to be acknowledged by a number of deputies -- I find it difficult to believe that any fair-minded deputy who read this report does not have doubts about the adequacy of the GFSC's performance prior to the Landsbanki failure. Since the Landsbanki collapse the GFSC has put the responsibility on the individual depositor to carry out their own checks on the financial security of savings banks prior to opening savings account in Guernsey. It would appear the GFSC do not wish to be held responsible to depositors for any banks that may fail in the future

**Worthless guarantee** - Depositors relied on the guarantee offered by Landsbanki to protect their savings. After the failure of the bank the GFSC & CM Trott have confirmed that the letters of comfort & parental guarantees were not legally binding in Guernsey. Why was the guarantee not enforced by the States? Why was the guarantee allowed?

**Inadequacies in the Guernsey DCS** - In Guernsey the £50,000 compensation is limited to a total payout of £100m in a five year period. The failure of any one bank could result in compensation cover required in excess of the £100m with the result that depositors would receive less than the full return of their savings. The failure of another bank within the five year period would mean depositors with that bank would see no return of any savings.

**UK DCS limit increased to £86k from January 2011** - Guernsey is lagging behind the UK, which recently increased the level of compensation from 50k to 86k with no limitations This change was introduced in January 2011, the Chief Minister had

previously advised deputies that increase in DCS in UK would take many years to be introduced.

**Guernsey's limited DCS** - Financial sections of UK Sunday newspapers refer to the restrictions / limitations of the Guernsey Depositors Compensation Scheme damaging Guernsey's ability to attract UK savers???. Encouraging existing savers to reconsider?

**Problems & limitations for Guernsey residents opening UK savings accounts -**  
The majority of UK banks & Building Societies will only allow savings accounts to be opened by people with a UK address; Guernsey residents are not permitted to open accounts to take advantage of £86k DCS in UK.

**Reconsideration & Revision to DCS / Repayment of depositors' shortfall**  
States reconsideration of repayment of depositors' shortfall (at end of liquidation process) – at least to 50k DCS level and improvements to current CDS could restore Guernsey reputation in the long term.

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A final thought:

**It is not the amount of money you have already received from the Administrators that is the most important, it is the amount that is still outstanding”**

No matter what the Administrators eventually finishes with in the percentage return of our savings, we are still going to be left with a fight on our hands to regain the 100% of our savings.