

Telephone: 020 7066 9346

Email: enquiries@fs-cp.org.uk

FCA Pensions Dashboard Team
Financial Conduct Authority
12 Endeavour Square
London E20 1JN

8 May 2024

Submitted online: cp24-4@fca.org.uk

Dear Sir/Madam,

Financial Services Consumer Panel response to FCA CP 24/4: The regulatory framework for pensions dashboard service firms: further consultation

The Financial Services Consumer Panel (the Panel) welcomes the opportunity to respond to the FCA's consultation paper on the further consultation regarding the regulatory framework for pensions dashboard service firms.

On 22 February 2023, we responded to the FCA's previous consultation CP22-25 Proposed Regulatory Framework for Pensions Dashboard Service Firms¹. The Panel would ask that the prior response is read in conjunction with this letter.

As noted in our prior response, the Panel believes that pensions dashboards present a significant opportunity for pensions engagement. Because there is no charge for consumers to access their dashboard, this is likely to capture interest from a large segment of the population that do

¹ [CP 22/25: Proposed regulatory framework for pensions dashboard service firms \(fca.org.uk\)](https://www.fca.org.uk/publications/consultation-papers/CP22-25-Proposed-Regulatory-Framework-for-Pensions-Dashboard-Service-Firms)

not otherwise invest or who have pension pots of which they are unaware or have lost².

Because of the importance of a consumer's pension to their quality of later life, it is an imperative that they receive accurate, fair, unbiased, and timely information on which to make decisions associated with their pension. As mentioned in our previous response, the FCA should review compliance with the Consumer Duty to ensure that this is the case.

However, it is also important that client-facing regulated firms can provide input into the pension dashboard created by a PDS firm without the risk of performing a regulated activity for which they are not authorised.

We would suggest that the pension dashboard presents another opportunity for the FCA to raise the awareness of its role in consumer protection, especially for those who have not historically utilised a broader suite of financial services. Including reference to the FCA website / financial services register in the dashboard choices destinations can help to increase this awareness.

The Panel agrees that firms providing a dashboard service to be used by consumers must integrate the FCA's perimeter guidance described in this consultation, but more importantly, they must adhere to the principles and requirements outlined in the Consumer Duty. We are also of the view that consumer testing is an essential part of the development of software to be used by consumers. We strongly encourage the FCA to actively review the testing performed by PDS firms in this regard and / or to engage in its own testing.

Our responses to the questions posed in the consultation are included at Annex A below.

² <https://www.pensionspolicyinstitute.org.uk/research-library/research-reports/2022/2022-10-27-briefing-note-134-lost-pensions-2022-what-s-the-scale-and-impact/>

Yours sincerely,

Helen Charlton

Chair of the Financial Services Consumer Panel

Annex A – Responses to consultation questions

Q1. Do you agree that the proposed perimeter guidance at Annex H in Appendix 1 provides sufficient guidance to support firms understanding of:

- **the scope of the regulated activity of operating a pensions dashboard service, and**
- **the circumstances in which authorisation (or variation of permission) is required by a firm?**

If not, what else could the perimeter guidance cover to support firms understand what comes within the scope of the regulated activity?

Generally, the expectation is that some already regulated firms that are client facing and currently providing investment and/or pension advice will choose to develop a pension dashboard offer, even though they cannot charge their clients for the service, as it may enhance their market position and the ability to attract additional business or to better serve their existing clients.

Additionally, as many client facing firms may not be able to afford to develop their own dashboard, the other likely type of firm is one that offers technology platforms to multiple regulated firms; it is less likely that this type of firm is currently regulated. For these technology firms, the development costs are likely to be lower, they may be able to offer a more sophisticated version due to their specialisation and will want to exploit scale in distribution. They are therefore likely to offer their dashboard to client facing firms. These firms may find this to be of value, even if they cannot charge their clients for the service, as it enhances their customer proposition and will be more cost effective than developing their own platform.

Annex H. makes it clear that it is the firm that 'operates' the Pension Dashboard that falls within the perimeter and therefore requires regulatory authorisation.

Q2. Do you agree with our proposals to require PDS firms to introduce a choices architecture to put the consumer in control of deciding initial next steps? If not, what problems can you foresee with these proposals? And how might they be addressed?

It is helpful for firms to have the choices described in Table 3 as a starting point. However, as noted in paragraph 4.28 and as we mentioned in our previous Panel response, it is essential that, when developing their architecture, firms engage in adequate testing and consult other relevant

elements of the Consumer Duty to ensure that, as a priority, all choices result in the right outcomes for consumers.

In this regard, there is a concern about the step whereby the user can explore or use the post-view service offered by the PDS firm without the same notifications as would be the case for any other firm.

The Panel would propose that there should be a requirement for Dashboards to refer to the FCA website / register as a resource for users (although as the Panel has noted previously, the FCA register does need to be improved so that it is easier for users to navigate). This signposting should be given the same prominence as other options being presented.

The FCA should take this as another opportunity to bring attention to the role it plays in protecting consumers. Whilst the link to the FCA is eventually referenced on the MoneyHelper website, it isn't the easiest information to find unless the user knows where to look. The notices at the top of the FCA register page can be particularly helpful for fraud prevention.

Q3. Do you agree with our proposals concerning exit communications? If not, please explain why.

As long as the exit communications align with the principles of the Consumer Duty and are fair, clear, and not misleading, the Panel does not have an objection. However, we would like to see explicit testing of communications relating to found pensions, as the exit communication should not dissuade the person from seeking further information. Please also refer to the Panel's response to question 15 in the original consultation for more detailed information relating to the Panel's views on warnings and disclosures.

Q4. Do you agree with our proposals to require firms to inform the user if a delegate will not be able to use the firm's dashboard to access the user's data? If not, please explain why.

If the PDS firm is restricting the ability of the customer to delegate to a third party, then this must be explained to the customer.

Whilst the protection of customers from fraud or other scams is important, the FCA should ensure that customers are not being negatively impacted by the inability to delegate to a legitimate third-party of their choice; therefore, there should be a mechanism for consumers to raise complaints to the relevant body.

The Panel would expect the FCA to conduct an ongoing review (as part of its supervision) to ensure there are no negative impacts of any such restrictions.

Q5. Do you agree that permitting data export to PDS firms (with the investment advice permission) for investment advice purposes creates an unfair competitive advantage in relation to advice?

Yes, for the reasons noted in paragraph 5.9. The consumer can delegate to this firm if that is their wish. Allowing export to the PDS firm could also create a situation where consumers who already have a satisfactory relationship with an investment advisor (that is not a PDS firm) are given the [false] impression that they must move their business to the PDS firm. This could create anxiety and / or unwarranted disruption for the consumer, in addition to potentially harming competition.

Q6. Do you agree that our proposal (to remove the option of data export to the PDS firm, or connected person, for investment advice) is appropriate? If not, what would be a more appropriate and competitively fair approach for the FCA to adopt? Please provide evidence where available.

Yes. As noted in the response to question 5, given that the consumer can delegate to a third party or export the data to themselves (which they can then give to the third party), this provides them with the clear opportunity to select the PDS firm if that is their preference.

Q7. Are you currently interested in becoming an operator of pensions dashboard services?

- **If yes, are you currently FCA authorised for other activity?**
- **If not, was it the proposals in this paper that deterred you?**

N/A

Q8. Do you have any comments on our cost benefit analysis in Annex 2?

The Panel believe that the main benefit of the legislation related to pensions dashboards is that pension dashboards can be accessed by consumers free of charge and that they should be an ideal and accessible means for consumers to find lost pensions.