



Banking Act 1979

1979 CHAPTER 37

PART II

THE DEPOSIT PROTECTION SCHEME

Payments out of the Fund

29 Protected deposits

- (1) Subject to the provisions of this section, in relation to an institution falling within subsection (1) of section 28 above, any reference in this Act to a depositor's protected deposit is a reference to the total liability of the institution to him, limited to a maximum of £10,000, in respect of the principal amounts of sterling deposits made with United Kingdom offices of the institution.
- (2) For the purposes of subsection (1) above, no account shall be taken of any liability unless proof of the debt which gives rise to it has been lodged with the liquidator of the insolvent institution or, in the case of an institution which is—
 - (a) a body corporate formed under the law of a country or territory outside the United Kingdom,
 - (b) a partnership whose principal place of business is in such a country or territory, or
 - (c) any other unincorporated institution formed under the law of another member State,unless an act has been done which appears to the Board to correspond under the law of that country or territory or, as the case may be, under the law of that member State with the lodging of such a proof with the liquidator of the institution.
- (3) The Treasury, after consultation with the Board, may by order made by statutory instrument amend subsection (1) above so as to substitute for the sum for the time being specified in that subsection such larger sum as may be specified in the order; and no such order shall be made unless a draft of it has been laid before Parliament and approved by a resolution of each House.

Status: This is the original version (as it was originally enacted). This item of legislation is currently only available in its original format.

- (4) The reference in subsection (1) above to the principal amount of a sterling deposit includes any interest or premium which has been so credited to the deposit in question as to constitute an accretion to the principal.
- (5) In determining the total liability of an institution to a depositor for the purposes of subsection (1) above, no account shall be taken of any liability in respect of a deposit if—
- (a) it is a secured deposit; or
 - (b) it is a deposit which had an original term to maturity of more than five years ;
or
 - (c) the institution is no longer recognised or licensed and the deposit was made after it ceased to be either recognised or licensed, unless, at the time the deposit was made, the depositor did not know and could not reasonably be expected to have known that the institution was no longer recognised or licensed.
- (6) Unless the Board otherwise direct in any particular case, in determining the total liability of an institution to a depositor for the purposes of subsection (1) above, there shall be deducted the amount of any liability of the depositor to the institution—
- (a) in respect of which a right of set-off existed immediately before the institution became insolvent against any such sterling deposit as is referred to in subsection (1) above, or
 - (b) in respect of which such a right would then have existed if the deposit in question had been repayable on demand and the liability in question had fallen due.
- (7) In its application to this section and sections 30 and 31 below, subsection (5) of section 1 of this Act shall have effect—
- (a) with the omission of paragraphs (b) and (c), and
 - (b) as if the reference in paragraph (a) to a loan made by the Bank, a recognised bank or a licensed institution did not include a loan made by any of those bodies as trustees,
- and any reference in this Part of this Act to a protected deposit or, in the context of such a deposit, to a depositor shall be construed accordingly.