

9 April 2019

Rt Hon Frank Field MP  
Work and Pensions Committee  
House of Commons  
London  
SW1A 0AADear Frank Field**RE: Contingent charging for defined benefit transfers**

Thank you for your letter of 5 April 2019 regarding contingent charging models in the defined benefit pension transfers advice market. I also appreciate you sharing the evidence that you have gathered so that we can feed that into our work.

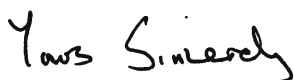
The information the Committee has gathered is very useful and I have passed this to the team working on this. As you know from our meeting on 6 November 2018, this is an important issue to the FCA and one where we share many of the Committee's concerns. The meeting followed our announcement in October 2018 that, given the potential implications for the supply of advice, we needed to carry out further work before intervening in this market. We therefore did not move to introduce a ban on contingent charging models at that time.

During our meeting I said that we were doing more work to understand the impact of any interventions as well as the links between the quality of advice and fee models. I also said that our October announcement was not an endorsement of contingent charging models but an expression that we needed to get this right. The willingness of you and the Committee to help us with this work, and the information you have provided us today, are both pivotal in that aim.

I appreciate the Committee's view that a ban on contingent charging remains your preference. This is a view that we have taken into account along with the other responses to our Consultation Paper and our ongoing supervisory work. However, I understand the objective of the Committee is to ensure consumers are appropriately protected and that this therefore means you are open to any proposals that may achieve that aim – whether through a ban or otherwise. I want to reaffirm my position that we share this same objective.

As I have mentioned, the information you have provided us has been passed to the team working on this. Our work is progressing well and we intend to publish something further in the summer.

I want to reiterate our thanks again to you and the Committee for your willingness to work with us on this important issue.

Yours SincerelyAndrew Bailey**Andrew Bailey**  
Chief Executive