



SpringGen

POWERED BY
Acumen
Financial Planning

What happens if....

What happens to my money and investments if SpringGen Advice Ltd goes out of business?

There are four parties involved in the investment chain:

Client



SpringGen Advice Ltd



Custodian Platform



Fund Managers

There are long-established protections in place all along this chain to protect your money and your investments.

Every FCA regulated business is required by law, to segregate client money and their own money.

SpringGen does not hold client funds. We facilitate fund transfers from clients to Custodian Platform and back again as investments are made or withdrawn. We are very financially secure, but if for whatever reason we went into liquidation, (which is highly unlikely, but let's explore the possibility) your money and investments will be unaffected.

In this very unlikely event, you will need another advisor who is qualified to take over from ourselves in which case the safest places for you to turn are the [CIS](#) or [CII](#) websites to look for an Accredited and Chartered firm similar to ours, to continue where we left off.

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Custodian Platform

[Transact](#), [Quilter](#) and [AJ Bell](#), as well as all other platforms by law must keep their own business finances entirely separate from their client funds. Effectively there are two silos – one for client money and one for the Platform's own money. In the event of a Platform or Custodian failing, creditors have zero call on the “client money” silo, and therefore client money is protected. This is why, when a client transfers money to Transact for instance, we provide the account number and sort code of the Transact “Client Account” bank account.

If for whatever reason a Platform or Custodian went into liquidation (which is highly unlikely but let's explore the possibility) your money and investments will be unaffected. In this very unlikely event, you will need another Platform which we will facilitate for you and we will arrange for the alternative platform to receive your entire portfolio from the administrators of Transact. We and the new Platform will continue where Transact left off.

Investment Funds and Investment Companies

We only invest in large funds that are daily priced – in other words very liquid. Fund Management Companies are also Regulated by the FCA and so too keep their own business finances entirely separate from client funds. So, if for example, [Dimensional](#) went into liquidation, our next action would be to contact the FCA to see which company they have authorised to take over the funds that Dimensional managed up to then. Again, you will not lose a penny.

What are the differences in consumer protection between Bank deposits and Investments?

The relationship between a bank and its depositors is very different from that of an investor and fund manager.

If you deposit money with a bank, that money is invested by the bank, often into loans to businesses or individuals. These loans are assets owned by the bank, not by the depositor. Your deposit with the bank, therefore, becomes a liability to them i.e. they owe you that money and will pay it back to you on demand. This protects you if the bank's investments go bad.

If too many of the bank's investments go bad and the bank goes out of business, then the depositors become creditors. This means that the liquidators will try to pay back the money owed to the depositors from the realisation of its assets, but this may not be possible and that's when the Financial Services Compensation Scheme (FSCS) becomes invaluable. This scheme is underwritten by the UK government and will protect the first £85,000 of money deposited with a licenced UK bank.

The main difference, therefore, between money in a bank account and money invested within a mutual fund is that banks hold your money on their balance sheet. A fund manager must keep your money entirely separate from their balance sheet, and of course, money invested in well-run fund will be diversified across many different assets.