National Audit Office

# Investigation into the British Steel Pension Scheme

Financial Conduct Authority,
Financial Ombudsman Service,
Financial Services Compensation Scheme

REPORT

by the Comptroller and Auditor General

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# Investigation into the British Steel Pension Scheme

## Financial Conduct Authority, Financial Ombudsman Service, Financial Services Compensation Scheme

**Report by the Comptroller and Auditor General**

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**Gareth Davies**
**Comptroller and Auditor General**
**National Audit Office**

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## Investigations

**We conduct investigations to establish the underlying facts in circumstances where concerns have been raised with us, or in response to intelligence that we have gathered through our wider work.**

Almost 8,000 steelworkers chose to transfer out of the British Steel Pension Scheme (BSPS), a large Defined Benefit pension, after receiving advice from their financial advisers. Subsequently, there have been concerns that this advice was unsuitable, and these pension members lost significant sums of money as a result. Financial advisers are regulated by the Financial Conduct Authority, while the Financial Ombudsman Service and the Financial Services Compensation Scheme award redress to consumers that have been treated unfairly. This investigation examines the regulation of Defined Benefit pension transfer advice in the BSPS case and the extent to which compensation is being delivered to steelworkers who have been affected.



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# Contents



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# What this investigation is about

**1** A workplace pension provides a retirement income for its members from a pot of money accumulated during employment. The two main types are Defined Benefit (DB) and Defined Contribution (DC) schemes. DB schemes provide a guaranteed income to its members in retirement, based on how many years they have worked and the salary they have earned. In contrast, DC schemes do not guarantee members a certain level of retirement income – this will depend on the contribution and investment choices made by each member.

**2** The British Steel Pension Scheme (BSPS) was a large DB scheme sponsored by Tata Steel UK. In 2015-16, it had approximately 130,000 members (including 14,000 current employees, mostly located in Wales, the Midlands, Yorkshire and the Humber region, and North-East England) and £13.3 billion of assets. After Tata Steel experienced financial difficulty, in 2017, the BSPS was restructured. Around this time, 7,834 members (representing £2.8 billion of the fund) chose to transfer their benefits out of the scheme to a DC pension arrangement; 95% of these decisions were informed by independent financial advisers. Subsequently, there have been concerns that these members received unsuitable advice and may have made poor financial choices and lost significant sums of money as a result.

**3** A wide range of bodies, including government organisations and regulators, have been involved in the BSPS restructure, the regulation of the pensions and advice markets, and the provision of redress to affected steelworkers. All the main organisations and bodies together with their responsibilities that have played key roles in the BSPS case are set out in Figure 3, on pages 17 and 18.

**4** Two previous reviews have examined the BSPS case. In February 2018, the Work and Pensions Select Committee reported on the choices faced by members during the BSPS restructure in 2017. In January 2019, an independent review examined the communications and support provided to BSPS members at the time of the restructure.

**5** This investigation focuses on setting out how DB pension transfer advisers were regulated in the BSPS case and the extent to which compensation is being delivered to members who were affected. The Financial Conduct Authority (FCA) regulates over 50,000 financial services firms and is responsible for supervising financial advisers, including the regulated advice provided to BSPS members. The Financial Ombudsman Service (the Financial Ombudsman) resolves complaints between financial services providers and their consumers. The Financial Services Compensation Scheme (FSCS) pays compensation to consumers in cases where a financial services firm is unable to pay claims made against it, because they are no longer in business. The report sets out:

- what the BSPS was and what happened to it;
- how the FCA was organised to prevent, identify and respond to unsuitable financial advice in the BSPS case, and how this was undertaken in practice;
- what the FCA, FSCS and the Financial Ombudsman have done to resolve detriment experienced by BSPS members who were mis-sold pensions advice, and to what extent compensation has been delivered; and
- what the impact of the BSPS case has been on pension members, the regulatory framework and the Defined Benefit pension transfer advice market generally.

**6** This investigation is based on a review of documents provided by the FCA, FSCS and the Financial Ombudsman, as well as public information and interviews with a range of stakeholders. It sets out the facts of the case. It does not seek to examine and report on value for money, nor does it seek to examine the merits of individual regulatory decisions, for which there are specific procedures and bodies such as ombudsmen and tribunals. This investigation also does not cover the restructure of the BSPS and the adequacy of the pension settlement.

# Summary

## Key findings

### Transferring out of the British Steel Pension Scheme (BSPS)

7 **In August 2017, when Tata Steel was facing financial difficulty, The Pensions Regulator (TPR) approved a request to separate the company from the BSPS.** Pensions law allows, under certain circumstances, a financially troubled employer to detach itself from its pension liabilities. This typically results in a Defined Benefit (DB) scheme entering the Pension Protection Fund (PPF). This fund is designed to protect members of a scheme where the sponsoring employer has become insolvent, but typically pays somewhat reduced pension benefits. TPR and the PPF agreed with Tata Steel that it could follow this approach for the BSPS. Additionally, Tata Steel set up a new successor scheme (which was offering to provide similar benefits to the BSPS but with lower future increases), with members being given the choice to move into this prior to the BSPS entering a PPF assessment period, in an exercise called 'Time to Choose' (paragraphs 1.5 to 1.8).

8 **Some members of DB pension schemes also have the option to transfer their funds out of the pension scheme altogether.** The Pensions Schemes Act 2015 gave people greater flexibility for accessing and using pension savings. For members of Defined Benefit (DB) schemes to take advantage of these flexibilities, they must transfer their benefits to a Defined Contribution (DC) scheme. Due to the risks involved, the Act also requires members with a pension value greater than £30,000 to take financial advice from a regulated adviser before transferring out. For the BSPS scheme, some 44,000 deferred members (those who had not yet accessed their pension and who were no longer earning increased benefits) had the option to transfer out of the scheme completely (paragraphs 1.3, 1.4 and 1.9).

9 **In 2015, the Financial Conduct Authority (FCA) recognised the increased risk of harm to consumers who receive unsuitable advice and transfer out of a DB pension.** Because a DB pension provides a guaranteed level of income in retirement, the FCA's guidance states that an adviser should assume that, in most cases, a transfer will not be suitable. In 2015, when the legislation was introduced, the FCA recognised that the reforms could cause harm to consumers who receive unsuitable transfer advice and began to analyse the advice market. In 2015-16, it found that 17% of the transfer advice it reviewed was unsuitable (compared with 4% unsuitability in other advice sectors). In 36% of cases, it was unclear if the recommendation was suitable or not. Out of the 13 advice firms reviewed, four voluntarily left the market (paragraphs 1.11 to 1.13).

## Regulation of advice provided to BSPS members

**10 BSPS members were particularly vulnerable to pension advice mis-selling.** Pensions are a highly complex financial services product, and most BSPS members had limited previous experience of making decisions about their pension or using a financial adviser. The deadlines for the 'Time to Choose' exercise (December 2017) and for providing the necessary documentation to proceed with a transfer (February 2018) gave members limited time to make their decisions, while the value of members' benefits were substantial (the average transfer value was £365,000, with some worth more than £1 million). The two previous reviews found that the communication and support provided to members during the 'Time to Choose' exercise was not adequate to inform their decision. Stakeholders told us that there was an overall level of distrust in the viability of the sponsoring employer, given its financial difficulties and the pension restructure. Members were, therefore, more sceptical of leaving their savings with the company scheme (paragraph 2.2).

