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Financial Conduct Authority
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By email: cp22-03@fca.org.uk

Dear Sir/Madam

Financial Services Consumer Panel response to the FCA's consultation on Pensions Dashboard: proposed rules for pension providers

The Panel welcomes the opportunity to respond to this consultation on proposed rules for pension providers in relation to the pension dashboard.

In a worsening financial climate for households, it is more important than ever that consumers understand their pensions and have the ability to prepare for financial security in later life. The Pensions Dashboard is an opportunity to reunite individuals with lost pots and transform the way consumers plan for retirement. The Panel therefore supports this initiative and believes, if implemented properly, the Dashboard could have significant upsides for consumers.

Lower income and vulnerable households should be front of mind at all stages of the Dashboard initiative; it is vital to make sure consumers can access the full benefits of more visible pensions and easier financial planning. The Panel notes current inequalities in this respect, with significant variation in the way consumers interact with their pensions based on gender, earnings and other factors, while pension ownership itself is higher for men (62%) than women (54%)¹. The Panel therefore encourages the FCA to continue to prioritise accessibility in the design and implementation of the Dashboard. This should include considering how third party in-person intermediaries, such as charities, can help digitally excluded people to access and take advantage of Pension Dashboards.

As well as being accessible, the Panel also believes the Dashboard should be functional and should deliver real consumer benefit to consumers. This requires that the design and functionality of the dashboard be highly responsive to user needs. The Panel would therefore be interested to hear more about the FCA's plans for ongoing user research and monitoring of the impact and take-up of pensions dashboards, including through the FCA's flagship Financial Lives survey.

Please find responses to specific questions posed in Annex 1 below.

¹ <https://www.fca.org.uk/publication/research/financial-lives-survey-2020.pdf>

Yours faithfully

Wanda Goldwag

Chair, Financial Services Consumer Panel

Annex 1 - Consultation Questions

Q1: Do you think that our proposals for connection are proportionate and deliverable? Please provide evidence in support of your answer.

Yes, in general the Panel finds the proposals proportionate and deliverable. Given the benefits that promise to flow to consumers as a result of Pension Dashboards, the Panel would have concerns if the proposals were to be diluted or delivered to a slower time frame. The Panel notes that industry may raise concerns about implementation costs. We believe these costs to be proportionate and absorbable and therefore believe it is important that significant costs are not passed onto consumers.

Q2: If you are a pension provider, what challenges do you anticipate facing in meeting the implementation deadline?

N/A

Q3: Do you think that our proposals for finding and matching are proportionate and deliverable? Please provide evidence in support of your answer.

See Q1.

Q4: Do you think that our proposals for returning view data are proportionate and deliverable? Please provide evidence in support of your answer.

See Q1.

Q5: Do the proposals set out above deliver the right balance between the needs of consumers and industry burden? If not, how might a better balance be achieved?

Yes, although the Panel does not recognise such a binary trade-off between consumer and industry interests as a result of pensions dashboards. As a Panel, we hope providers can see that any short-term implementation costs will bring longer-term benefits as a result of supporting the needs of consumers and allowing a more open and accessible market for pensions planning while also building consumer trust.

There are also substantial wider societal and economic benefits from consumers being more actively engaged in their pensions as part of their wider provisions for later life. Any unmerited dilution of the plans could reduce these potentially significant long-term positive effects. We would therefore expect any decisions to dilute the plans to be evidenced robustly with user testing and offset against the anticipated positive effects on consumers of the proposals as currently specified.

Q6: Do you have any comments on our cost benefit analysis in Annex 2?

The Panel supports the proposals and is therefore pleased to see recognition that the benefits of pension dashboards will significantly outweigh the implementation costs. The Panel also notes, however, that the Cost-Benefit analysis does not include a full options assessment or an attempt to quantify the consumer benefits. The Panel would encourage the FCA to quantify consumer benefits wherever possible, since this can be helpful in guiding marginal decisions and in articulating the value of proposals to industry stakeholders, particularly where implementation costs are raised as a concern.