



**POLICY COUNCIL**  
The states of Guernsey

Policy Council  
Sir Charles Frossard House  
PO Box 43, La Charroterie  
St Peter Port, Guernsey  
GY1 1FH  
Telephone +44 (0) 1481 717000  
Facsimile +44 (0) 1481 713787  
[www.gov.gg](http://www.gov.gg)

### **Question**

*How far will Guernsey's 100 million [sic] Depositor Protection Scheme expect to provide protection over a 5 year period given the potential loss of £117 million in one bank namely Landsbanki?*

### **Response**

The Policy Council is pleased to note that you have amended the wording of your original supplementary question, as articulated in the 30 November 2011 States Debate, to now include the word potential. However, it remains necessary to clarify that Landsbanki Guernsey Limited depositors do not stand to lose £117 million as a result of the collapse of Landsbanki Guernsey Limited. Indeed, as the Chief Minister confirmed to the States Assembly on 30 November 2011, in response to a supplementary question from Deputy Parkinson, the £117 million was not lost in the Landsbanki Guernsey Limited collapse, and the Royal Court-appointed Joint Liquidators advise that the total recovery for depositors is set to be the region of 87 to 91 pence in the pound.

In answering your question, the Council has sought the advice of the Commerce & Employment Department, which is responsible for overseeing the Guernsey Banking Deposit Compensation Scheme. For the avoidance of doubt, and as you do not specify in which currency you are discussing the "100 million [sic] Depositor Protection Scheme", the answer given below refers to pounds sterling.

The Guernsey Banking Deposit Compensation Scheme is only designed to protect retail customers in respect of the first £50,000 of deposits placed by each customer. As such the total maximum cover per bank is significantly less than the total of deposits on its balance sheet both because, with some minor exceptions, non-retail deposits are not covered and because of the limit on compensation. In the case of a bank of Landsbanki's size it is thus most unlikely that the £100 million Scheme cap would be relevant. The Board of the Scheme is prohibited by law from disclosing details in respect of any one bank, but has indicated that for the five banks whose retail deposit base is closest in size to the indicated figure for Landsbanki's total deposit base, the maximum amount of compensation payable would be in the region of 19% of total retail deposits; no bank in this group is affected by the £100 million cap. The Board has no information which would enable it to establish how much of Landsbanki's deposits would have been classified as retail deposits; the actual maximum pay-out for a bank of its size might in practice be substantially smaller as a percentage of the total deposit base.

The Policy Council would take this opportunity to convey its view that your enquiries relating to this matter are misdirected. As the Council has been at pains to explain to you on numerous occasions in the States Assembly, matters relating to the recovery of depositors' money are the concern of the Royal Court-appointed Joint Liquidators. The Council would also point out that political responsibility for the Guernsey Banking Deposit Compensation Scheme rests with the Commerce & Employment Department, and not the Policy Council.