**11 Around 18% of eligible BSPS members transferred out of the scheme.** From April 2017, 7,834 members transferred out of the original scheme, representing £2.8 billion of the pension fund. Around 95% of the BSPS members who transferred out had received financial advice from a regulated firm (paragraphs 2.3 and 2.5).

**12 The financial advice market was not prepared for the impact of the BSPS restructure.** Advisers in the local steel-working areas saw very rapid growth in requests for DB transfer advice, which is a complex, specialised, and regulated area of financial advice. The FCA authorises firms to provide DB pension transfer advice. It told us that many of the advice firms involved had limited previous experience of processing large numbers of DB transfers and, in many cases, did not respond appropriately to the increased demand for their services. Most advisers were financially incentivised to recommend members to transfer out of the BSPS, as they were only paid if this happened. The FCA estimates that 79% of all BSPS members who received advice transferred out of the scheme (paragraphs 1.11, 2.5, 2.6 and 2.16).

**13 In summer 2017, the FCA had limited insight into the DB transfer advice market and what was happening in the BSPS at the time of its restructure.** The FCA did not have any data on the number of DB transfer requests that were taking place or on the state of the adviser market in the local areas. Data on the number of BSPS transfer requests were held by the scheme trustees and administrators, who are not FCA authorised, and the FCA was therefore not aware of the level of interest BSPS members had in transferring out of the scheme. Furthermore, only five out of the estimated 369 advice firms involved in the BSPS case met the FCA's size threshold for regular engagement with the regulator. Instead, the FCA's approach for these smaller advisers was limited to undertaking thematic work on key issues across the entire market and specific case work identified through intelligence (paragraphs 2.7 and 2.8).

14 **The FCA responded by working with industry and pension members to try to contain the most immediate harm.** Between November 2017 and March 2018, the FCA diverted staff from different teams to work on the BSPS, including 10 staff from its supervision department. It also deployed some staff to the local areas. It communicated with firms to remind them of its regulatory expectations. It arranged seminars with 151 advisers and, in January 2018, wrote to all pension transfer advisers in the UK to remind them of their responsibilities. It also communicated to BSPS members who were considering transferring out. In December 2017, the FCA worked with its regulatory partners to enable the scheme's trustees to issue a joint letter to around 12,000 BSPS members who had requested a transfer quotation, to urge them to be careful if considering this option. By January 2018, 2,054 transfers had been completed. The FCA followed up with a further joint letter, sent by trustees, to members who had already transferred out of the scheme and helped to organise a dedicated helpline for members seeking further guidance (paragraphs 2.9 to 2.11).

15 **The FCA estimates that financial advice was unsuitable in 47% of all BSPS cases and unclear in a further 32% of transfers.** After its initial response, in June 2018, the FCA undertook a longer-term project to understand the scale of unsuitable advice provided across the DB pension transfer market, including in the British Steel Pensions Scheme. It found that BSPS files showed a much higher rate of unsuitable transfer recommendations (47%) than for the DB transfer market more generally (17%). In a further 32% of BSPS transfers, it was unclear if the advice was unsuitable or not. Additionally, some advisers placed members into new pension investments that were not appropriate for their requirements. The FCA's evidence indicates this was the case in 17% of all BSPS transfers (paragraphs 2.12 and 2.13).

16 **The FCA has issued fines totalling £1.3 million and has 30 more enforcement investigations ongoing.** The regulator has a wide range of powers to respond to poor behaviour in a market, such as withdrawing or suspending a firm's authorisation or using its regulatory, civil, or criminal prosecution powers. In March 2018, the FCA opened enforcement investigations into eight firms that had provided advice to BSPS members and it currently has ongoing investigations into 30 individuals or firms. It told us that all but one of these firms have since stopped providing DB transfer advice. To date, it has imposed fines totalling £1.3 million for adviser non-compliance and has banned one individual from undertaking certain regulated activities, subject to a determination by an independent tribunal. Its interventions have also led to at least 44 firms voluntarily withdrawing from the DB pension transfer advice market (paragraphs 2.17 and 2.18).

17 **The FCA recognised that it needed to change its approach to regulating the pensions transfer advice market.** It has made changes to its internal processes in response to the BSPS case. For example, from 2018 it began collecting more data from financial advisers to improve its market intelligence. It has changed its approach to engaging with regulatory partners, such as developing a joint protocol to enable early intervention in DB transfer cases. The FCA also updated the qualifications it requires of advisers wishing to be approved as pension transfer specialists. To improve industry practices, in October 2020, it banned charges for advice where consumers only pay when a transfer proceeds, except in certain limited circumstances (paragraph 2.20).

## Redress and putting things right

18 **The FCA has worked with firms to provide redress directly to some BSPS members and encouraged other members to seek compensation by raising complaints.** The standard process of redress is a complaints-based approach in which consumers first raise a complaint with their financial advice firm and, if unsatisfied with the outcome, raise a complaint with the Financial Ombudsman Service (the Financial Ombudsman). The FCA has focused on encouraging consumers to seek redress individually and ensuring individual firms review the suitability of their advice directly:

- **Individual complaints:** The FCA and wider regulatory system have worked to raise members' awareness of their right to complain, for example, through direct letters and in-person events. To date, only 25% (1,878) of members who received advice to transfer out have sought redress through individual complaints.

- **Suitability assessments:** In May 2020, the FCA decided that 45 firms that it considered may have given unsuitable advice should conduct suitability assessments (called Past Business Reviews). The FCA told us that, to date, two firms have completed their reviews and more than £12 million in compensation has been paid to affected BSPS members (paragraphs 3.2 to 3.8).

**19 The FCA is yet to decide on the implementation of a consumer redress scheme for BSPS members.** Regulators need to make timely decisions that can have an effective impact on the individual firms they regulate and the wider market, including, for example, deciding how to provide redress and compensation to affected steelworkers. The FCA has powers to mandate a consumer redress scheme for BSPS members, in which all firms involved in the BSPS case would have to review their advice and potentially offer compensation to consumers. However, before doing so it must meet certain legal tests by providing evidence of widespread or regular market failure and analysing the potential impact on the advice market. The regulator started assessing the suitability of a consumer redress scheme in April 2021 and it expects to launch a consultation on this by the end of March 2022. It also told us it needs to meet a similarly high evidence threshold before making other types of intervention, such as making changes to regulations and conducting enforcement actions (paragraphs 3.9, 3.10, 2.18, and 2.20).

**20 Pension scheme members have lost £18 million of redress to date as financial advisers went into liquidation.** The FCA requires firms to have enough resources to cover liabilities for unsuitable advice, which is usually achieved through Professional Indemnity Insurance. However, 22% of complaints made to the Financial Ombudsman have so far been passed to the Financial Services Compensation Scheme (FSCS) due to firms being unable to pay compensation and entering liquidation. The compensation awarded by the FSCS is limited to £50,000 for claims against firms that failed before April 2019 and £85,000 for firms that failed after that date. The average loss for BSPS claims resolved by FSCS is £82,600, with individual cases ranging from £0 up to £489,000. The FSCS has estimated that the total loss for its upheld BSPS claims is £55.3 million, and the total compensation awarded by FSCS is £37.3 million, resulting in a shortfall of £18 million (paragraphs 2.15, 3.11, 3.12 and 3.17).

