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FSCS or safeguarded? Where UK small-business money actually sits

Of the 31 UK business account plans in the Bank Solutions dataset, 22 are deposit accounts at FSCS-protected banks and 9 are e-money products whose customers rely on safeguarding rather than compensation - this report sets out what each regime does, in the regulators' and providers' own words.

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KEY FINDINGS

1. Of the 31 UK business account plans from 16 providers in the Bank Solutions dataset (checked 5 September 2026), 22 are offered by 13 banks and 9 by three e-money institutions - ANNA Money, Tide and Wise Business.
2. All 22 bank plans publish FSCS protection wording; 5 of the 9 e-money plans (ANNA Money and Wise Business) publish that funds are not FSCS-protected, and the other 4 (Tide) depend on whether the member holds a ClearBank-powered account or a legacy PrePay Technologies e-money account.
3. The FSCS deposit limit is £120,000 per eligible person per bank, building society or credit union, up from £85,000 on 1 December 2025; 20 of the 31 plans' own protection wording states the £120,000 figure, while Barclays, HSBC, Lloyds, NatWest and Starling link to an FSCS information sheet or marker without stating it.
4. The FSCS treats a limited company as a separate depositor from its director, but aggregates a sole trader’s business and personal accounts at the same bank under a single £120,000 limit.
5. E-money institutions safeguarded approximately £26bn of customer funds in 2024, up from £11bn in 2021, and for payments firms that became insolvent between Q1 2018 and Q2 2023 the FCA found an average shortfall of 65% in funds owed to clients (PS25/12).

6. The FCA's Supplementary safeguarding regime came into force on 7 May 2026, requiring reconciliations at least once each reconciliation day, a monthly safeguarding return to the FCA, an annual safeguarding audit for firms above a £100,000 threshold, and a resolution pack.

Why this matters

A business current account balance is one of two legally different things: a deposit with a bank, building society or credit union, or electronic money issued by an e-money institution (EMI). Both come with a sort code and account number, a card and Direct Debits. The difference only becomes visible on the day the provider fails.

If the provider is a UK-authorised bank, the Financial Services Compensation Scheme (FSCS) says it will "automatically compensate you up to £120,000 per eligible person, per bank, building society or credit union". The money comes from the scheme, not from what is left in the failed firm.

If the provider is an EMI, there is no compensation scheme. The Financial Conduct Authority's (FCA) consumer page puts it in one sentence: "if your non-bank payment provider goes out of business, your money won't be protected by the Financial Services Compensation Scheme (FSCS)." Instead the firm must have kept customer money apart from its own - "safeguarding" - so that an administrator or liquidator can return it. The FCA describes that return plainly: "it may not be the full amount, as some costs could be taken by the administrator or liquidator of the firm", and customers "may take some time to receive" what is due.

The FCA's own figures explain why it has tightened this second regime. Policy statement PS25/12 (August 2025) records that "E-money institutions safeguarded approximately £26bn of relevant funds in 2024, an increase from £11bn in 2021", and that "For firms that became insolvent between Q1 2018 and Q2 2023, there was an average shortfall of 65% in funds owed to clients (difference between funds owed and funds safeguarded)." Those are sector-wide figures; the FCA does not break them out for business accounts.

This report is information, not advice. It sets out the two regimes in the regulators' words, then records which applies to each of the 31 business account plans in the Bank Solutions dataset, using each provider's own wording.

What the FSCS covers

The limit and when it changed. Eligible deposits are protected “up to £120,000 per eligible person, per bank, building society or credit union”. The FSCS deposit-limit page records: “On 1 December 2025 the FSCS deposit protection rose to £120,000.” Before that, “Between 1 January 2017 and 30 November 2025, the deposit compensation limit was £85,000.” The Prudential Regulation Authority sets the limit and, in the FSCS’s words, “is required to review the FSCS deposit compensation limit periodically and at least every five years”; it “consulted on a proposed increase to the deposit compensation limit in March 2025 and confirmed its final rules in November 2025”.

Per person, per licence. The limit attaches to the authorised firm, not the account or the brand: “If you have money in multiple accounts with multiple banks that are part of the same banking group (and share a banking licence) we have to treat them as one bank. This means that in the event of a firm failure, our £120,000 compensation limit applies to the total amount you hold across all these accounts, not to each separate account.” Two providers in the dataset publish exactly this kind of notice: Virgin Money, whose protection is on “combined eligible deposits with Virgin Money and Nationwide up to £120,000”, and The Co-operative Bank, which states that if its proposed transfer to Coventry Building Society completes “you will have a single FSCS protection limit of £120,000 which will apply to your eligible deposits with the Bank, smile and the Society”.

