Dear Frank,

FINANCIAL GUIDANCE AND CLAIMS ACT

Thank you for your constructive engagement with our work on the ban on pensions cold calling as the Financial Guidance and Claims Bill passed through Parliament, and your recent letter, which highlights the role of unregulated in-person introducers in promoting pensions transfers and generating leads for financial advice firms.

You ask whether upcoming regulations to ban pensions cold calling will apply to in-person approaches as well as telephone calls. I can confirm that we do not intend the ban to apply to in-person approaches. Cold calling is by far the most common method used to initiate pension fraud and therefore we believe that banning cold calling on pensions is the most effective route to tackling scams. For example, in 2013, 97% of pension fraud cases brought to Citizens Advice stemmed from cold calling. The responses to the government’s consultation on pensions scams overwhelmingly supported the ban on pensions cold calling. If you would find it helpful, I would be happy to meet with you to discuss the regulations to ban pensions cold calling.

In your letter you also raise questions about the measures which can be taken to outlaw in-person approaches and whether this activity should be brought within the FCA’s regulatory regime.

As you are aware the FCA, as the independent regulator of the financial services industry, is responsible for ensuring a well-functioning market for financial advice. The FCA recently wrote to the Treasury Select Committee in response to a question on its perimeter and powers, this letter covered introducers among other examples and you may find this useful. I enclose a copy of this letter.
The FCA have taken action to make clear to regulated advice firms where unregulated introducers may try to exercise influence over them. The FCA published an alert in August 2016 which highlights some of the risks arising from authorised firms accepting business from unregulated introducers, and in late 2017 reminded pension transfer advisers of their obligations when dealing with unregulated introducers.

You also ask in your letter what measures can be used to outlaw the commercial use by third parties of information obtained through in-person approaches. As we highlighted during the passage of the Financial Guidance and Claims Bill, organisations are required to process, or handle, personal data in accordance with the Data Protection Act 1998 (DPA) and, later this month, the General Data Protection Regulation and the Data Protection Bill. If a person collects personal data from another person face-to-face, for example, on a doorstep, further processing of that data must be done in accordance with the data protection legislation, including the data protection principles.

I hope this letter addresses your concerns and would like to thank you again for your continued interest in this important issue.

with very best regards

John

JOHN GLEN