**21 There have been wider market impacts from the costs of compensation.** After the BSPS case, the price of the relevant insurance cover for financial advisers increased significantly, with some insurers refusing to cover this type of risk altogether. BSPS claims to the FSCS also place financial pressure on the wider industry, as compensation is funded by a levy placed on advice firms and other businesses which offer similar services. The total cost of funding the levy, including operating costs, is expected to increase by 23% from £330 million in 2021-22 to £406 million in 2022-23. £90 million of the 2021-22 cost will be borne by the wider financial services industry. The FCA acknowledges the risks posed to the wider market and is considering ways to improve the compensation framework (paragraph 3.13).

**22 The average BSPS complaint regarding unsuitable advice takes the Financial Ombudsman eight months to resolve.** During 2020-21, the Financial Ombudsman has dealt with a 60% increase in non-PPI (Payment Protection Insurance) complaints. This created an initial unallocated backlog of 90,000 cases in April 2021, which has since fallen to 43,000 as at the end of January 2022. Representatives from the Financial Ombudsman also told us that DB pension transfer complaints are complex and time-consuming to resolve (paragraphs 3.18 and 3.19).

**23 The total compensation awarded to scheme members is not recorded.** Redress calculations use complex financial assumptions that change every three months according to the performance of financial markets. This leads to variations in the amounts of compensation provided to consumers, as each calculation is made at a different time. The FCA provides guidance on the calculation of redress and has acknowledged that, in some cases, aspects of its guidance were not being used consistently by advice firms, who risked failing to provide fair compensation amounts to consumers. The FCA has issued clarification to firms with the aim to mitigate this risk (paragraphs 3.14 to 3.17).

**24 Seventy-two per cent of the Financial Ombudsman's cases and 40% of FSCS's claims have been made through claims management companies or legal representatives.** Pension scheme members can seek redress free through the Financial Ombudsman or FSCS, but members may also choose to be represented by claims management companies or legal representatives, who charge a fee for their service. Therefore, some BSPS members have not received the full amount of redress owed to them, as part of their compensation has been paid to third parties (paragraphs 3.20 and 3.21).

## Concluding remarks and matters for consideration

**25** A large number of BSPS members have suffered a significant degree of financial detriment after transferring out of the scheme. Whilst the total loss experienced by members is not recorded, for claims made to the FSCS the average individual loss is £82,600. Pension scheme members were placed in a vulnerable position and the communication and support provided at the time of the BSPS restructure was not adequate. Furthermore, the regulated advice market, which was intended to be a key protection against financial loss, failed to protect them adequately, with 47% of advice deemed to be unsuitable.

**26** The FCA has put in place measures aimed at improving the regulation of the pensions advice market, such as a ban on charges where advisers are paid only if a transfer proceeds, and along with the Financial Ombudsman and FSCS is attempting to remedy the financial detriment suffered by BSPS members. However, the redress arrangements have not compensated all individuals fully, the costs of redress have impacted on the wider financial services industry and the number of firms providing DB pensions transfer advice has more than halved. This case demonstrates the costs and difficulties of remedying failures in financial services, the importance of preventing problems occurring in the first place and the inadequacy of the arrangements for protecting BSPS members during the DB pension transfer process. We have therefore set out matters for consideration aimed at strengthening preventative measures:

**a** The introduction of pension freedoms in the Pensions Schemes Act 2015 relied on a number of measures to protect consumers, such as the provision of financial advice. The FCA and HM Treasury should consider whether there are lessons to be learned about the way they work together to identify and mitigate any risks to consumers as policy is being developed.

**b** While the exact circumstances of the BSPS may not be replicated, the risk of large numbers of pension members looking to transfer out of a DB pension remains. The regulators and oversight bodies with responsibilities for protecting pension scheme members should consider what further changes can be made to minimise the risks associated with transferring out of a scheme. This should include consideration of key regulatory factors, such as the strength of existing safeguards to protect consumers in the DB pension transfer process; the regulatory data needed to support proactive intervention and the powers to collect this; and the mechanisms and approaches that can be used to communicate key messages effectively with less accessible firms and consumers.

**c** The FCA, the Financial Ombudsman and FSCS have undertaken a range of activities to raise BSPS members' awareness of their right to complain and seek redress. Despite high levels of unsuitable advice, to date, only a small proportion of these members have made a complaint through the statutory redress organisations. The FCA, the Financial Ombudsman and FSCS should reflect on their experiences in trying to reach affected consumers to understand what worked well and what could be improved in future. This analysis should also feed into how they operate the new joint working framework, aimed at addressing similar issues that could have a wider impact across the financial services industry.

# Part One

## Transferring out of the BSPS

**1.1** This part explains:

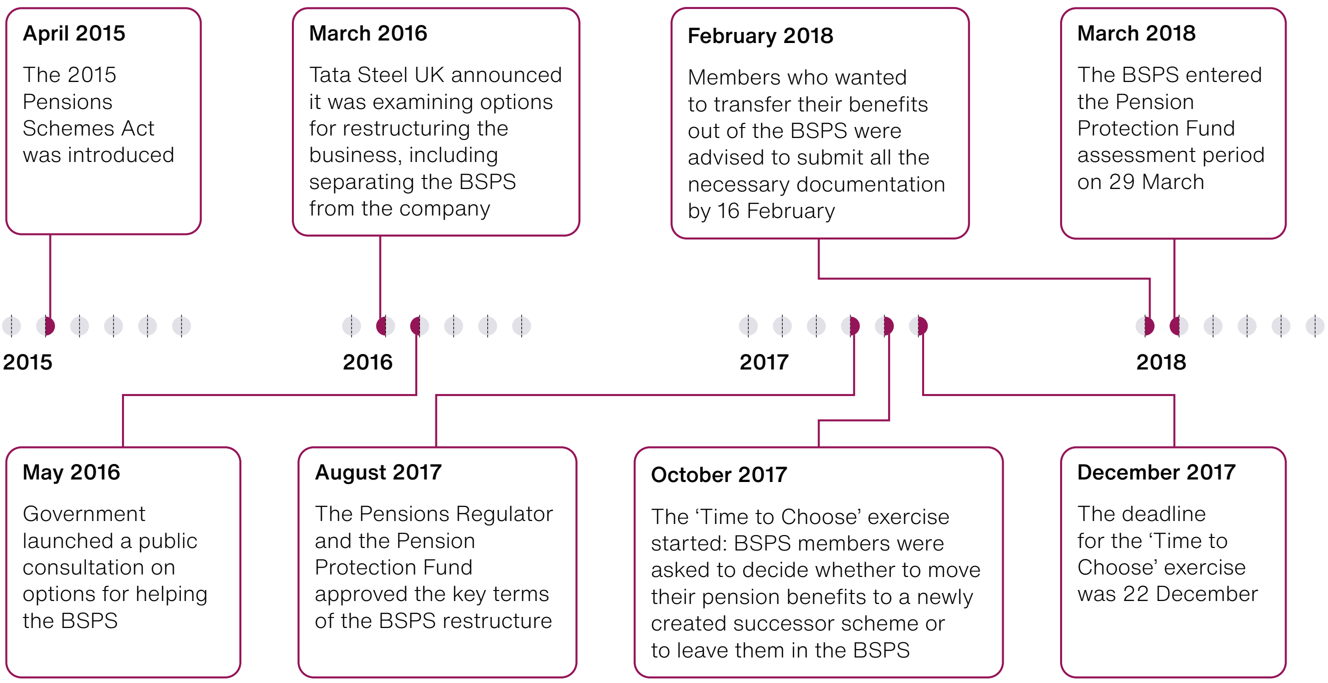
- what is a Defined Benefit pension scheme and members' statutory option to transfer out of one;
- the background and context to the British Steel Pension Scheme (BSPS) and the choices presented to members when the scheme was being restructured; and
- the roles and responsibilities of the key stakeholders involved in the BSPS case.

