Re: British Steel Pensions Scheme evidence

Thank you for inviting me to give evidence to the Committee earlier today. During the session I said I would write to you regarding some of the action we have been taking on the areas within our remit.

Firms with restricted permissions

You asked me for the names of the firms we have accepted voluntary requirements (VREQs) from. I apologise for not having these immediately to hand.

Currently three firms with VREQs are on our public Register: Active Wealth (UK) Ltd, Pembrokeshire Mortgage Centre Ltd and Mansion Park Ltd. The restriction to their permissions means they are not allowed to provide pension transfer advice. We will update the Committee of any further changes to the Register relating to British Steel Pension Scheme (BSPS) advice.

A further firm has agreed to stop providing pension advice. As this firm is not currently on our public Register I cannot provide the name. Legislation restricts what we can say with cases currently under investigation and those going through our enforcement processes.

In light of our work to date we are investigating circumstances concerning the transfer of funds on behalf of a number of consumers, including some BSPS members. In line with our normal policy, and the legislation I have already mentioned, we cannot make any further comment on this at this stage.

Action to date

As I mentioned during my evidence session we have been looking into the quality of pension transfer advice since January 2017 with some work preceding this. From January to June we carried out nine firm visits, reviewed 71 files and accepted VREQs from four firms to stop providing pension transfer advice – to note, the VREQs for these firms did not specifically relate to BSPS.

In October we published an update on our work and set out our next steps – to carry out further, targeted supervisory work. In this we restated that advising someone to transfer out of a defined benefit pension scheme is unlikely to be in their best interests.

Alongside this work we have also been engaged with the situation affecting British Steel. To be clear, we are deeply concerned over reports of advisers potentially providing poor and unsuitable advice to members of the BSPS. In early November we were in contact with The Pensions Regulator and the scheme administrators asking for information on advisers – these conversations have continued since then.
We also carried out four seminars in South Wales and Doncaster. 151 regulated pension transfer specialists attended and we wrote to an additional 148 regulated advisers. As I mentioned, our planned interventions have focused on three key areas:

- Firstly, reminding firms of our firm, clear expectations and reiterating our view that transferring out of a defined benefit scheme is unlikely to be in the consumer’s best interests. If firms are providing that advice then we will want to see that they have met our rules and requirements on suitability.
- Secondly, gathering intelligence on firms that may be active in this space.
- And thirdly, using this intelligence to take swift, targeted action.

This approach has resulted in us being able to carry out 13 firm visits, request and review files from an additional four firms and accept the VREQs I have mentioned above. And to restate the point I made earlier today, this work is very much on-going and further visits may take place.

We understand from the figures provided by the scheme administrators that they believe around 2,200 BSPS members have transferred out of the scheme or are in the process of doing so. We have visited and/or reviewed files from firms that have, between them, advised on around 1,520 transfers from the BSPS.

**Remit and position**

I discussed during the session, and I know my colleague Chris Woolard mentioned this in his response to you of 29 November, that our remit with BSPS is limited. We are responsible for the regulation of the advisers, but there is a lot that sits outside our remit. In response to Mr Bowie’s question on why we didn’t intervene sooner following the August decision on what was to happen to BSPS, our view is we intervened as early as we could to gather information and take action swiftly based on that. But there is a clear role here for The Pensions Regulator which the Committee may wish to address with them directly. The Pensions Regulator had a role to play during this period, particularly with the information that was to be sent to BSPS members, and the deadlines they face as well as the future of both the existing and new BSPS.

We have been carrying out a lot of work on BSPS, and we feel this has resulted in better outcomes for BSPS members, and consumers more widely. We have taken action quickly on the areas we regulate.

In closing the session you said that the FCA should have pride in our work and questioned the morale of our teams. I want to provide the strongest assurance that I am proud of the work of my team on this and what they have already achieved. They have acted swiftly to prevent harm to BSPS members and will continue to look into the events over the last few weeks to make sure we continue to take appropriate, swift action. If you were left with an impression that is contrary to that then I would welcome the opportunity to meet with you to rectify that view.

Yours sincerely,

Megan Butler

Executive Director of Supervision – Investment, Wholesale and Specialist