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STATUTORY INSTRUMENTS

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**1995 No. 1442**

**The Credit Institutions (Protection  
of Depositors) Regulations 1995**

**Part IV**

**Amendments of Part IV of 1986 Act**

**Liability of insolvent institution in respect of payments made by Board**

**41.**—(1) For subsection (1) of section 28 of the 1986 Act<sup>(1)</sup> (liability of insolvent society in respect of payments by Board) there shall be substituted the following subsection—

“(1) This section applies where—

- (a) a participating institution becomes insolvent, and
- (b) the Board, by reason of the insolvency, has made, or is under a liability to make, an insolvency payment to an investor in respect of his protected investment.”

(2) In subsection (2) of that section—

- (a) after the words “Where this section applies” there shall be inserted the words “in respect of an institution that is being wound up”;
- (b) for the words “insolvent society” there shall be substituted the word “institution”;
- (c) for the words “the society”, in each place where they occur, there shall be substituted the words “the institution”;
- (d) for the words “became insolvent” there shall be substituted the words “began to be wound up”; and
- (e) for the words “insolvent building society” there shall be substituted the word “institution”.

(3) In subsection (3) of that section, for the word “society's” there shall be substituted the word “institution's”.

(4) After subsection (5) of that section there shall be inserted the following subsections—

“(5A) Where this section applies in respect of an institution that is not being wound up—

- (a) the institution shall, at the time when the insolvency payment falls to be made by the Board, become liable to the Board for an amount equal to that payment; and
- (b) the liability of the institution to the investor shall be reduced by an amount equal to that payment.

(5B) Where a participating institution is wound up after it has become insolvent subsections (2) to (5) above shall not apply to any insolvency payment to the extent to which the Board has received a payment in respect of it by virtue of subsection (5A)(a) above.”

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(1) 1986 c. 53; section 28 was amended by the Insolvency (Northern Ireland) Order 1989 (S.I.1989/2405) (N.I. 19), article 381(2) and Schedule 9, Part II, paragraph 43.

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

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(5) In subsection (6) of that section, for the word “society” there shall be substituted the word “institution”.

(6) Subsections (7) and (8) of that section (which are superseded by regulation 43 below) shall be omitted.

(7) In subsection (9) of that section, after the words “this section” there shall be inserted the words “and section 29A(3) to (5)”.