A timeline of key events leading to the restructure of the BSPS, that will be discussed in this part, is shown in **Figure 1**.

**Figure 1**

A timeline of key events leading to the restructure of the British Steel Pension Scheme (BSPS)

**The restructure of BSPS occurred over a three-year period**




Source: National Audit Office analysis of publicly available information relating to the restructure of the British Steel Pension Scheme

## The statutory option to transfer out of a Defined Benefit pension scheme

**1.2** A workplace pension provides a retirement income for its members from a pot of money accumulated during employment. The two main types of workplace pension are Defined Benefit (DB) and Defined Contribution (DC) schemes. DB schemes provide a guaranteed income to their members in retirement, based on how many years they have worked and the salary they have earned. By comparison, DC schemes do not guarantee members a certain level of retirement income, which will instead depend on the contribution and investment choices made by each member (**Figure 2**).

### Figure 2
A comparison of some key characteristics of Defined Benefit and Defined Contribution pensions

**Both types of pension provide different benefits and risks to consumers**

| Defined Benefit (DB) | Defined Contribution (DC) |
|---|---|
| The amount of pension to be paid to a member (or, where relevant, a dependant) is based on the member's salary and years of pensionable service. The level of benefits accrued is independent of the contributions paid to the scheme and the scheme's investment returns.<br><br>Members receive benefits for life, regardless of how long they live, usually with a dependant's pension, also for life.<br><br>Scheme assets are made up of all contributions paid by the member and the employer plus investment returns.<br><br>There is no segregation of the scheme assets by member.<br><br>The investment risk is carried by the employer, not the member, so the better the investments perform, the lower the contributions that the employer will need to pay to meet the cost of providing members' benefits (and vice versa). | The amount of pension that will be paid to a member (or, where relevant, a dependant) will depend on: the amount of contributions paid in by both the member and employer; the way in which the investments have performed; any costs or charges taken from the member's pot; and the choices the member makes when choosing how a pension is paid.<br><br>The member can receive payments from the pension only until all funds are used up unless the member has purchased an annuity (which provides a regular pension payment in retirement).<br><br>The level of contributions payable by the employer is fixed, which can sometimes vary depending on the level of contributions the member chooses to make.<br><br>Each member will have their own pot of money identified within the scheme. The retirement decisions are made by the member regarding the level of pension drawn and the level of the dependant's pension.<br><br>The investment risk is carried by the member. |

**Note**

1 This is not a complete list of all pension characteristics, and some factors, such as tax considerations, have not been included.

Source: National Audit Office analysis of The Pensions Regulator documents

**1.3** The Pensions Schemes Act 2015 (otherwise known as 'Pension Freedoms') gave people aged 55 and over greater flexibility for accessing and using their DC pension savings. HM Treasury consulted on pension reforms in March 2014 and introduced new legislation to Parliament in June 2014, which took effect from April 2015. The Act set out a new legislative framework for private pensions. It enabled pension members to more readily access or drawdown their pension savings when they retire, rather than buy an annuity (which provides a regular pension payment in retirement).

**1.4** Pension freedoms can also be accessed by members of DB schemes. To do this, members must transfer their pension into a DC scheme. Due to the risks involved in transferring out, members must also take financial advice from a regulated adviser if the value of their pension is greater than £30,000. The intention is to ensure members are aware of the security and valuable guarantees they would be giving up if they proceeded with a transfer.

## The restructure of the BSPS

**1.5** The BSPS was a large DB pension scheme sponsored by Tata Steel UK ('Tata Steel'). The company had a number of steel manufacturing, processing and distribution facilitates, mostly in Wales, the Midlands, Yorkshire and the Humber region, and North-East England, the largest being in Port Talbot, which employed more than 4,000 people. In 2015-16, the scheme had approximately 130,000 members, making it one of the largest DB pension schemes in the UK. This included 14,000 current Tata Steel employees and 84,000 BSPS pensioners. In 2015-16, the BSPS had £13.3 billion of assets and liabilities of around £14 billion.

**1.6** In March 2016, Tata Steel announced it was examining options for restructuring the business including the potential sale of its UK steel company. It reported that it had lost £2 billion in five years, which it believed was unsustainable. Given the large size of the BSPS, government recognised that the BSPS was likely to be separated from the business as part of a sale agreement. In May 2016, the Department for Work & Pensions launched a public consultation on options for helping the BSPS as part of a wider package of government support.

**1.7** Companies that will inevitably become insolvent if they continue to sponsor a DB pension scheme can apply to The Pensions Regulator (TPR) for a Regulated Apportionment Arrangement (RAA). Subject to strict conditions, an RAA allows the sponsoring employer to detach itself from its pension scheme, which usually enters the Pension Protection Fund (PPF). The PPF was set up to pay compensation to members of schemes who risk losing their pension because the sponsoring employer has become insolvent. It typically pays somewhat reduced pension benefits compared with an original scheme.

**1.8** In August 2017, TPR approved the key terms of the RAA proposed for the BSPS restructure, which meant it would enter a PPF assessment period. While Tata Steel would have been insolvent if it remained responsible for the BSPS, the scheme was considered well enough funded that it was likely any additional funds obtained under the terms of the RAA would potentially allow benefits to be paid above PPF levels. Therefore, a new successor scheme was set up and sponsored by the company. The new scheme offered to provide similar benefits as the BSPS but with lower future increases. Under the legislation, members' benefits could not be moved automatically into the new scheme. Members were instead given the choice to stay in the BSPS (which was expected to enter the PPF) or move to the new scheme (offering modified benefits). This exercise was known as 'Time to Choose' and ran between October and December 2017. Members were sent information to inform their decision. Members who did not make a choice remained in the BSPS, which entered the PPF assessment period on 29 March 2018.

**1.9** By the end of the 'Time to Choose' exercise, most scheme members (approximately 83,000) opted to move into the new scheme, while around 39,000 did not express a choice or opted to stay in the BSPS (which was expected to move into the PPF). Of the total membership, only deferred members (those who had not yet accessed their pension and who were no longer earning increased benefits) were eligible for the statutory option to transfer out of the scheme completely. By April 2017, there were 44,000 deferred BSPS members eligible to transfer out. This option was independent of the 'Time to Choose' exercise, and deferred members who met certain conditions could request a transfer at any time. Because the BSPS was due to enter the PPF assessment on the 29 March 2018, members who wanted to proceed with a transfer were advised to submit all the necessary documentation by 16 February 2018. Most of these members had a pension valued at more than £30,000 and were therefore required to take financial advice before any transfer could take place.

## The regulation of DB pension transfer advice

**1.10** A range of organisations, including government departments and regulators, have been involved in various aspects of the BSPS case (**Figure 3** on pages 17 and 18).

**1.11** As part of its remit, the Financial Conduct Authority (FCA) regulates over 50,000 UK financial services firms including approximately 25,000 independent financial advisers, some of whom provided regulated advice to BSPS members who wanted to transfer out of the scheme. DB transfer advice is complex and requires specialist skills and a permission from the FCA to provide. In January 2022, there were 1,160 advice firms authorised to provide this service in the UK. The FCA sets the rules and regulations for how advisers should behave in the market and how they treat customers. It monitors and supervises whether advisers are following the rules and has the powers to take enforcement action where non-compliance has been identified.

