

Pension Schemes Bill

Brief for House of Commons Second Reading

7th October 2020



Who we are

B&CE is the provider of the People's Pension, a not-for-profit master trust which delivers a workplace pension to over 5 million mostly low and medium income savers. With more than 90,000 employers and assets under management of over £10bn, the People's Pension is one of the largest master trust pension schemes and is integral to the success of automatic enrolment.

What have I got and where is it?

Auto enrolment has been a resounding success and has brought more than 10 million people into pension saving. However, many people now have more than one pension pot. DWP estimate that people will have an average of 11 jobs in their lifetime with possibly a pension pot for each. Increasingly, people will ask: "what have I got and where is it?"

Pensions dashboard: a new market

We are strong supporters of the pensions dashboards project and have been since the outset. Pensions dashboards will be online portals that will show individuals' pensions entitlements in one place and in a secure manner. This will be of enormous benefit to consumers: helping them to locate lost pension entitlements and to plan for retirement.

The Pension Schemes Bill lays the legal groundwork for dashboards, setting out how they will operate and compels pension schemes to participate. Compulsion is essential if dashboards are to be complete. The Bill also allows pension companies to operate their own commercial dashboards, which may be transactional, alongside the non-commercial MaPS dashboard.

We have concerns about consumer protection in the new commercial environment dashboards will create. The dashboard project will open a new market in pensions as commercial operators develop their own dashboards. And when new markets open in pensions, so does the possibility of consumer detriment. This has happened many times in pensions – indeed the sector seems particularly susceptible to it – because pensions are complex and mistakes are often irreversible.

Although the legal architecture of the dashboard is set out in the Bill, much is left to secondary legislation, including the proposed consumer protection regime.

Consumer protection is paramount

Part 4 of the Bill enables a consumer protection regime to be established in regulations, setting operating and technical standards for a pensions dashboard service.

To aid constructive debate, we hope that Government will provide assurances that dashboards will be appropriately regulated and be persuaded to provide early sight of the Statutory Instrument.

We have three areas of interest:

1. Regulation of dashboards that facilitate transfers and/or pensions consolidation;
2. Consideration of whether the FCA's financial promotions rules need to change in respect of pensions dashboards and their use as a marketing tool; and
3. Whether the rules that regulate product sales need to change as a result of dashboards when they become transactional.

Various pension entitlements

Consumer protection will also need to consider that various types of pensions will be brought together on dashboards. The dashboard will present different types of defined contribution (DC) pension entitlements (workplace, non-workplace, trust and contract-based) next to each other.

These products are regulated, structured and often governed differently, therefore the level of consumer protection between them differs. Dashboards may, however, present them as the same.

The Regulators' roles

Under the Bill, MaPS (the Money and Pensions Service) will have a role in setting rules that schemes will have to comply with. There will also be new powers for the FCA but no clear role for The Pensions Regulator. It is important that there are accountability measures in place for new bodies that acquire rules making or standard setting powers.

We hope you will be able to raise some of these points at Second Reading. If you have any questions or would like additional information, please contact:

Phil Brown, Director of Policy and External Affairs,
philipbrown@bandce.co.uk

Samantha Wilding, Public Affairs and Stakeholder Engagement Lead,
samanthawilding@bandce.co.uk

B & C E Financial Services Limited
Manor Royal, Crawley, West Sussex, RH10 9QP. Tel 0300 2000 555 Fax 01293 586801.

Registered in England and Wales No. 2207140. To help improve our service we may record your call. B & C E Financial Services Limited is authorised and regulated by the Financial Conduct Authority Ref: 122787. It acts as a distributor of, and an administrator for, pensions (including The People's Pension Scheme), accident and death insurance and a range of financial welfare products.

