

## **Subject: How your money is protected**

Dear Customer,

We're writing in response to a recent initiative by the UK financial services regulatory body, the Financial Conduct Authority (FCA), to ensure that you are clear in how your money is protected.

As you're probably aware, your Multi-currency Cash Passport account is an e-money account provided by Prepay Technologies Limited (trading as PPS), which also issues the e-money loaded on your account. PPS is authorised and regulated by the FCA for the issuance of e-money and provision of payment services. This means that it can offer services that allows you to make and receive payments, including using a Mastercard card that is linked to your account.

An e-money account can look and feel like a traditional bank account and some e-money account holders may assume that the protection provided for the money held in it are protected in the same way. E-money and traditional bank accounts both protect their customer money but they do this in different ways.

We wanted to reach out to talk to you about how PPS protects your money. **Don't worry there is nothing you need to do.** We just want to make you aware of this.

### **How your money is protected**

As an e-money institution, PPS protects your money through a process known as safeguarding.

This means that your money is kept separate from PPS's own money or protected through an insurance policy or similar guarantee.

Your safeguarded money is not available to any creditors, banks or other third parties. This means that your money will always be available should you ask us to refund your e-money.

PPS is required to undergo annual independent audits of safeguarding procedures to ensure that your safeguarded money is properly protected.

Banks are required by the regulators to participate in the Financial Service Compensation Scheme (FSCS). The FSCS acts like an insurance policy for bank accounts and pays out up to a maximum of £85,000 per eligible person, per bank, building society or credit union or up to £170,000 for joint accounts in the event of the bank or building society becoming insolvent.

E-money issuers are not able to participate in FSCS and therefore your account is not protected by FSCS. In contrast, safeguarding applies to all customers, with no defined limit per customer or account (besides our normal maximum account balance). Which means all your money within your Cash Passport account is protected. In the very unlikely event of PPS becoming insolvent, the return of your money might take longer than an FSCS claim because the distribution would be handled by an insolvency practitioner or administrator. It's worth noting that because the administrator can deduct their costs from this money, you might get slightly less than your full account balance back.

### **Where to find out more**

You can head to the FCA's website to find out more about the main differences between banks and e-money firms here <https://www.fca.org.uk/consumers/using-payment-service-providers> or for more information on safeguarding requirements here <https://www.fca.org.uk/firms/emi-payment-institutions-safeguarding-requirements>.

If you have any further questions in relation to this letter, please email us at [cardservices\\_prepaid@mastercard.com](mailto:cardservices_prepaid@mastercard.com) or you can call us on 0800 056 0572, we are available 24/7.

Kind Regards,

The Card Services Team