## Figure 3

British Steel Pension Scheme (BSPS) governance and key stakeholders, including government organisations

**A wide range of stakeholders have been involved in the BSPS case**

| Stakeholders | Overall objective | Key BSPS responsibilities |
|---|---|---|
| Stakeholders involved in running the BSPS | | |
| Sponsoring employer | Ensuring the long-term security of the pension scheme. | • Negotiating and agreeing the arrangement when the BSPS scheme fell into deficit. |
| Scheme trustees | To administer the scheme in accordance with its trust deed, rules and other legal requirements. | • Securing the viability of the new scheme.<br>• Providing communications and support to members deciding what to do with their pension. |
| Scheme administrators | Delivering the day-to-day business and operations for the scheme. | • Administrating the decisions made by trustees, including processing scheme transfers. |
| Government organisations involved in the BSPS restructure | | |
| Department for Work & Pensions | Government department responsible for welfare, pensions and child maintenance policy. | • Launched a consultation in 2016 to explore what might be done to help the BSPS in the wider context of efforts to protect the UK steel industry. |
| The Pensions Regulator | Ensuring compliance by trustees and scheme employers with their respective obligations regarding pension schemes, as set out in relevant legislation. | • Regulator for occupational pension schemes, including Defined Benefit (DB) schemes.<br>• Providing oversight of and support to scheme trustees and employers.<br>• Negotiating and approving the Regulated Apportionment Arrangement (RAA), which separated the BSPS from its sponsoring employer. |
| Pension Protection Fund | Providing a 'lifeboat' fund to help protect people with an eligible DB pension when an employer becomes insolvent. | • Participating in the RAA process, including confirming it did not object to the terms of the agreement. |
| The system responsible for the regulation of DB pensions transfer advice and providing redress to consumers | | |
| HM Treasury | Placing the public finances on a stable footing, ensuring the stability of the financial system, and increasing employment and productivity. | • Sets financial services policy, including the financial services regulatory framework.<br>• Introduced the Pension Schemes Act 2015. |
| Financial Conduct Authority | Ensuring financial services markets function well, to protect consumers, and to promote competition. | • Regulator of financial advisers, including DB pension transfer advice.<br>• Chooses the mechanism for providing redress to affected consumers and co-ordinates the implementation of this approach.<br>• Regulator of claims management companies since 1 April 2019. |

**Figure 3** *continued*

British Steel Pension Scheme (BSPS) governance and key stakeholders, including government organisations

| Stakeholders | Overall objective | Key BSPS responsibilities |
|---|---|---|
| **The system responsible for the regulation of DB pensions transfer advice and providing redress to consumers *continued*** | | |
| Financial Ombudsman Service | Resolving complaints between consumers and businesses that provide financial services. Instructing businesses to calculate and pay redress to consumers. | • Resolving complaints between BSPS members and the financial advisers that they used. |
| Financial Services Compensation Scheme | Paying compensation to consumers in cases where the financial services firm has gone out of business and cannot pay. | • Calculates and pays the compensation awarded to BSPS members who were mis-sold pension advice, where their adviser is no longer operating. |
| The Money and Pensions Service (previously TPAS) | Helping people to improve their financial well-being. Ensuring customers can access high-quality money and pensions guidance and debt advice. | • Provided support to BSPS members looking for guidance on what to do with their pension. |

Source: National Audit Office analysis of publicly available information

**1.12** The FCA's regulation of DB pension transfer advice has developed over time. The specific rules and guidance that advisers must follow are set out in the FCA's *Conduct of Business Sourcebook*, which is supplemented by specific pensions transfer advice guidance published in March 2021. Because a DB pension provides a guaranteed level of income in retirement, the FCA's guidance states that an adviser should assume that, in most cases, a transfer will not be suitable. Advice firms should only consider a transfer to be suitable if it can clearly demonstrate that the transfer is in the client's best interests. At the time of the BSPS restructure in June 2017, the FCA consulted on a proposal to remove this starting assumption but, in March 2018, it decided not to proceed with this plan.

**1.13** In 2015, before the BSPS restructure, the FCA recognised that the legislative changes resulting from the Pensions Schemes Act could cause harm to consumers who received unsuitable transfer advice. It began a supervisory project to analyse the DB pension transfer advice market. It reviewed a sample of 88 DB transfer recommendations made by 13 firms, which took place in 2015 and 2016. Out of these, the FCA found that 17% of the transfer advice recommendations were unsuitable and, in 36% of cases, it was unclear whether the advice was unsuitable or not. This compared with an approximate 4% unsuitability rate in other advice sectors. The review led to four advice firms voluntarily leaving the market (out of a total of 2,987 advice firms in January 2017).

# Part Two

## Regulation of advice provided to BSPS members

**2.1** This part examines:

- the factors that contributed to British Steel Pension Scheme (BSPS) members transferring out of the scheme;
- when the Financial Conduct Authority (FCA) first identified concerns with the financial advice that was provided to BSPS members and its initial regulatory response; and
- the regulator's longer-term work on the BSPS case and the impact it has had on the FCA's operations.

A timeline of some key FCA interventions in the BSPS case and the Defined Benefit (DB) pensions transfer advice market that will be discussed in this part is shown in **Figure 4** overleaf.

### The factors that contributed to members transferring out of BSPS

**2.2** Many people have characteristics or circumstances which can impair their ability to engage with or benefit from different services, potentially making them vulnerable when things go wrong. There were several reasons why BSPS members were particularly vulnerable to pensions advice mis-selling, which are set out in **Figure 5** on page 21.

**2.3** Between April 2017 and March 2018, 5,517 members transferred out of the original scheme. A further 2,317 members who had requested a transfer prior to the February deadline transferred out after this date, bringing the total to 7,834 BSPS member transfers over the period. This represented around 18% of eligible BSPS members and £2.8 billion of the total pension fund. The number of BSPS members who were eligible to transfer out had increased significantly by April 2017, when the scheme closed to future accrual. In the 10 previous financial years (April 2007 – March 2017), on average, 166 BSPS members transferred out of the scheme annually.

## Figure 4

Timeline of key Financial Conduct Authority (FCA) interventions in the British Steel Pension Scheme (BSPS) case and the Defined Benefit (DB) pension transfer advice market

**The FCA has conducted supervisory and enforcement actions in response to the BSPS case, beginning in September 2017**

**2017**

**September 2017**
The FCA's supervision department gathered intelligence relating to the BSPS

**November 2017**
The FCA visited the BSPS trustee's office to identify the firms that advised on the BSPS. It hosted two seminars for financial advisers that were involved

**December 2017**
The FCA helped to enable the scheme's trustees to issue a letter to 12,000 BSPS members asking them to consider a transfer carefully

**2018**

**January 2018**
The FCA sent a letter to all advice firms setting out its expectations on pension advice

**March 2018**
The FCA opened enforcement investigations into eight firms that provided advice to BSPS members

**June 2018**
The FCA began a long-term project to understand the scale of the unsuitable advice across the entire DB pension transfer market, including the BSPS

**2019**

**January 2019**
The FCA, TPR, and TPAS (now MaPS) developed a joint protocol to enable early intervention in DB transfer cases

**2020**

**October 2020**
The FCA banned charges for advice where consumers only pay when a transfer proceeds

**2021**

**2022**

**February 2022**
The FCA has 30 BSPS enforcement investigations ongoing

**Notes**

1 The Pensions Regulator (TPR).

2 The Pensions Advisory Service (TPAS).

3 Money and Pensions Service (MaPS).

Source: National Audit Office discussions with the Financial Conduct Authority, review of Financial Conduct Authority documents and publicly available information

