



THE SOCIETY OF PENSION  
PROFESSIONALS  
*making pensions work*

## The Society of Pension Professionals (SPP) short response to the FCA discussion paper, “Pensions: Adapting our requirements for a changing market”

### 1. Introduction

- 1.1. The SPP has this month responded in full<sup>1</sup> to the FCA’s 50 question consultation discussion paper, “*Advice Guidance Boundary Review – proposed targeted support reforms for pensions*”
- 1.2. Following on from the above, with regard to this FCA discussion paper, “*Pensions: Adapting our requirements for a changing market*” we have focused our feedback on the single important issue of Transfer Regulations, as set out below.

### 2. Consultation response

- 2.1. **What are your views on DC pension transfers?**
- 2.2. The SPP strongly agrees with the FCA statement that, “*It is important that transfers ... are efficient and in the consumer’s interests.*”<sup>2</sup>
- 2.3. There are numerous problems with the Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021 that are neither efficient nor in the consumers best interests and therefore require action.
- 2.4. The Department for Work & Pensions published a review of the regulations on 21 June 2023, as agreed with the Work and Pensions Select Committee.
- 2.5. Although the review concluded that the measures had been largely successful in delivering the policy intent this is not the practical experience of pension professionals on the ground.
- 2.6. The regulations continue to result in delays in transfer processing. They do not align with the original policy intent and have never done so, as acknowledged by The Pensions Ombudsman in the case of Mr W<sup>3</sup>.
- 2.7. There has been strong pensions industry feedback, not least from members of both SPP’s Legislation and Administration Committees, that the practical application of these regulations is causing problems. These include problems with the provisions relating to overseas investments, red flags, amber flags, ‘incentives’ and ‘safe lists’. The flags are not clearly defined, members face unnecessary obstacles and pension trustees face the dilemma of whether to take a literal or pragmatic approach to the application of these regulations.

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<sup>1</sup> SPP response to the FCA consultation, “Advice Guidance Boundary Review – proposed targeted support reforms for pensions” February 2025: <https://the-spp.co.uk/wp-content/uploads/SPP-response-to-the-FCA-Guidance-Review-13.2.25.pdf?v=6563>

<sup>2</sup> FCA Discussion Paper, Pensions: Adapting our requirements for a changing market, December 2024: <https://www.fca.org.uk/publication/discussion/dp24-3.pdf>

<sup>3</sup> The Pensions Ombudsman, Ombudsman’s determination, Western Power Distribution Pension Fund, October 2023: <https://www.pensions-ombudsman.org.uk/sites/default/files/decisions/CAS-93568-H0D0.pdf>

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- 2.8. The current regulations deem too many incentives to be automatic red flags with Trustees having to assess any incentives not falling within the examples provided – it is likely Trustees and their legal advisers will err on the side of caution to avoid falling foul of the regulations. We note that the Government plans to consult on changes in due course and would suggest they reduce the burden on industry by clarifying this area. The Government could consider amending the legislation to define certain incentives as automatic red flags whilst others should only be considered red flags where there is at least one other trigger event.
- 2.9. Although DWP officials have been working with the pensions industry and TPR to consider whether changes could be made to improve processes whilst retaining all appropriate protections, this work has been ongoing for some time. Given much of the hard work already appears to have been completed, this would appear to be a potential “quick” win and is something that would be very well received by the pensions industry as well as making a tangible and positive difference to savers.
- 2.10. Finally, it is also worth noting that dealing with the current Transfer Regulations creates considerable friction (for trustees and members) and it distracts resources from the vitally important growth agenda that regulators have been tasked with facilitating. Reform of the Transfer Regulations would appear to be another tangible way of demonstrating your commitment to growth and specifically to reducing the regulatory burden.<sup>4</sup>

### **3. About The Society of Pension Professionals**

- 3.1. SPP is the representative body for a wide range of providers of advice and services to pension schemes, trustees and employers. Our work harnesses the expertise of our membership, striving for a positive impact on pension scheme members, the pensions industry and its stakeholders.
- 3.2. The breadth of our members is a unique strength for the SPP and includes actuaries, lawyers, professional trustees, DC consultants, investment managers, providers, administrators, covenant assessors, and other pension specialists, delivering a wide range of services.
- 3.3. We were founded in 1958, as the Society of Pension Consultants, bringing together professionals to positively influence pension policy, support the development of legislation and provide members with access to technical information and insight into key industry policy debates.
- 3.4. In 2014, we renamed as The Society of Pension Professionals, broadening the range of professionals engaged in membership.
- 3.5. SPP is a company limited by guarantee.

### **4. Further information**

- 4.1. For more information about this consultation response please contact SPP Head of Public Policy & PR at: [phil.hall@the-spp.co.uk](mailto:phil.hall@the-spp.co.uk) or telephone the SPP on 0207 353 1688.
- 4.2. To find out more about the SPP please visit the SPP web site: <https://the-spp.co.uk/>
- 4.3. Connect with us on LinkedIn at: <https://www.linkedin.com/company/the-society-of-pension-professionals/>
- 4.4. Follow us on X (Twitter) at: <https://twitter.com/thespp1>

Wednesday 26 February 2025

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<sup>4</sup> FCA correspondence to the Prime Minister, 16 January 2025:

<https://www.fca.org.uk/publication/correspondence/fca-letter-new-approach-support-growth.pdf>  
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