



Pensions Management Institute

Moving pensions forward

Registered Office:
6th Floor
9 Appold Street
London
EC2A 2AP

T: +44 (0) 20 7247 1452
W: www.pensions-pmi.org.uk

Francesca Morphakis
Financial Conduct Authority
12 Endeavour Square
London
E20 1JN

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Dear Francesca

CP22/25: Proposed regulatory framework for pensions dashboard service firms

We welcome the opportunity to respond to the FCA consultation paper CP22/25: Proposed regulatory framework for pensions dashboard service firms.

PMI is the professional body which supports and develops those who work in the pensions industry. PMI offers a range of qualifications designed to meet the requirements of those who manage workplace pension schemes or who provide professional services to them. Our members (currently over 7,000) include pensions managers, lawyers, actuaries, consultants, administrators and others. Their experience is therefore wide ranging and has contributed to the thinking expressed in this response. Due to the wide range of professional disciplines represented, our members represent a cross-section of the pensions industry as a whole.

PMI is focused on supporting its members to enable them to perform their jobs to the highest professional standards, and thereby benefit members of retirement benefit arrangements for which they are responsible.

We trust that the feedback in the following pages proves helpful.

The PMI is supportive of pensions dashboards and believes that - implemented well - dashboards have the potential to help people better understand and plan for their retirement. We also support allowing space for innovation so services, such as tools and calculators, can be made available to dashboard users to help them with their planning. Clearly, the messaging and positioning of such services, and the presentation of dashboard data to members, has the potential to significantly influence actions and we support measures to ensure that risk warnings are appropriately displayed.

While many of the consultation questions are beyond the scope of the PMI and our

members we would like to make a general comment about the potential for harm if member journeys into a dashboard aren't appropriately controlled and regulated.

The regulatory regime for the provision of PDS services seems comprehensive and robust, and it strikes the right balance between allowing scope for innovation and safeguarding savers. As well as allowing export of data to the individual or PDS, we would also like the FCA to explore the possibility of data export to suitably regulated occupational schemes, that are unlikely to have FCA authorisation, but provide members with tools and planning services. Not allowing export to, say, authorised master trusts, risks creating a two tier system and could impact on competition and innovation.

However, our major concern with the provision of dashboards is the ability to influence consumer thinking before people engage dashboard services and outside the regulatory sphere. This is best illustrated by way of an example.

Suppose a saver visits a website that provides general, non regulated, information that encourages people to think about transferring out of their defined benefit scheme and turning an income into a lump sum. This is clearly particularly pertinent during the current cost of living crisis. Such a website might suggest that, typically, people could receive many multiples of their income. The website could then link to a PDS where people obtain their values. By this point they would be anchored in thinking that they could transfer their DB income as a lump sum, without any messaging, risk warnings and safeguards. Of course, members can't act on this unless they contact their scheme, and there are safeguards that require advice to be taken for transfers above £30k, but the expectation in the saver's mind has already been created. This could lead to poor decision-making and poor outcomes. Furthermore, were this to occur, it might also lead to further criticism of pensions provision, as the affected member would probably become frustrated to discover the restrictions only late in the day. The DB scheme would probably bear the brunt of the criticism, through no fault of their own, with a probable accusation of unfairly imposing barriers to deter/prevent the member's wishes being actioned.

While we recognise that it is difficult to regulate for every eventuality and that the regulated journey needs to start (and end) somewhere, we should not underestimate the potential harm this could do. We would like the FCA to consider what measures can be put in place to prevent examples like that illustrated above from occurring, even if that is achieved through enhanced and prominent risk warnings within the PDS offering.

Yours sincerely,

Sara Cook FPMI
PMI President and Chair, Policy and Public Affairs Committee