## Figure 5

Key factors that made British Steel Pension Scheme (BSPS) members vulnerable to mis-selling

**A range of factors made steelworkers particularly vulnerable to unsuitable advice**

| Factor | Explanation |
|---|---|
| Lack of trust in Tata Steel and the BSPS | Members lost confidence in Tata Steel following changes made to the BSPS in previous years. From April 2017, when the BSPS was closed to future accrual, some members lost favourable early retirement terms, which meant that they could no longer retire at 60 years on largely unreduced pensions or age 55 years in the event of redundancy. The loss of these entitlements and Tata Steel's financial difficulties created uncertainty about the future of their pension and members wanted to take control over their retirement fund. |
| Complexity and a lack of financial experience | Pensions are a highly complex financial services product. BSPS member representatives told us that members lacked detailed financial knowledge and had limited previous experience making decisions about their pension or using a financial adviser. |
| Deadlines and time pressure | Members were under pressure to make a decision about their pension before deadlines for the end of the 'Time to Choose' exercise (December 2017) and for providing the necessary documentation to proceed with a transfer out of the scheme (February 2018). |
| High cash equivalent transfer values | Members had accrued large pension pots, which increased in value from April 2017. The average transfer value was £365,000, with some worth more than £1 million. Members were attracted to the opportunity of receiving large sums of money rather than considering their long-term retirement income. |
| Rumours and scaremongering | Members received misinformation as rumours about the different options started to spread, for example, that the Pension Protection Fund was a poor outcome and would create financial losses. |
| Inadequate communication and support | Members who were confused about their options experienced problems in getting the personalised guidance they wanted. |

**Note**

1 In April 2017, BSPS trustees decreased the risk of the scheme's investment strategy before it entered the Pension Protection Fund (PPF) assessment. This reduced the discount rate applied by the actuaries and meant that BSPS transfer values increased significantly.

Source: National Audit Office literature review and discussions with stakeholders including regulatory bodies and consumer representatives

**2.4** BSPS member representatives told us that members' decisions to transfer out of the scheme were influenced by a lack of information on the options available to them. A 2018 report by the Work and Pensions Committee concluded that BSPS members were not adequately supported through the 'Time to Choose' process.[1] A 2019 independent review identified a particular concern relating to the experience of the members who decided to transfer out.[2] The Pensions Regulator (TPR), Community Union, and the BSPS Scheme administrators, who were involved in the BSPS restructure, told us that they did not anticipate such a large volume of members to transfer out of the scheme. Instead, they expected that the relevant safeguards introduced by the Pensions Schemes Act 2015, including the requirement to take financial advice from a regulated adviser before transferring out, would be effective at preventing consumer detriment.

**2.5** The FCA estimates that 95% of the BSPS members who transferred out of the scheme received financial advice from an FCA authorised firm. It has identified approximately 369 different firms that provided advice to BSPS members, with 235 of these advising on fewer than 10 transfers each. Advisers in the local steel-working areas saw very rapid growth in requests for Defined Benefit (DB) transfer advice. The FCA told us that many of these firms had limited previous experience processing large numbers of transfers and, in many cases, did not respond appropriately to the increased demand for their services. In 2018, the FCA found that 20% of all authorised firms in the market had not provided DB pension transfer advice since the Pension Schemes Act was introduced in April 2015.

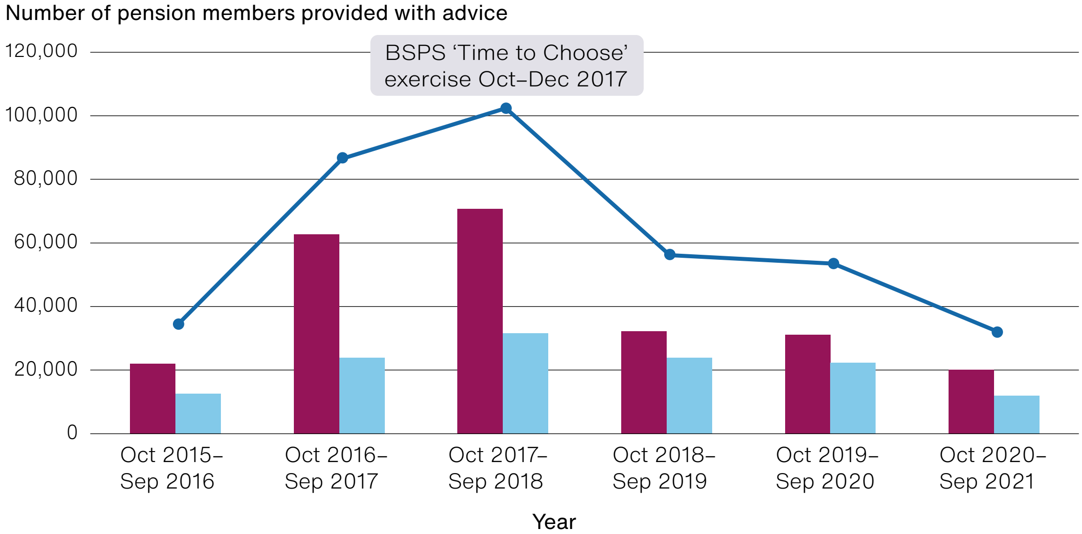
**2.6** Most advisers were financially incentivised to recommend a DB transfer as they were only paid if the member transferred out of the scheme. The FCA estimates that 79% of all BSPS members who received financial advice transferred out of the scheme. It told us that it had limited time to prepare the DB transfer advice market for the Pensions Schemes Act 2015, to minimise risks to consumers from transferring out of a scheme. Across the entire market, the number of DB pension members who were advised to transfer out of their pension increased by 220% between the year to September 2016 (shortly after the Act was introduced) and the year to September 2018, from 22,000 to 70,700. This number has since reduced to 20,000 by 2021, closer to levels seen before the Act was introduced (**Figure 6**).

1 HC Work and Pensions Committee, *British Steel Pension Scheme*, HC 828, 15 February 2018.
2 C Rookes, *Independent review of communications and support given to British Steel Pension Scheme members,* January 2019.

## Figure 6

Outcome of Defined Benefit (DB) pension transfer advice in the UK, 2015–2021

**The total number of DB pension members in the UK that were advised to transfer increased significantly between 2016-18, around the time of the British Steel Pension Scheme (BSPS) restructure**




| | | | | | | |
|---|---|---|---|---|---|---|
| Advised to transfer | 22,076 | 62,694 | 70,761 | 32,213 | 31,132 | 20,155 |
| Advised not to transfer | 12,570 | 23,860 | 31,631 | 23,900 | 22,343 | 11,979 |
| **Total advised** | **34,646** | **86,554** | **102,392** | **56,113** | **53,475** | **32,134** |

Source: National Audit Office analysis of Financial Conduct Authority data

### Identifying unsuitable advice and the FCA's initial response

**2.7** Timely intelligence on consumer problems enables regulators to identify risks and act urgently in response. The FCA gathers intelligence from different sources to monitor the markets it regulates, for example, through engaging with firms and surveying consumer sentiment. Only five out of the estimated 369 firms that provided advice to BSPS members met the FCA's threshold for having regular engagement with the regulator (that it would have with larger financial institutions). Instead, its approach to monitoring most of the small, local advice firms involved was limited to undertaking thematic work on key issues and specific case work identified through intelligence.

