

Xpress Money Services Limited ("Xpress")

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Frequently Asked Questions

Q. What is a Special Administration?

A. The Payment and Electronic Money Institution Insolvency Regulations 2021 ("Special Administration Regulations") were introduced to improve the process where a payment services or electronic money institution fails. A payment services or electronic money institution for these purposes is a firm which holds safeguarded funds and certain permissions from the Financial Conduct Authority ("FCA").

A Special Administration is similar to an ordinary administration; for example, it is subject to the supervision of the English High Court in London.

However, some of the key differences are detailed below. The Joint Special Administrators ("the JSAs") have to pursue three objectives:

- To ensure the return of relevant funds as soon as is reasonably practicable;
- To ensure timely engagement with payment system operators, the Payment Systems Regulator and the FCA; and
- To rescue the institution as a going concern or to wind it up in the best interests of the creditors.

There are a number of specific requirements in a Special Administration. For example, the JSAs are required to reconcile the safeguarded funds at the date of the Special Administration. Therefore, one of the JSAs' initial actions is to secure and quantify the relevant funds held in the asset pool(s) and to establish the claims that customers have against the asset pool(s). Following this, the JSAs can then develop a process to enable the distribution of the funds in the asset pool(s) to customers.

By law, the costs and expenses incurred returning relevant funds to customers are to be paid out of those relevant funds. Other costs and expenses of the Special Administration are paid out of the Company's own assets.

Q. Why did the FCA take action? / Why has Xpress entered Special Administration?

A. Xpress is part of a group of companies, headed by Finablr Plc ("Finablr"), which ceased substantive operations in March 2020. Xpress suspended its operations in March 2020 and, since June 2020, has had requirements imposed on it by the FCA which prevent it from conducting any regulated business. A petition to wind up Xpress was presented in June 2021. In addition, Xpress was itself unable to access its operational bank account rendering it unable to pay its debts as they fall due and was therefore insolvent. When first notified of the winding up petition in January 2022, the FCA considered that it was

appropriate to apply to court to appoint special administrators in order to prioritise the return of customer funds.

Q. Is Xpress still trading?

A. No. The company ceased all substantive operations in March 2020, and has had restrictions on its ability to conduct any regulated activities since June 2020.

Q. I am a customer of Xpress. Will I get my money back?

A. In the short term, you will not be able to transfer or otherwise use your funds held with Xpress – they are effectively frozen. The JSAs recognise that this may be a difficult position for customers to be put in. One of the JSAs' key objectives is to resolve this position as quickly as possible. The JSAs' immediate priority is to take control of any safeguarded funds and reconcile these. In the longer term, a plan will be developed to return the safeguarded funds to customers or transfer them to another provider. Further details on this are set out below.

We are currently unable to provide any further details on possible timings or the amount of any distributions. We will update creditors and customers in due course.

Q. Do I need to make a formal claim?

A. Yes, you will need to make a claim into the Special Administration. There will be a claims notification process following us writing to all customers and creditors. We will be in contact about this in due course.

In the meantime, should you wish to submit a claim in advance, you can download a claim form by going to the website <https://creditors.frapadvisory.com> and entering the case code X0030LON. Once completed and signed, you can email your claim form to us at Xpressenquiries@frpadvisory.com. Please note there are separate claim forms for customers of Xpress and creditors (explained further below).

Q. Am I a customer or a creditor?

A. We classify customers as those who used Xpress's payment services. We classify creditors as suppliers of the business (for example network partners, landlords and employees).

Q. Are my funds protected by the FSCS?

A. No. The Financial Services Compensation Scheme (FSCS) only applies to certain types of activity. This does not include electronic money or payment services. Further details of what is covered by the scheme can be found at <https://www.fscs.org.uk/>.

Under the Payment Systems Regulations, there are requirements on how customers' money should be protected and these requirements are known as 'safeguarding'.

Q. How did Xpress protect my funds?

A. When Xpress provided regulated payment services activities it was required to hold money separately from Xpress's own operating bank accounts specifically for those customers. These funds are known as "safeguarded funds". Safeguarding is a key consumer protection measure within the relevant regulations.

Q. Who is regulating the current activities being carried out by the Joint Special Administrators?

A. The JSAs are performing their duties in line with the Special Administration Regulations (and associated rules). As part of this, the JSAs are and will be in regular communication with the FCA in relation to the strategy and progress of the Special Administration. The JSAs are regulated by the Insolvency Practitioners Association. The Special Administration is subject to the oversight of the High Court of Justice of England and Wales.

It should be noted that Xpress remains authorised by the FCA and remains subject to the FCA's rules.

Q. When will I hear from the Joint Special Administrators?

A. The JSAs will correspond with all known customers in the coming days. All creditors (as distinct from customers) will also receive notification from the JSAs within 7 days of their appointment.

Q. Will I receive back all of my customer funds?

A. It is not possible to be certain at present to what extent, and when, safeguarded funds will be returned. This is dependent on, amongst other things, the extent of any shortfall in safeguarded funds identified and the quantum of costs and professional fees associated with distributing the safeguarded funds back to customers.

Being alert to scams

All customers should remain alert to the possibility of fraud. If you are cold called by someone claiming to be from Xpress, FRP Advisory or the FCA, please end the call and contact them directly.