Temporary high balances. The FSCS also protects “certain qualifying temporary high balances up to £1.4 million for six months from when the amount was first deposited”. Its examples are personal events - “selling a home or receiving an inheritance” - and such claims “will take longer”.

Sole traders, companies and partnerships. The FSCS small-business page states: “We generally protect companies’ deposits, regardless of the size of the company.” A limited company is a separate depositor from its director: where both bank with the same failed firm, “the business can claim up to £120,000 for its business account, and you can separately claim up to £120,000 in relation to a personal account.” A sole trader is not: “your business and personal accounts would be aggregated together, and you could only be able to claim up to £120,000 in total” - or, in the FSCS’s worked example, “Mr Smith trading as Smith Motors” gets one claim, not two. Partnerships are one claimant: “where the joint account is held by two or more business partners, only one £120,000 limit is available in relation to the business account.” And “Most types of regulated financial services company are not eligible.”

What e-money safeguarding is

The statutory duty. Safeguarding is a requirement of the Electronic Money Regulations 2011 (EMRs). Regulation 20(1): “Electronic money institutions must safeguard funds that have been received in exchange for electronic money that has been issued.” Regulation 20(2): “Relevant funds must be safeguarded in accordance with either regulation 21 or regulation 22.” Funds received by payment instrument “must be safeguarded by the end of five business days after the date on which the electronic money has been issued” (regulation 20(4)).

Option 1 - segregation (regulation 21). “An electronic money institution must keep relevant funds segregated from any other funds that it holds.” Funds still held at the end of the business day after receipt must be placed in a separate account with an authorised credit institution or the Bank of England, or invested in “secure, liquid, low-risk assets” with an authorised custodian. The account must be designated as a safeguarding account, no other person may have an interest in or right over the funds, and the credit institution cannot be in the EMI’s own group.

Option 2 - insurance or guarantee (regulation 22). Alternatively the funds are covered by “an insurance policy with an authorised insurer; a comparable guarantee from an authorised insurer; or a comparable guarantee from an authorised credit institution”, again from outside the group, with proceeds payable into an account “designated in such a way as to show that it is an account which is held for the purpose of safeguarding relevant funds”.

On insolvency (regulation 24). Segregated funds, assets and insurance proceeds form an “asset pool”, and “the claims of electronic money holders are to be paid from the asset pool in priority to all other creditors”. Those claims are not subject to the general expenses of the insolvency “except in respect of the costs of distributing the asset pool” - the statutory basis for the FCA’s warning that “some costs could be taken by the administrator or liquidator”. If the pool is short, nobody makes good the difference.

The FCA’s 2026 changes. In PS25/12, published on 7 August 2025, the FCA confirmed its Supplementary Regime. Paragraph 2.33: “The Supplementary Regime, and related amendments to the Approach Document, will come into force on 7 May 2026”, after the FCA “increased the implementation period before the rules come into force from 6 to 9 months”. The rules (CASS 10A, CASS 15, SUP 3A and SUP 16.14A) require payments and e-money firms to:

- “Perform safeguarding reconciliations at least once each day, other than weekends, public holidays and days when relevant foreign markets are not open” (paragraph 2.21);
- “Maintain a resolution pack” of the documents and records that “would help achieve a timely return of relevant funds to customers should the payments firm enter an insolvency procedure” (paragraph 2.21);
- “arrange annual audits of their safeguarding compliance, carried out by a qualified auditor” (paragraph 2.22), unless the firm “has not been required to safeguard more than £100,000 of relevant funds at any time over a period of at least 53 weeks”;
- “submit a new monthly regulatory return to the FCA relating to their safeguarding arrangements” (paragraph 2.22) - “within 15 business days of the end of each calendar month”, per the FCA’s firms page.

The FCA calls this an interim stage; PS25/12 also sets out a “Post-Repeal Regime” for when the EMRs are replaced, and legislation.gov.uk lists a pending revocation (2023 c. 29, Schedule 1 Part

2) not yet in effect. None of it makes safeguarded money equivalent to an FSCS deposit: the regime is designed to make shortfalls smaller and returns faster, not to compensate.

The comparison dataset: banks and e-money institutions

The Bank Solutions dataset was read on 5 September 2026 and holds 31 UK business current account plans from 16 providers. Each plan is classified as `bank` or `emi` from the provider's own wording, which the `fscs_note` field records verbatim with its source page.