**2.8** One of the ways the FCA monitors the markets it regulates is by requesting information from firms. The routine regulatory data submitted by financial advisers at the time of the BSPS restructure did not identify the number of DB transfers that were taking place to enable the FCA to initiate a proactive response. Data on the number of BSPS transfer requests were held by the scheme trustees and administrators, who are not FCA authorised. While scheme trustees are regulated by The Pensions Regulator (TPR), it does not collect real-time data from them on the number of DB pension transfer requests. Therefore, at the time of the BSPS restructure, regulators were not aware of the level of members' interest in transferring out of the scheme. TPR told us it was alerted to this by scheme trustees in late 2017. The FCA told us it first heard of concerns relating to the BSPS in the summer of 2017, while its supervision department gathered intelligence on the issue in September 2017. By this time, before the 'Time to Choose' exercise had started, hundreds of transfer requests were being processed.

**2.9** The FCA made changes to the organisation of its regulatory approach in response to the concerns that it identified in the BSPS case. It told us that, between November 2017 and March 2018, it diverted staff from different teams across the organisation to work on the BSPS. This included around 10 staff responsible for supervising the financial advice market. It also allocated some regulatory staff on the ground, to interact directly with consumers, firms and other stakeholders, which is not standard FCA practice. For example, FCA staff visited Port Talbot and the office of the scheme administrators to try and identify which advisers had been involved.

**2.10** The FCA's initial response involved communicating to advice firms that may have been involved, to try to stop the most immediate harm to customers. In November 2017, it arranged seminars with 151 advisers in Swansea and Doncaster to remind them of its regulatory expectations. It also assessed 26 firms that had advised BSPS members and, by March 2018, it had identified 10 high risk advice firms with business models or processes that could lead to consumer harm. It told us that, following intervention, all 10 firms voluntarily agreed to stop providing DB pension transfer advice immediately. In January 2018, the FCA wrote to all pension transfer advisers in the UK to remind them of their responsibilities and the regulator's expectations.

**2.11** The FCA's initial response also included communications to consumers who could be affected. For example, in December 2017, it worked with its regulatory partners to enable the scheme's trustees to issue a joint letter to around 12,000 BSPS members who had requested a transfer quotation. The letter highlighted that, for most people, this will not be the best course of action and urged them to be careful if considering this option. It also underlined the statutory requirement to take transfer advice for pensions worth more than £30,000. The letter did not mention any risks relating to the suitability of this advice but focused on the risks presented by investment scams. In January 2018, the FCA and its regulatory partners issued a second joint letter, sent by trustees, this time directed to those members who had already transferred out of the scheme. The letter encouraged members who were unhappy with the advice they received to consider making a formal complaint. By this time, 2,054 BSPS transfers had completed. The FCA followed this up by working with the Single Financial Guidance Body (now the Money and Pensions Service) to create a dedicated helpline for BSPS members looking for guidance.

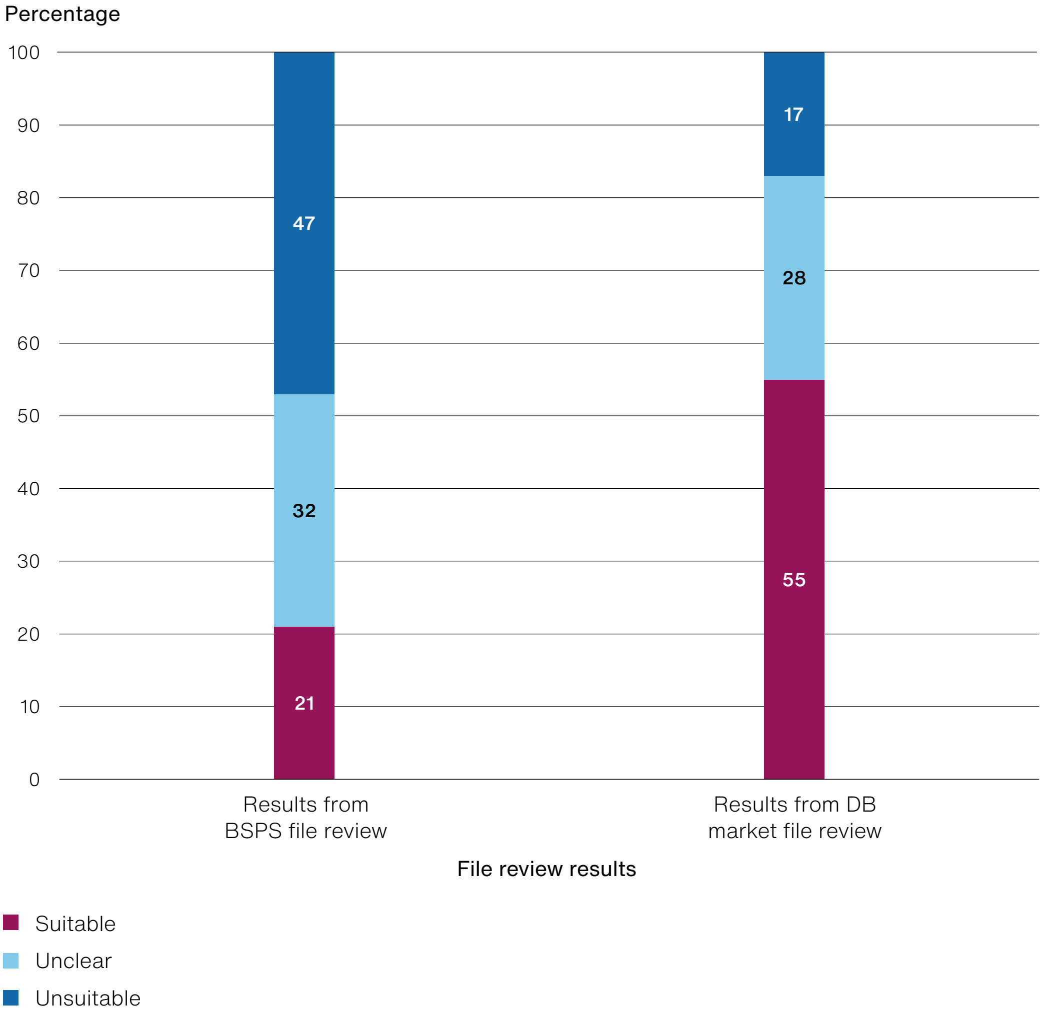
## The FCA's longer-term BSPS work and the impact of the case

**2.12** After its initial response (as covered in paragraphs 2.9 to 2.11), in June 2018 the FCA undertook a longer-term project to understand the scale of the unsuitable advice provided across the DB pension transfer market, including in the BSPS. The FCA reviewed DB pension transfer files to assess whether the advice was suitable or not. It told us that these assessments are complex, time-consuming and require appropriate evidence to support regulatory judgements and any subsequent enforcement investigations. The FCA estimates this project and associated investigations cost around £6.7 million.

**2.13** The FCA's file review included a sample of 377 files from across the DB pension transfer market and a sample of 192 BSPS transfer files from 28 different advice firms. It found that BSPS files showed a much higher rate of unsuitable transfer recommendations (47%) than for the DB transfer market more generally (17%). The FCA reports that in 32% of the BSPS transfer files it reviewed there was insufficient information to assess whether the advice provided was suitable or not (**Figure 7** overleaf). The file review also identified that some advisers placed BSPS members who transferred out of the scheme into new pension investments that were not appropriate for their requirements. The FCA's evidence indicates this was the case in 17% of all BSPS transfers.

