

If you're stepping into the world of online forex trading or CFDs, terms like **FCA regulation**, **FSCS protection**, and deposit limits may sound confusing — especially when you see different compensation limits like **FSCS £85,000** versus £120,000 mentioned in broker literature. What's the real story behind these numbers? And which one should you trust when picking a *FCA regulated forex broker*?



In this in-depth guide, we'll unravel what FSCS protection really means for UK traders, focusing on key brokers such as **TIOmarkets (TIO Markets UK Ltd)**, **Plus500 (Plus500UK Ltd)**, and **IG Group**. We'll also cover how tools like **MetaTrader 5 (MT5)** and **MetaTrader 4 (MT4)** fit into your safety routine, plus practical tips on starting small and practising with demo accounts.

What Is FCA Regulation and Why Does It Matter?

The Financial Conduct Authority (FCA) is the UK's financial watchdog responsible for regulating firms that offer financial products and services, including forex and CFD trading platforms. When a broker is **FCA regulated**, it

means the company meets strict standards designed to protect retail clients. These standards cover:

- Financial solvency and capital adequacy
- Client money segregation
- Conduct of business rules
- Transparent disclosure of fees and risks

Whether you're considering **TIOmarkets (FCA Firm Reference Number (FRN): 717501)**, **Plus500UK Ltd (FRN: 509909)**, or **IG Group (FRN: 04008957)**, checking the FCA register is your first step toward verifying that the firm you trade with is legitimate. I always recommend doing this—avoid vague promises and salesy language until you confirm regulation status.

Understanding FSCS Protection – What Does It Cover?

One of the biggest safety nets for UK traders is the **Financial Services Compensation Scheme (FSCS)**. If your FCA regulated forex broker goes insolvent or is unable to return your money, FSCS compensation can reimburse eligible clients up to a certain limit. This is where the often-quoted £85,000 and £120,000 numbers cause confusion.

FSCS £85,000 vs £120,000 – What's the Real Limit?

Compensation Limit Applies To Details £85,000 Most retail clients Standard maximum FSCS protection for investments and cash held by an FCA regulated firm. This is the figure that applies to your trading funds with brokers like TIOmarkets, Plus500, and IG. £120,000 Template hull insurance claims and limited cases This higher figure applies to some specific insurance claims (not forex trading). Occasionally, it's mistakenly quoted by brokers or confused with other compensation limits.

So, for forex traders dealing with FCA regulated brokers, the real FSCS protection limit is £85,000 per person, per firm. Any cash or investments beyond that are not covered by FSCS.

What FSCS Protects in Forex Trading

- **Client money:** Your deposited cash held in segregated accounts should be safe and covered up to £85,000 if the broker fails.
- **Unrealised profits and positions:** Generally, these are not covered, as FSCS reimburses cash balances, not market exposure or losses from trading.
- **Exclusions:** Trading losses, platform bugs, or fraud unrelated to insolvency are not covered.

It's crucial to understand that FSCS is a safety net, not a protection against poor trading decisions or market volatility.

Minimum Deposits and Starting Small with FCA Regulated Forex Brokers

If you're new to forex trading, the temptation might be to put in a large deposit to "maximize" your potential gains. Stop right there. I've seen many first-time traders blow their accounts by skipping the small beginnings. Here's what you should know:

- **TIOmarkets:** Minimum deposits typically start around £250, which is reasonable to test the waters without risking big money.

- **Plus500:** Known for low minimum deposits, sometimes £100 or less, making it one of the more accessible platforms for cautious beginners.
- **IG Group:** Minimum deposit requirements are higher, often £250 or above, but IG offers extensive educational resources and a broad asset range.

Starting with smaller deposits not only limits your financial exposure but also helps you build familiarity with your chosen trading platform and market mechanics. These deposits are also fully covered under the FSCS £85,000 protection scheme for client funds held.

Use Demo Accounts and Practice Routines

Before risking real cash, always test strategies on a demo account. All three brokers mentioned offer demo accounts:

- **TIOmarkets and Plus500** offer free demo accounts you can set up in minutes, providing virtual funds to trade with via web platforms or apps.
- **IG Group** also has a robust demo environment with multi-asset access and market news feeds.

As for trading tools, many traders prefer well-known platforms like **MetaTrader 4 (MT4)** and **MetaTrader 5 (MT5)** due to their advanced charting, custom indicators, and automation features.

TIOmarkets supports both MT4 and MT5, allowing easy transition from demo to live trading with consistent toolsets. IG offers its proprietary platform plus MT4, while Plus500 focuses on its user-friendly native app but doesn't integrate MT4/MT5.

Creating a Practice Routine

1. Open a demo account with your chosen broker.
2. Set a simulated "budget" to manage risk and track your hypothetical profits/losses.
3. Test various strategies and get comfortable with order types—market, limit, stop-loss.
4. Review your trading journal weekly, analysing mistakes and patterns.
5. When confident, fund your real trading account with a small deposit within the FSCS protection limit.

Summary: Which Number is Right - FSCS £85,000 or £120,000?

For UK traders using **FCA regulated forex brokers** such as **TIOmarkets (FRN: 717501)**, **Plus500UK Ltd (FRN: 509909)**, and **IG Group (FRN: 04008957)**, the FSCS protection guarantee is clearly up to **£85,000 per person, per firm**. The £120,000 figure relates to other financial services and should not influence your expectations for forex trading protection.

By trading with FCA regulated brokers with transparent client money rules, starting with small deposits well below £85,000, and practicing extensively on demo accounts in trusted platforms like MT4 and MT5, you can protect your capital from broker insolvency risks. Remember, FSCS protects your money if the broker fails—but it doesn't cover trading losses caused by the market, strategy errors, or <https://www.deeside.com/best-7-beginner-friendly-forex-brokers-uk-2026/> platform errors.

Key Takeaways

- Always verify FCA registration and FRN before depositing funds. For example, TIOmarkets (FRN 717501), Plus500UK Ltd (FRN 509909), and IG Group (FRN 04008957) are all regulated.
- FSCS protects client money up to £85,000 per person, per firm—not £120,000—on forex and CFD trading accounts.
- Start small, within FSCS limits, to keep your funds covered and minimize initial risk.
- Use demo accounts extensively and master your platform before going live; MT4 and MT5 are top choices for advanced traders.
- Keep realistic expectations: FSCS won't cover losses from trades—only insolvency of the broker.

If you want to learn more about FCA regulation, FSCS protection, or trading on MetaTrader platforms, feel free to browse our other detailed guides or contact financial advisers to suit your trading style.