12 Endeavour Square
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**May 2025 update:**
**This letter is historical.**
**See our supervisory correspondence page for more information and current views.**

Dear CEO

**Due diligence requirements for Self-Invested Pension Plan (SIPP) investments**

The purpose of this letter is to draw to your attention a number of pending civil claims in the High Court, together with the judgment handed down today in the case of *R (Berkeley Burke SIPP Administration Limited) v. Financial Ombudsman Service Limited*, which is still open to appeal by the claimant. These cases deal, among other things, with SIPP operators' due diligence obligations when accepting customers' investments, and reference the Principles for Businesses and / or other rules set out in our Handbook. As we stated in our 2013 guidance[1], these are not new or amended requirements, but a reminder of regulatory obligations that came into force in April 2007.

Pending the outcome of any appeal of today's judgment and these other cases, we expect you to consider the potential implications of them for your firm and its customers. We will be contacting SIPP operators to discuss what these may be.

If the outcome of any of these cases calls into question your firm's ability both now and in the future to meet its financial commitments as they fall due, you must notify the FCA immediately. Where relevant, firms should also notify claims to their professional indemnity insurers in accordance with their policies.

We recognise that if a firm may not be able to meet its financial commitments, it may be in the interests of some of its customers for part or all of its business to be sold to another firm. If your firm does so, we remind you that our Principles for Businesses require your firm to pay due regard to its customers' interests and treat them fairly. In particular, in pursuing any sale, your firm should pay due regard to its implications for customers who may have compensation claims. We expect all Directors, as well as complying with the relevant provisions of the FCA Handbook, to comply with their statutory and non-statutory duties. These include, where a firm is at risk of insolvency, their duties to creditors, such as customers to whom compensation is or may be due.

[1] https://www.fca.org.uk/publication/finalised-guidance/fg13-08.pdf

We remind firms that they must communicate with us in an open and cooperative way, and must disclose to the FCA appropriately anything relating to them of which we would reasonably expect notice (as set out in Principle 11). This includes if a firm is proposing to sell all or a significant part of its business to another firm, or is considering winding up its business. We expect firms to discuss such relevant matters with us at an early stage and before making internal or external commitments (see SUP 15). If there is a share sale, a firm must comply with our Change of Control requirements (see SUP 11). In addition to your usual FCA contacts, you can contact us via SIPPSupervision@fca.org.uk

In assessing any Change of Control applications, or applications for individuals to hold (or resume holding) Controlled Functions roles, we will take into account how those individuals have acted in the context of the considerations outlined in this letter.

Your sincerely

**Andrew Bailey**

**Chief Executive**