Regime split. 22 plans are bank deposit accounts from 13 providers: Allica Bank, Barclays, HSBC, Lloyds, Metro Bank, Mettle (NatWest), Monzo Business, NatWest, Santander, Starling Bank, The Co-operative Bank, Virgin Money and Zempler Bank. 9 plans are e-money products from 3 providers: ANNA Money (4), Tide (4) and Wise Business (1).

What providers say. All 22 bank plans carry FSCS wording. 5 of the 9 e-money plans - all four ANNA Money plans and Wise Business - are recorded as not FSCS-protected on the providers' own statements. The 4 Tide plans are recorded as `null`: Tide's pricing page describes two arrangements for different members, so protection depends on which account a member holds.

Who states the figure. 20 of the 31 plans' protection notes quote £120,000 - 15 bank plans, plus 5 e-money plans quoting it about a partner bank (Tide's four about ClearBank; ANNA Money's Free plan about a separate Griffin Bank savings product). 5 of the 13 banks - Barclays, HSBC, Lloyds, NatWest and Starling, 7 plans between them - carry an FSCS marker or link to an information sheet without stating a figure.

The mixed cases. Three providers do not fit one label:

- *Mettle (NatWest)* is a bank account - "provided by National Westminster Bank plc trading as Mettle" - but the same fee page states, for its legacy product: "The Mettle e-money account is provided by PPS ... Financial Services Compensation Scheme (FSCS) protection does not apply to electronic money institutions."
- *Tide* is an EMI ("Tide is not a bank", FRN 900843) whose current accounts are held with a bank: they are "powered by ClearBank Ltd (FRN: 754568) ... Eligible deposits are protected up to £120,000 per depositor by the FSCS, across all accounts with ClearBank." But "Some Tide members hold e-money accounts (sort code: 23-69-72) powered by PrePay Technologies Limited (PPT) (FRN: 900010)", which are safeguarded rather than FSCS-protected. "Across all accounts with ClearBank" is the shared-licence rule in action.
- *ANNA Money* is e-money - funds "are safeguarded in accordance with the Electronic Money Regulations 2011 and are not protected by the Financial Services Compensation Scheme (FSCS)", issued by PayrNet Limited (FRN 900594) - with a separate savings product via Griffin Bank described as FSCS-eligible up to £120,000.

Wise Business is the plainest e-money case: “Wise Payments Limited is authorised as an Electronic Money Institution (EMI)” (registration number 900507) and describes the money as “Safeguarded: Your money is diversified and held with a secure group of financial institutions.” The FSCS is not mentioned on the pages read.

Providers by regime

PROVIDER (PLANS)	REGIME	PROTECTION WORDING AS PUBLISHED BY THE PROVIDER, RECORDED 5 SEPTEMBER 2026	SOURCE
Allica Bank (1)	Bank	“All our current accounts and savings accounts are covered by the Financial Services Compensation Scheme (FSCS) … any eligible deposit of up to £120,000 will be protected.”	Fees and limits
Barclays (1)	Bank	“FSCS Protected” marker on the product page; limit not stated on the tariff PDF.	Tariff
HSBC (2)	Bank	HSBC UK Bank plc; links to its FSCS information sheet. Limit not stated in the price list.	Price list
Lloyds (1)	Bank	Lloyds Bank plc; product page links to “more about FSCS”. Limit not stated on the pages read.	Charges
Metro Bank (1)	Bank	“Deposits are protected by the Financial Services Compensation Scheme up to £120,000 for eligible businesses.”	Summary
Mettle (NatWest) (1)	Bank; legacy e-money noted	“This account is protected by the Financial Services Compensation Scheme (FSCS). This means eligible deposits are protected up to £120,000.” Legacy: “The Mettle e-money account is provided by PPS … FSCS protection does not apply to electronic money institutions.”	Fee document
Monzo Business (3)	Bank	“FSCS protection up to £120,000 on eligible deposits”; “£120,000 per depositor per bank”.	Fee information
NatWest (2)	Bank	“FSCS deposit protection (eligibility criteria apply)”; information sheet linked.	Charges
Santander (1)	Bank	“With the Financial Services Compensation Scheme, your business’s money is covered for up to £120,000.”	Key facts
Starling Bank (1)	Bank	FSCS logo and leaflet on the product page; limit not stated on the page read.	Business account
The Co-operative Bank (3)	Bank; shared limit if transfer completes	“you will have a single FSCS protection limit of £120,000 which will apply to your eligible deposits with the Bank, smile and the Society” (proposed transfer to Coventry Building Society).	Tariff

