



THE SOCIETY OF PENSION
PROFESSIONALS
making pensions work

The Society of Pension Professionals (SPP) response to the FCA consultation, “CP24/4: Further consultation on the regulatory framework for pensions dashboard service firms”

1. Introduction

- 1.1. SPP strongly supports the ambition to deliver a Pensions Dashboard and has previously responded to various consultations on its implementation, including CP22/25 and is pleased to be able to do so again.

2. Executive summary

- 2.1. **SPP believes it is essential for Dashboards to have the ability to fully support consumers in their decision-making to enable them to achieve better outcomes.**
Therefore, the choices proposed must be expanded at the outset, or be expanded within a relatively short period of time, to ensure that this is achievable.
- 2.2. **SPP notes that it is likely that users will quickly become frustrated if they are presented with lots of information but are provided with little to support their decision-making beyond signposting to MoneyHelper or a Financial Adviser.**
Those that are too young for a PensionWise appointment and who want to understand their suitable next steps, but cannot afford financial advice, will be left with little idea of where to go to take action.
- 2.3. **There is a risk to the success of Dashboards if the information consumers are presented with on first usage is limited.**
Limited information is unlikely to incentivise users to return and/or engagement levels will remain low.
- 2.4. **SPP believes that the proposed perimeter guidance is sufficient; agrees with the proposal to remove the option of data export to the PDS firm for investment advice; and does not have any comments on the FCA cost benefit analysis.**

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3. Consultation response

Question 1: Do you agree that the proposed perimeter guidance at Annex H in Appendix 1 provides sufficient guidance to support firms understanding of the scope of the regulated activity of operating a pensions dashboard service; and the circumstances in which authorisation (or variation of permission) is required by a firm? If not, what else could the perimeter guidance cover to support firms understand what comes within the scope of the regulated activity?

- 3.1. SPP believes that the proposed perimeter guidance is sufficient to meet both of the objectives outlined above.

Question 2: Do you agree with our proposals to require PDS firms to introduce a choices architecture to put the consumer in control of deciding initial next steps? If not, what problems can you foresee with these proposals? And how might they be addressed?

- 3.2. Empowering the consumer to make decisions is of course to be welcomed as a general principle and SPP agrees that consumers should have a core set of choices which the PDS firm must make them aware of, irrespective of which firm's PDS the consumer uses.
- 3.3. These proposed choices appear sound as a bare minimum, but SPP believes it is essential for Dashboards to have the ability to fully support consumers in their decision-making to enable them to achieve better outcomes. Therefore, the choices must be expanded at the outset, or be expanded within a relatively short period of time to ensure that this is achievable.
- 3.4. In a post view service, users will share their data with the expectation that they will be supported in not just understanding their data, but that it will aid their decision-making too. It is likely that users will quickly become frustrated if they are presented with lots of information but are provided with little to support their decision-making beyond signposting to MoneyHelper or a Financial Adviser. Those that are too young for a PensionWise appointment and who want to understand their suitable next steps but cannot afford financial advice will be left with little idea of where to go to take action.
- 3.5. Likewise, there is a risk to the success of Dashboards if the information consumers are presented with on first usage is limited, as they may not be incentivised to return and/or engagement levels will remain low.

Question 3: Do you agree with our proposals concerning exit communications? If not, please explain why.

- 3.6. Although there is a clear rationale for each of the proposed exit communications, and SPP agrees that potential harms could arise if it is not clear to consumers that they have left the regulated PDS space, these appear to be somewhat overbearing, at worst could lead to consumer confusion and at best lead to a less than user friendly experience.
- 3.7. With regard to this message, SPP is pleased to note that the FCA is not being prescriptive with regard to the design, format, language and mechanism for delivering this exit communication, other than in accordance with PDCOB 4.2 which requires communications must be fair, clear and not misleading. This is a sensible and proportionate approach.

Question 4: Do you agree with our proposals to require firms to inform the user if a delegate will not be able to use the firm's dashboard to access the user's data? If not, please explain why.

- 3.8. Yes, this appears to be a sensible approach to take as it will help reduce confusion and uncertainty. There does not appear to be any logical reason to avoid informing the user.

Question 5: Do you agree that permitting data export to PDS firms (with the investment advice permission) for investment advice purposes creates an unfair competitive advantage in relation to advice?

- 3.9. Yes, SPP agrees that there is potential for an unfair competitive advantage to be created and it therefore appears prudent to take the approach set out in this consultation document.

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Question 6: Do you agree that our proposal (to remove the option of data export to the PDS firm, or connected person, for investment advice) is appropriate? If not, what would be a more appropriate and competitively fair approach for the FCA to adopt? Please provide evidence where available.

- 3.10. Yes, SPP believes that this is probably the only realistic solution to avoid creating an unfair competitive advantage. Furthermore, SPP notes that the proposed change does not prevent the consumer from sharing their view data with an adviser or advice firm for the purposes of investment and it does not deny PDS firms the ability to offer investment advice to their PDS users.

Question 7: Are you currently interested in becoming an operator of pensions dashboard services? If yes, are you currently FCA authorised for other activity? If not, was it the proposals in this paper that deterred you?

- 3.11. No. SPP is a not-for-profit membership body representing the interests of its 85 corporate members and the 15,000 pension professionals that they collectively employ.

Question 8: Do you have any comments on our cost benefit analysis in Annex 2?

- 3.12. SPP does not have any comments on the FCA cost benefit analysis.

4. About The Society of Pension Professionals

- 4.1. Founded in 1958 as the Society of Pension Consultants, today SPP is the representative body for a wide range of providers of pensions advice and services to schemes, trustees and employers. These include actuaries, accountants, lawyers, investment managers, administrators, professional trustees, covenant assessors, consultants and pension specialists.
- 4.2. Thousands of individuals and pension funds use the services of one or more of the SPP's members, including the overwhelming majority of the 500 largest UK pension funds.
- 4.3. The SPP seeks to harness the expertise of its 85 corporate members - who collectively employ over 15,000 pension professionals - to deliver a positive impact for savers, the pensions industry and its stakeholders including policymakers and regulators.

5. Further information

- 5.1. For more information about this consultation response please contact the lead author XXX or SPP Chief Executive Fred Emden at: info@the-spp.co.uk or telephone the SPP on 0207 353 1688.
- 5.2. To find out more about the SPP please visit the SPP web site: <https://the-spp.co.uk/>
- 5.3. Connect with us on LinkedIn at: <https://www.linkedin.com/company/the-society-of-pension-professionals/>
- 5.4. Follow us on X (Twitter) at: <https://twitter.com/thespp1>

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