Apex Insurance
Brokers

IPRU-INV 13.1

Reviewed by Matthew Bartlett, Director · Last reviewed 2026-06-22

The FCA's Interim Prudential Sourcebook for Investment Businesses (IPRU-INV) sets out the PI cover required of personal investment firms in chapter 13. The current rules at IPRU-INV 13.1.4R require, as the headline minimum, EUR 1.4 million each and every claim and EUR 2 million in the aggregate per year. The euro figures are converted into sterling at the rate set in the Insurance Distribution Directive (IDD) implementing legislation; the FCA Handbook explains the conversion mechanism.

WHAT THE RULES REQUIRE

IPRU-INV 13.1 applies to personal investment firms — most independent financial advisers (IFAs), wealth managers, and similar firms that advise retail clients on retail investment products. The cover must be on a comprehensive basis with no exclusion for ombudsman awards, and the policy excess (deductible) must not exceed certain thresholds set by reference to the firm's regulatory capital position.

THE AGGREGATE TRAP

The EUR 2 million annual aggregate is the limit that often catches IFAs by surprise. A firm that holds the regulatory minimum and has one EUR 1.4 million claim in the year has approximately EUR 600,000 left for any further claims that policy year. A small cluster of complaints — three medium-sized pension transfer claims, for example — can exhaust the aggregate quickly. Many IFAs buy substantially more than the minimum precisely because of the aggregate constraint.

THE DEDUCTIBLE CAP

IPRU-INV 13.1.10R restricts the firm's policy excess. Where the excess is above a threshold linked to regulatory capital, the firm must hold additional own funds in cash to meet the gap. This is intended to prevent firms from buying low-premium, high-deductible policies that cannot respond to small-value claims and leaving consumers without redress.

FOS EXCLUSIONS

The rules require the PI policy to cover awards by the Financial Ombudsman Service (FOS). Many PI policies in the wider market contain a regulatory or ombudsman exclusion; for an IFA, such an exclusion would breach IPRU-INV 13.1. Specialist IFA wordings include the FOS extension as standard, but firms moving between insurers should confirm the position.

DEFINED BENEFIT TRANSFER BUSINESS

Where a firm has, or has historically had, permissions to advise on defined benefit (DB) pension transfers, insurers typically apply a sub-limit, a separate excess, or a complete exclusion. The PI market for DB transfer advice tightened materially after

the FCA's intervention in the British Steel Pension Scheme matter and the subsequent FCA finalised guidance FG21/3 on advising on pension transfers. A firm with a small historic book of DB transfer advice may still face material claims today.

Our IFAs PI insurance guide covers the IPRU-INV 13.1 regime, the DB transfer position and the interaction with the FCA's Consumer Duty in detail. Firms that also hold insurance distribution permissions — for example, advising on protection products alongside investments — may want to read our insurance brokers PI insurance guide, which sets out the separate MIPRU 3.2 minimums that apply to those activities.

NOTIFICATIONS

IPRU-INV firms must notify circumstances to insurers promptly. The Consumer Duty (PRIN 2A) requires firms to act to deliver good outcomes for retail customers; where a firm identifies a systemic advice issue, prompt notification to the PI insurer is part of a sensible response, alongside the SUP 15.3.1R notification to the FCA.

CAPITAL AND THE THRESHOLD CONDITIONS

IPRU-INV 13 sits alongside the firm's regulatory capital requirement. PI is not a substitute for capital; it is a complement to it. A firm that is under-capitalised cannot rely on the PI policy to bridge the gap, and the FCA's threshold conditions in COND 2.4 require adequate financial resources independently of insurance.

RELATED PROFESSIONAL INDEMNITY GUIDES

- Ifas PI
- Insurance Brokers PI