



1. What Is A Credit Union?

Credit Unions are regulated not-for-profit, member-owned (mutual), financial service co-operatives, and can best be described as organisations that encourage their members to save together and lend to each other responsibly. This allows these members the opportunity to gain greater control over their finances.

2. What do credit unions and banks/ building societies have in common?

A Credit Union is like a bank in many ways.

- You can save
- You can borrow money
- You can take out a mortgage etc

3. How do credit unions differ from banks and building societies?

Here is a breakdown of the main differences that set credit unions apart:

- **Credit Unions believe in the creation of wealth, not debt.**
- Credit Unions have **NO** external shareholders
- All profit is distributed amongst all members at the end of each financial year
- Select members have the opportunity to save directly from their payroll
- All members who join a credit union immediately own a share of it
- Credit unions are restricted as to how high they are allowed to charge interest
- All UK credit unions are regulated by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA).

4. What are the advantages when saving with a school based Credit Union ?

There are a number of advantages when saving with a school based Credit Union:

- Students take responsibility for and experience paying in their own money helping to create a positive attitude towards regular saving.
- Easy pay in - just bring money and membership number to school on the assigned day.
- Although there is no set monthly interest, a dividend is paid once a year and because there are no shareholders like there are in a bank, the profit made by Capital Credit Union gets split amongst their account holders (us). This should be more than we would receive from a bank.
- When the student reaches 18 years of age they have the advantage of having a positive credit history as opposed to no credit history at all (if saving with a bank).
- Accounts can be viewed online at www.capitalcreditunion.com

5. What makes credit unions ethical?

The primary driving force behind the credit union movement is to offer non-exploitative, competitive financial services to individuals from all walks of life, regardless of their social status and economic background.

This ethos is very much reinforced by the concept of self-help. All credit unions require their members to commit to saving on a regular basis. This is in order for credit union members to help themselves secure their own long term future by encouraging them to gather healthy funds through saving.

(At Forrester your child does not need to pay money in every time. When they do pay in it does not need to be a set amount. All we want is to encourage students to save).

6. Who regulates credit unions and how?

Capital Credit Union Ltd is authorised by the Prudential Regulation Authority and regulated by the FCA (Financial Conduct Authority) and the PRA (Prudential Regulation Authority). Firm registration number 213575. As a consequence, we are required to send regular financial reports to the FCA and PRA and to operate under the same rules and regulations as every high street bank or building society.

The credit union is required by law to maintain an insurance policy to protect the credit union and its members against fraud or theft. An external auditor carries out an annual inspection of the credit union's business and reports to the membership at the Annual general meeting each year.

In addition the credit union is also a member of the Financial Ombudsman Service and the FSCS (Financial Services Compensation Scheme).

7. What is the Financial Ombudsman Service?

The Financial Ombudsman Service has been set up by law to help settle individual disputes between consumers and financial firms.

The Financial Ombudsman Service will only look at complaints if the firm has had the opportunity to investigate the complaint first and provide a response.

If you are not happy with a final response given to a complaint or if no final response has been provided within an 8-week period from the date of initial complaint, you are eligible to contact the Financial Ombudsman Service and request that they investigate the matter on your behalf. No charge will be made for this and any decisions made will be binding on the financial institution concerned. Further information on the Financial Ombudsman Service can be found at www.financial-ombudsman.org.uk

8. What is the Financial Services Compensation Scheme?

The credit union is a member of the FSCS (Financial Services Compensation Scheme). This scheme provides a safety net if a bank, building society or credit union should fail. If the worst should happen, the FSCS is able to provide compensation to ensure that you do not lose all of your savings. Under the scheme, 100% compensation for all savings up **to £85,000 is provided**. This is the same level of cover provided for banks and building societies.