FCA
Cost Benefit Analysis Panel

Consultation Paper title	**Adapting our rules for a changing market: self-invested personal pensions**
Summary of intervention	This consultation paper (CP) proposes to strengthen the existing regulatory framework for self-invested personal pensions by clarifying expectations for robust due diligence processes with respect to investments accepted into SIPPs.
Feedback date of issue	19/05/2026
CBA Panel reference number	CBAP-0017

CBA Panel advice

Main recommendations

- **Strengthen the economic analysis underpinning the proposed intervention**. The CBA would benefit from analysing more clearly why existing regulation – including high-level rules, guidance and the Consumer Duty – does not deliver the intended outcomes in the market for self-invested personal pensions (SIPPs), and why more prescriptive requirements are expected to be more effective. The analysis should explain why principles-based regulation, with its benefits for efficiency and innovation, is not believed to be appropriate, and why a more prescriptive approach is warranted in this case. In particular, it would be valuable to set out more clearly what is assumed to change in firms' incentives or behaviour under greater prescription, and how alternative approaches – including less prescriptive or non-regulatory options – were considered.

- **Clarify the basis for the assumptions driving the benefits.** The estimated benefits are highly sensitive to assumptions on the level of compliance and the extent to which the proposals would reduce uncompensated consumer losses. Given the importance of these assumptions, the Panel recommends that the CBA sets out more clearly why they are considered credible.

- **Improve the credibility of cost estimates and modelling inputs.** The presentation of cost estimates is generally transparent but uneven in the level of detail provided across the analysis. In some areas, detailed breakdowns are included, while in others the underlying assumptions and derivation are less clearly explained. Key inputs, such as the firm population and scope decisions, are set out earlier in the document but are not always clearly linked to the subsequent cost estimates. Strengthening consistency in the level of detail and improving cross-referencing between inputs and outputs would enhance the credibility and usability of the analysis. Providing clear sources for all tables would also support this.

FCA
Cost Benefit Analysis Panel

Summary

Category	CBA Panel comments
The market	No comments.
Problem and rationale for intervention	The analysis of consumer harm relies, in part, on qualitative statements without supporting data. In particular, references to firms failing to manage risks or lacking appropriate systems and controls are not quantified. Providing figures, or, where that is not possible, explaining why they have not been provided, would strengthen the evidential basis for the intervention.
Proposed intervention and alternative options	The case for introducing additional detailed rules would benefit from clearer justification in the context of the existing regulatory framework. In particular, it is not fully explained why the current mix of high-level rules, guidance and the Consumer Duty has not been sufficient to deliver the intended outcomes, or why more prescriptive requirements are expected to be more effective in practice. The analysis would be strengthened by more clearly setting out how the proposed interventions change incentives or behaviour relative to the current framework, and the extent to which alternative approaches, including less prescriptive or non-regulatory options, were considered.
Assessment of costs and benefits	**Baseline and counterfactual.** The baseline is derived from historical rates of SIPP operator failures and adjusted to reflect an expected reduction in future insolvencies. While this approach is reasonable in principle, the justification for the scale of the adjustment would benefit from further clarity. The CBA assumes that the future rate of insolvencies will be approximately half of the historical level, drawing on a reduction in complaints and the view that previous sources of risk have diminished. However, the use of a historical average to derive the underlying figures may not fully reflect market conditions if, for example, past failures were driven by a subset of firms or legacy issues that have since been resolved. Moreover, the plausibility of the impacts attributed to the intervention would benefit from further scrutiny, given that firms are already subject to the Consumer Duty. Given that the Duty is intended to ensure that firms already undertake an appropriate level of due diligence and act to avoid foreseeable harm, it is not entirely clear to what extent the proposed measures would deliver additional benefits beyond what should already be occurring under the existing framework. This raises questions about the incremental effect assumed in the CBA.
	Evidence and data. The CBA draws on a range of data sources, including supervisory evidence and historical outcomes. However, the presentation of evidence is not always sufficiently transparent. In particular, tables do not consistently include clear references to their underlying data sources. Clear sourcing would allow the reader to assess the reliability of the data and to improve the overall transparency of the analysis.

	Assumptions. The assumption of 100% compliance would benefit from significantly stronger justification, particularly in light of the FCA's own evidence suggesting that full compliance cannot be assumed in practice. The CBA also assumes that, under full compliance, the proposals would entirely eliminate uncompensated consumer losses. Given the importance of this assumption to the estimated benefits, the analysis should explain more clearly why it is considered credible.
	Economic analysis. The economic analysis is generally well structured, but the inclusion of highly precise estimates of some costs despite the significant uncertainty described in the CBA is inappropriate. In addition, where assumptions are likely to introduce bias in a particular direction, this should be clearly identified. Where the overall direction of these effects can be determined, this should also be explained, to allow the reader to understand whether the analysis is more likely to overstate or understate impacts. For example, where the analysis assumes that existing providers and investment structures already meet many of the proposed requirements, this may reduce estimated compliance costs. However, if these arrangements are already effective in practice, it would also imply that the additional benefits of the intervention may be more limited. The analysis would benefit from making these overall effects clearer. The treatment of compensated losses is consistent with standard practice, in that the reduction of these payments is treated as a transfer rather than as a benefit. However, this approach could be more clearly explained to improve transparency.
Risk and uncertainty	The CBA includes a range of sensitivity analyses covering key assumptions, which is a strength. However, the relationship between these sensitivities could be set out more clearly. In particular, it would be helpful to clarify whether the factors being tested are assumed to be independent, or whether they may be correlated. The CBA may benefit from considering the implications of correlations between assumptions. Where changes in variables are likely to be linked, scenario analysis may provide a more informative assessment of potential outcomes.
Wider economic impacts	While the CBA identifies potential wider impacts, including the risk that increased requirements may disproportionately affect smaller firms and lead to market consolidation, this would benefit from further discussion. The CBA also suggests that the proposals will empower consumers, primarily through increased market stability and trust. However, this does not appear to involve increased transparency or improved decision-making by consumers. There is limited discussion of how different groups of consumers may be affected, or whether increased

FCA Cost Benefit Analysis Panel

	protections could reduce engagement in monitoring investments. Further consideration of these distributional effects would strengthen the analysis. The proposed approach to monitoring and evaluation is high-level. While relevant indicators are identified, including firm exit and complaints data, further detail is needed to translate these into a clear evaluation framework. Moreover, the approach set out does not include clear review points or indicative timelines. Setting out review periods, or explaining where this is not proportionate, would strengthen accountability and support effective ex-post evaluation.