



Department
for Work &
Pensions

GUY OPPERMAN MP
Minister for Pensions

Rt Hon Stephen Timms MP
Work and Pensions Committee
House of Commons
London
SW1A 0AA

22 October 2020

Dear Stephen,

Thank you for your letter of 14 October 2020 in which you asked for further clarity on the following points which I've responded to below.

For clarity, it is worth noting that the four red flags outlined in my previous letter were those identified by representatives from PSIG and the WPSC clerk as the most critical from the overall PSIG list during discussions with my officials.

Confirmation that the statutory right to transfer could be limited if one of the four identified 'red flags' is present and that guidance would not reinstate the right to transfer in those cases

Yes. I can confirm that the powers in clause 125 are sufficiently broad to enable the government to set out in regulations limitations to the statutory right to transfer. In practice, a transfer could be refused if any one of the 'red flags' was present and receiving further advice or guidance would not necessarily be sufficient to allow a transfer to proceed.

To what extent does clause 125 not cover the four red flags in your letter or is your reference to "not fully" covering about previous red flags we have discussed, such as the FCA warning list?

The reference to 'not fully' covering relates to the wider PSIG list and the FCA warning list.

The clause does not give the Secretary of State the power to remove the statutory right to transfer on the basis of information compiled by, or a decision made by, a third

party (e.g. the FCA warning list of scam investment opportunities) because this is classed as unauthorised 'sub delegation'.

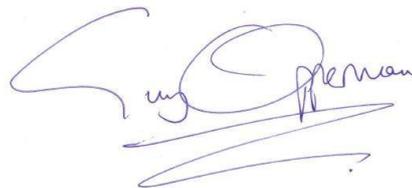
Clause 125 enables the Secretary of State for Work and Pension to implement regulations that would limit the statutory right to transfer unless certain conditions are met. In practice, this means government can rely on these powers to require trustees to take particular action or to establish particular facts, such as ensuring that an organisation is authorised and regulated by the FCA, where this is a requirement under the Financial Services and Markets Act 2000, before proceeding with a transfer request.

What scope would there be to consult on the proposals and to amend them appropriately after the Bill has passed?

It is our intention to consult on all regulations covering the red flags after the Bill receives Royal Assent. I want to ensure that we strike the balance between a thorough consultation and the need to act swiftly in order to offer the maximum protection to pension savers. In preparation, we are engaging with the regulators, parliamentary colleagues, and industry groups, including the deputy chair of PSIG and project Bloom, to reflect their views in the consultation.

The powers in the Bill also give the government the ability to amend the 'red flags' through secondary legislation if necessary to target future scam techniques.

I hope that this has answered your questions. I want to conclude by restating that the Government is committed to protecting pension savers and tackling scams.

A handwritten signature in blue ink, appearing to read 'Guy Opperman', with a large, stylized flourish underneath.

Guy Opperman MP
MINISTER FOR PENSIONS AND FINANCIAL INCLUSION



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From the Chair

Guy Opperman
Minister for Pensions and Financial Inclusion
Department for Work and Pensions

14 October 2020

Dear Guy,

Thank you for your letter about clause 125 of the Pension Schemes Bill and the collaborative way you have engaged on this issue. Ahead of the next stage of the Bill please could you provide further clarity on the points below:

- I have understood your letter to mean that the statutory right to transfer could be fully removed for the four red flags you have identified and, in these cases, receiving guidance or advice would not necessarily be sufficient to reinstate the statutory right. The Government or regulators would also identify further red flags which would suspend the statutory right to transfer until guidance has been received. Can you confirm this is the correct interpretation and that guidance would not reinstate the right to transfer in all cases?
- To what extent does clause 125 not cover the four red flags in your letter or is your reference to “not fully” covering about previous red flags we have discussed, such as the FCA warning list?
- The Pension Scams Industry Group is advocating a selection of well considered and targeted red flags which both guard against the threat of pension scams and do not cause unreasonable restrictions on the members’ right to transfer. The four red flags you have set out appear reasonable and broad, but what scope would there be to consult on the proposals and to amend them appropriately after the Bill has passed?

I look forward to hearing from you.

With best wishes,

Rt Hon Stephen Timms MP
Chair, Work and Pensions Committee