PROVIDER (PLANS)	REGIME	PROTECTION WORDING AS PUBLISHED BY THE PROVIDER, RECORDED 5 SEPTEMBER 2026	SOURCE
Virgin Money (2)	Bank; shared limit with Nationwide	"protection on your combined eligible deposits with Virgin Money and Nationwide up to £120,000."	Tariff guide
Zempler Bank (3)	Bank	"FSCS protection up to £120,000 on eligible deposits: Yes".	Pricing
ANNA Money (4)	E-money	"Funds in your main ANNA account are safeguarded in accordance with the Electronic Money Regulations 2011 and are not protected by the Financial Services Compensation Scheme (FSCS)." Issued by PayrNet Limited (FRN 900594).	Pricing
Tide (4)	E-money; accounts held with ClearBank	"Tide is not a bank." Accounts "powered by ClearBank Ltd (FRN: 754568) … protected up to £120,000 per depositor by the FSCS, across all accounts with ClearBank." Legacy accounts "powered by PrePay Technologies Limited (PPT) (FRN: 900010)" are safeguarded, not FSCS.	Pricing
Wise Business (1)	E-money	"Wise Payments Limited is authorised as an Electronic Money Institution (EMI)" (900507); "Safeguarded: Your money is diversified and held with a secure group of financial institutions." FSCS not mentioned.	Pricing

What a business owner can check

The FCA Financial Services Register (register.fca.org.uk) is, in the FCA's words, "a public record of firms, individuals and other bodies that are, or have been, authorised by us or the PRA". Searching by the Firm Reference Number printed in the provider's small print, rather than by brand, shows which legal entity holds the money: Tide's footer lists three FRNs (900843, 754568 and 900010), ANNA Money's lists PayrNet (900594), Wise gives 900507. The entity holding the money, not the brand on the card, determines the protection.

The FSCS bank and savings protection checker (fscs.org.uk/check) asks for the bank's name, the account-holder type - "charity/limited company" is an option - and the amount, and returns whether the money is protected, up to how much, and the firm's FRN. It flags when "some of the banks you've selected share the same banking license and are part of the same banking group", which "share protection limits across all the accounts within the banks in that group". For an "electronic money institution or authorised payment institution" it says FSCS protection does not apply.

The provider's own footer and legal pages. Every e-money provider in the dataset states its status on its pricing or legal pages, in recognisable phrases: "is not a bank", "authorised … under the Electronic Money Regulations 2011", "safeguarded", "powered by" or "provided by" a named partner. Banks say "FSCS" and, in 15 of the 22 bank plans here, the £120,000 figure; where a page only shows the FSCS logo, the linked information sheet gives the limit.

Method and limits

The dataset. `accounts.json`, generated 5 September 2026, records 31 UK business current account plans from 16 providers. Every field, including `type` and the `fscs_note` wording quoted here, was read that day from the provider's own tariff, fee-information document, key-facts document or pricing page named in `source_url`. Nothing is estimated or taken from third-party sites. `fscs_protected` is `true` for the 22 bank plans, `false` for the 5 ANNA Money and Wise Business plans, and `null` for the 4 Tide plans.

Excluded. Revolut Business (HTTP 403 on every pricing URL tried), HSBC Kinetic (404 and an unreadable JavaScript shell) and Starling's Sole Trader account (HTTP 403) could not be read on the day. Their absence is a limit of the reading, not a judgement.

Regulatory sources. FSCS pages, the EMRs on legislation.gov.uk (shown as up to date at 3 September 2026) and FCA pages were read on 5 September 2026. The FCA consumer page was last updated 8 January 2026 and its firms safeguarding page 7 May 2026; PS25/12 was published 7 August 2025. Where two FSCS pages word the same fact differently, both are quoted as published.

Not assessed. Which safeguarding option each EMI uses, which banks hold its funds, whether insurance or a guarantee is in place, how quickly funds would be returned, and any provider's financial strength. The FCA's shortfall and sector figures cover payments and e-money firms as a whole and are not published for business accounts. Whether a balance is an "eligible deposit", and a business an eligible depositor, depends on the FSCS rules and the facts of the account, which only the FSCS or the provider can confirm.

Scope and status. Written for UK sole traders, partnerships and limited companies. Information, not advice; nothing here is a recommendation to open, close or move an account. Regulated advice is available from an FCA-authorised adviser or a qualified accountant. Errors are corrected in place with a dated note via the "Report an error" route on this page.

Sources

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Figures are as published by each provider on the dates stated. The dataset and every subsequent change are public at www.banksolutions.uk/tariff-changes/. Information, not advice.