

RECOVERING MONEY FROM DISSOLVED REGULATED FIRMS

If you have ever lost money due to a firm's downfall, understanding your rights can help you navigate the recovery process effectively.



Using the Financial Services Compensation Scheme (FSCS)

Why Dissolved Firms Are a Different Case

If you've lost money with a regulated firm that has since been liquidated, gone bankrupt, or simply closed down, the path to compensation looks very different. On the surface, this may seem harder—but in many ways, it can actually be easier.

The reason is simple: there's nobody left to defend the claim.

When you complain about an active firm, you're effectively taking money from their pocket—or their insurer's. That creates resistance. With dissolved firms, there's no board of directors, no compliance team, no advisers left to push back. The business has vanished. That means your claim is directed to the Financial Services Compensation Scheme (FSCS).

The FSCS acts as a safety net for investors, funded by the rest of the financial services industry. And because the FSCS exists specifically to protect clients of failed firms, it is often far more willing to pay out.

The Big Advantage: No Defence

Think of it like a courtroom. Normally, you're the prosecutor, the firm is the defence, and the Ombudsman or regulator plays the judge. With dissolved firms, there is no defence lawyer. You're presenting your case directly to the judge, who only has your evidence to go on.

This dramatically increases your chances of success.

That said, there are still two hurdles:

1. **Time limits** – Claims are usually subject to a six-year limit, although there can be exceptions.
2. **Documentation** – Because you can't issue a Subject Access Request (SAR) to a company that no longer exists, you won't get the full set of documents that you would against an active firm.

But here's the trade-off: while you may have less evidence, you also face zero opposition. And the FSCS still has a duty to treat you fairly and examine your case on the balance of probabilities.

What Evidence Do You Need?

While you can't rely on a dissolved firm to provide records, you don't need a perfect paper trail. Reasonable notes, contracts, or proof of transactions will often suffice. Some useful items include:

- Copies of Know Your Client (KYC) forms or risk assessments
- Old contract notes or statements
- Bank transfers showing payments to the firm
- Email correspondence or promotional brochures
- Notes of meetings or phone calls

The FSCS knows that many investors will not have perfect records, particularly if the firm collapsed years ago. Their threshold for evidence is much lower than in a typical Ombudsman case.

The Role of the FSCS

The FSCS doesn't have its own pot of gold. Instead, it collects money from regulated firms across the industry each year. When a claim is approved, payouts are funded by the wider industry.

This creates a strong incentive for the FSCS to actually pay claims—otherwise, its very existence would be pointless. If no money ever flowed to claimants, why would investors or regulated firms tolerate its costs?

In practice, the FSCS regularly pays out hundreds of millions of pounds each year. A classic example is Pacific Continental, a firm notorious for selling penny shares in the 1990s. When it collapsed, the FSCS paid out more than £350 million to investors. The firm itself didn't pay a penny—the entire compensation was funded by the scheme.

Types of Investments Covered

If you invested in products such as:

- CFDs or spread betting
- Penny shares or principal dealing
- Pension advice or transfers
- IPOs or unlisted securities
- Leverage-based products (e.g. T20s or extended settlement trading)

...then there's a strong chance you may be eligible for compensation. Even with more straightforward products like equities or bonds, you could still have a claim if the advice was unsuitable. For example, being placed 100% into equities when your circumstances required a more balanced approach (e.g. 50% equities, 50% bonds).

Why the FSCS Often Pays Out

Unlike an Ombudsman case, the FSCS is not adversarial. You are not fighting a living firm. Instead, the FSCS acts almost like a judge reviewing your file. If your evidence demonstrates that you were a client of the dissolved firm and suffered financial loss due to poor or unsuitable advice, the FSCS can and often does award compensation.

Remember: the FSCS has hundreds of millions of pounds ready to be distributed each year. If you don't make a claim, that money simply sits there or is absorbed back into the system. In many ways, they are looking for valid claims to justify their existence.



The Challenges

While the advantages are clear, there are still some challenges to bear in mind:

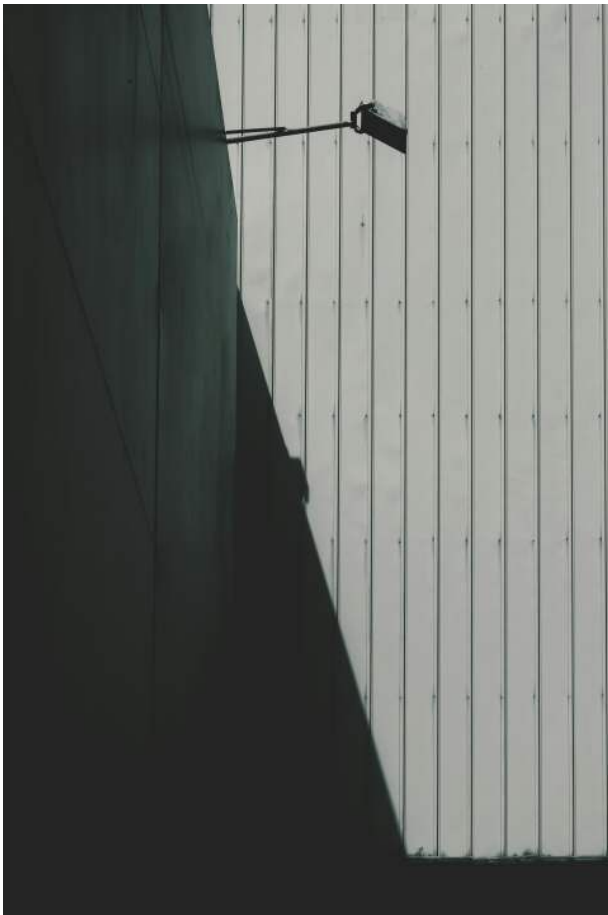
- **Time-Barred Claims** – If more than six years have passed since the event, your claim may be restricted, although exceptions exist.
- **Poor Documentation** – Without access to the firm's internal files, your claim rests heavily on your own evidence.
- **Patience Required** – FSCS claims can take months to process, especially during periods of high volume.



The Opportunity for Investors

The key message is this: don't assume that because a firm has vanished, your money has gone forever. The FSCS is designed for exactly these situations.

If you invested in high-risk products, speculative shares, complex derivatives, or pension advice that turned out to be unsuitable, there's a realistic chance of recovery—sometimes even years later.



The process is less about fighting and more about presenting what you have. And because there is no defence, the playing field is tilted firmly in your favour.

Conclusion

Losing money with a firm that has since dissolved can feel like the end of the road. But in reality, it can open a new door. The FSCS exists to protect investors just like you, and history shows that it pays out substantial sums to those who make claims.

If you have notes, contracts, or even basic evidence of your dealings, it may be enough.

The absence of a defence, the existence of a compensation fund, and the lower burden of proof all combine to give you a medium-to-high likelihood of success.

Don't leave money on the table.

The FSCS is funded for this very purpose. If you don't claim, the money simply goes elsewhere.

RECOVERING MONEY FROM DISSOLVED REGULATED FIRMS ...

Uncover the hidden potential for recovering your lost investments from dissolved regulated firms. With no opposition to contest your claims, the FSCS offers a unique opportunity for investors to reclaim their money—even years after a firm's collapse.

If you have any documentation of your dealings, you might just find that those lost funds are waiting for you.

