BARNETT WADDINGHAM
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Pension Administration Technical Help

Highlighting pensions news and legislation that has particular relevance to what we do in pension administration

2025 Budget date announced

On 3 September the Chancellor announced that the next Budget statement will be on Wednesday 26 November 2025. As in recent previous years, this has led to much speculation on what changes may be announced in relation to pensions.

HMRC newsletter 173

HM Revenue & Customs (HMRC) published Pensions schemes newsletter 173 on 25 September 2025. It includes:

Abolition of the lifetime allowance (LTA) update

The Finance Act 2024 contained a provision allowing the Treasury to make regulations which may amend primary legislation in connection with the abolition of the LTA. This provision expires on 5 April 2026. HMRC has confirmed they are preparing further technical amendments to the legislation to be made in early 2026. These will include further changes to the valuation of a member's relevant crystallised pension rights for trivial commutation lump sums and the calculation for individuals with scheme-specific pension commencement lump sums, to ensure consistency with the rules which were in place prior to abolition.

Repayment of tax-free lump sums and cancellation rights

In parallel with a statement published by the Financial Conduct Authority (FCA), the newsletter sets out HMRC's approach to the interaction between FCA cancellation rights and the tax treatment of lump sum payments. This topic was originally covered in Pensions schemes newsletter 165 in relation to members who wished to pay back tax-free lump sums they had requested in anticipation of rumoured changes to pension taxation in the 2024 Budget. With the date of this year's Budget now announced, HMRC clarifying its position may help FCA regulated schemes to deal with queries from members making similar requests this year.

Qualifying recognised overseas pension schemes (QROPS)

HMRC intends to replace the APSS262 form, used to report transfers from a registered pension scheme to a QROPS, later this year with a feature on the online managing pension schemes service. Pension scheme administrators and pension scheme practitioners are invited to join a research panel to support the development of the service.

PASA publishes Dashboards Toolkit

PASA (the Pensions Administration Standards Association) has published their Dashboards Toolkit on Warnings and Unavailable Code. This guidance for trustees and scheme managers provides a framework for occasions where complete and accurate value data is not available immediately for display on pensions dashboards. It clarifies good practice for the various warning codes which the dashboards will use to provide alerts to the user in certain scenarios. The guidance aims to maintain a consistent approach across different user experiences.

Government tables amendments to the Pension Schemes Bill

The Government has tabled various amendments to the Pension Schemes Bill, which has now passed the committee stage in the House of Commons. Amongst other things, these include provisions to allow most formerly contracted-out schemes to ask an actuary to provide retrospective confirmation that amendments to the scheme rules satisfied the 'reference scheme test' (a response to the Virgin Media court case).

Pension Protection Fund (PPF) confirms zero 2025/26 levy

In response to the Pension Schemes Bill passing the committee stage, the PPF has announced that it will take advantage of the new flexibility that the Bill will grant it to reduce the conventional PPF levy to zero for the 2025/26 year. The PPF has a substantial financial reserve and states that this reduction of the levy will save occupational DB schemes £45 million. This measure is intended to support the Government's productivity goals by freeing up capital to allow sponsoring employers to make investments. The Bill will give the power to the PPF Board to raise the levy again in future if required.

The Pensions Regulator (TPR) on enforcement and fraud

TPR has published posts to its website in September on the following topics:

Enforcement strategy consultation

TPR is consulting on its new approach to enforcement, aiming for a "more focused, agile, and outcomes-driven model". Trustees and other stakeholders are encouraged to respond to the consultation before it closes on 11 November.

The new approach aims to put saver outcomes first, with clearly prioritised and targeted enforcement. TPR also intends to take a collaborative approach with stakeholders and external partners, and to build a flexible workforce. TPR will use data to drive smarter decisions and communicate its expectations transparently to build trust and improve standards.

Impersonation fraud

The blog post highlights research from TPR showing that pension savers aged between 50 and 69 are most at risk from fraudsters, who are increasingly using data obtained by hacking email accounts to impersonate them in order to target their pensions. TPR has been analysing reports from Action Fraud and working with the National Fraud Intelligence Bureau to gather intelligence.

TPR is also concerned that organisations trusted by consumers such as the FCA are being impersonated in texts and letters to previous pension scam victims encouraging them to apply urgently for compensation. The individual's data is then used to attempt to perpetrate fraud when they respond.

TPR encourages trustees and administrators to act on these risks by, amongst other things:

- tightening security protocols, such as member verification and account access;
- reporting suspicious activity to Action Fraud, and;
- warning members about the risks of unsolicited contact and criminals impersonating legitimate bodies.