

Proposed BSPS Consumer Redress Scheme

FCA Pre-Consultation Discussions
With Stakeholders

Background

On 21 December 2021 the Board decided we should prepare a consultation paper (CP) by end of March 2022 proposing a redress scheme under s404 of FSMA for former members of the British Steel Pension Scheme (BSPS) who transferred their pensions.

The s404 scheme will be intended to remedy the harm suffered by consumers who received unsuitable advice to transfer out of BSPS.

What is a section 404 scheme?

- Type of 'collective redress scheme'
- Regulator-led
- Rules-based
- Establishes a process for review and compensation of past harm

This section applies if:

404 (1) it appears to the FCA that there may have been a widespread or regular failure by relevant firms to comply with requirements applicable to the carrying on by them of any activity;

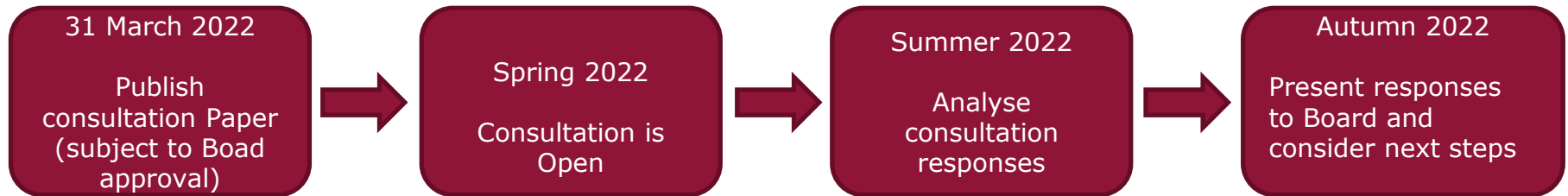
(2) it appears to the FCA that, as a result, consumers have suffered (or may suffer) loss or damage in respect of which, if they brought legal proceedings, a remedy or relief would be available in the proceedings; and

(3) the FCA considers that it is desirable to make rules for the purpose of securing that redress is made to consumers in respect of the failure (having regard to the other ways in which consumers may obtain redress).

Population of interest

- Around 7,700 transferred occurred during 2017/18
- The results of our files reviews show a 47% unsuitability rate.

Timeline



All dates are subject to change

Firms should also note our Dear CEO letter sent out on 22 December which sets out our expectations on firms who have undertaken British Steel transfers.

Options for Consideration

- **Scope**
- **Tools and guidance for firms**
- **Independence/oversight**



FCA Head Office
12 Endeavour Square
London
E20 1JN

www.fca.org.uk