

Financial Services Consumer Panel

AN INDEPENDENT VOICE FOR CONSUMERS OF FINANCIAL SERVICES

Telephone: 020 7066 9346

Email: enquiries@fs-cp.org.uk

Kirsty Knight
Department for Work and Pensions Policy Group
Private Pensions and ALB Partnerships Zone
Quarry House
Leeds LS2 7UA

By email: caxtonhouse.dwptransferegulations@dwp.gov.uk

9 June 2021

Dear Ms Knight,

The Financial Services Consumer Panel (the Panel)'s response to DWP's Pension Scams: Empowering Trustees and Protecting members consultation

The Financial Services Consumer Panel is an independent statutory body, set up to represent the interests of consumers, and smaller businesses, in the development of policy for the regulation of financial services. We work to advise and challenge the FCA from the earliest stages of its policy development to ensure they take into account the consumer interest.

The Panel feels the proposed regulations strike a good balance between giving members freedom and ease to transfer their pension when they wish to while simultaneously ensuring that their investments are protected. We fully support the proposals that allow trustees to take action as soon as possible when they identify any potentially fraudulent pension transfers. Trustees should embrace this duty to act in members' best interests by protecting people from devastating financial harm.

The costs to businesses in implementing the regulations are unlikely to outweigh the potentially huge loss suffered by the victims of pension scams, as well as the consequential impact on the reputation of the industry if it fails to protect its members from foreseeable harm. Furthermore, our expectation is that members of smaller schemes will not be disadvantaged in any way.

The Panel welcomes the use of red and amber flags. We anticipate that guidance from MaPS before a pension transfer for amber flags identified will be clear, simple to understand, and robustly tested to ensure that it will lead directly to a reduction in the number and value of frauds perpetrated. We also hope that these additional safeguards will not be used by schemes as an excuse to delay transfers.

Finally, there are many disparate elements that produce an environment in which fraudsters are allowed to flourish. We welcome as a matter of urgency a comprehensive and fully integrated approach across the regulatory family and industry to reduce fraud throughout the pensions and investments sectors.

Yours sincerely

Wanda Goldwag

Chair, Financial Service Consumer Panel