## Figure 7
Results from the Financial Conduct Authority's (FCA's) assessment of Defined Benefit (DB) pension transfer advice suitability

**The FCA found higher levels of unsuitable advice in British Steel Pension Scheme (BSPS) files compared with the market in general**




**Notes**

1 The FCA was unable to assess the suitability of 'unclear' advice due to missing information.

2 The sample size for the DB market file review was 377 transfers and 192 transfers for the BSPS file review.

Source: National Audit Office analysis of Financial Conduct Authority data

**2.14** BSPS members were concentrated in specific geographic areas located near steelworks. Consumer representatives told us of cases where members were targeted outside their place of work, sometimes using incentives such as a free meal to encourage them to transfer or to introduce them to a transfer advice specialist. The FCA's evidence indicates that in 30% of BSPS transfers, members were introduced to their adviser by an independent third-party. In eight of these cases (all relating to the one advice firm) the third-party was not authorised by the FCA, which is allowed under current regulations.

**2.15** Unsuitable advice can have significant consequences for consumers. Based on evidence provided by the Financial Services Compensation Scheme (FSCS), the average amount lost by BSPS members coming through the compensation scheme is £82,600.[3] Outcomes for steelworkers who transferred out of the scheme have varied considerably. For example, the losses suffered by individual BSPS members as calculated by the FSCS range from £0 to £489,000.[4] In some cases, members' funds were placed into investments that have performed well in financial markets. These members have not lost significant sums, but this could change should financial markets' performance decline, and these steelworkers now carry that risk. Other steelworkers were advised to transfer their pension out of the BSPS and lost significant sums of money as a result (**Figure 8**).

## Figure 8

Case study: A British Steel Pension Scheme (BSPS) member's experience

**Unsuitable advice caused one steelworker to lose £80,000 of his pension over three years**

**John's story**

John worked at Tata Steel for 38 years, and his Defined Benefit (DB) pension was worth £600,000 when he was advised to transfer out of the BSPS.

In June 2017, John met with a financial adviser who encouraged him to transfer out of the scheme into a self-invested personal pension, offering him rugby tickets and a night away if he agreed. The adviser did not explain the options available to John and did not ask him about his financial situation, family or plans for retirement. The adviser also failed to explain the risks of transferring out and instead guaranteed his new pension would not lose any money and would allow him to retire at 55. After just two 20-minute meetings, John had signed the transfer agreement.

John was not aware that his new pension could lose money based on the performance of the market, and by 2020 his pension value had dropped by £80,000. In December 2020, John decided to raise a complaint against his adviser, who was now insolvent. The Financial Services Compensation Scheme awarded John £74,000 in compensation for receiving unsuitable advice. John experienced a huge amount of stress and worry regarding his decision to transfer out of the BSPS and the implications on his family's future. He also feels angry and embarrassed that he was mis-sold by his adviser.

**Note**

1 John is a pseudonym.

Source: National Audit Office analysis of Financial Services Compensation Scheme documents

3 Average loss based on 670 BSPS members whose complaints were resolved by the FSCS. This does not include those claims which have been resolved directly by firms and so does not represent the average redress across all BSPS cases.

4 Individual loss calculations do not reflect the amount of compensation awarded by FSCS as this is subject to financial limits, as outlined in Part Three.

**2.16** The FCA's file review identified instances of non-compliance with DB pension transfer advice regulations. It told us there was a subset of advisers who recommended transfers when, in the FCA's view, it was clearly not in members' interest. It has established three key reasons why firms provided unsuitable advice, which are outlined in **Figure 9**.

## Figure 9

Reasons why the advice provided to British Steel Pension Scheme (BSPS) members was non-compliant with regulations

**The Financial Conduct Authority (FCA) has identified three key reasons why firms provided unsuitable advice to BSPS members**

1. The financial advice market was not prepared for the impact of the BSPS restructure, for example:
   - advisers had limited time to understand the BSPS situation and failed to gather enough information about the options available to members; and
   - most advisers were financially incentivised to recommend a DB transfer. They only got paid for their advice if the member transferred out of the scheme, which created an inherent conflict of interest.
2. Financial advisers responded poorly to the increased demand for their services, for example:
   - some firms lacked the resources to scale up their operation or only did so too late when they were already under pressure to meet the demand from BSPS members;
   - to save time, some advice firms used a formulaic and standardised approach to providing advice rather than tailoring it to meet each individual member's circumstances; and
   - some firms streamlined their processes for providing transfer advice and did not apply an appropriate level of quality assurance, while some lacked controls to start with.
3. Advice firms implemented bad practices and approaches, for example:
   - insufficient information was requested, collected, and documented from BSPS members, and the advice did not provide the necessary detail to be suitable; and
   - advisers placed too much weight on members' desire to transfer out of the BSPS rather than on their retirement income needs.

Source: National Audit Office discussions with the Financial Conduct Authority

## Enforcement action

**2.17** The FCA can use a wide range of enforcement powers to respond to non-compliance by firms, which aim to punish poor conduct and deter future bad practice in a market. It told us that, in March 2018, it opened enforcement investigations into eight firms it had visited between October and December 2017 where it had concerns with the quality of advice that was provided to BSPS members. The FCA's file review has influenced much of its subsequent enforcement work, and the regulator has 30 investigations ongoing. The majority of firms involved in ongoing enforcement investigations were subject to requirements stopping them from providing DB transfer advice and the FCA told us that all but one of these firms have since stopped trading or no longer have the relevant authorisation.

**2.18** To date, the FCA has imposed one fine totalling £1.3 million for adviser non-compliance and has banned one individual from undertaking certain regulated activities, subject to a determination by an independent tribunal (**Figure 10** overleaf). It estimates that at least 44 firms that advised BSPS members have voluntarily withdrawn from the DB pension transfer advice market because of FCA intervention. The FCA told us that, in some cases, it agrees requirements with firms to stop advising on DB transfers on a voluntary basis, as it is usually a quicker route to mitigating harm to consumers.

**2.19** Non-compliant firms and individuals who have withdrawn from a market because of regulatory intervention sometimes attempt to re-enter under a different name or entity, which is often referred to as 'phoenixing'. The FCA told us that, since 2018, it has identified 12 applications to re-enter the advice market from firms that provided unsuitable advice to BSPS members and it denied all 12 applications from gaining this authorisation.

## Figure 10

The Financial Conduct Authority's (FCA's) regulatory enforcement action in the British Steel Pension Scheme (BSPS) case

**The FCA has used some of its enforcement powers to respond to the unsuitable advice provided by firms**

| Enforcement power | Explanation | Use in BSPS case |
|---|---|---|
| Withdrawing firm authorisation | Removing a firm's authorisation to participate in a market. | 0 |
| Banning individuals | Prohibiting individuals from carrying out certain regulated activities. | 1[1] |
| Suspensions | Suspending firms or individuals from undertaking certain or all regulated activities. | 0 |
| Issuing fines | Issuing financial penalties against firms or individuals who breach the rules. | Number of fines: 1[1] Value of fines: £1.3 million[1] |
| Public announcements | Making a public announcement when disciplinary action has been taken and publishing details of warnings, decisions, and final notices. | 1[1] |
| Court proceedings | Applying to the courts for injunctions, restitution orders, winding-up and insolvency orders. | 1 |
| Criminal proceedings | Using the FCA's criminal investigation powers or passing on cases involving criminal matters, such as fraud, to be investigated by the police. | 0 |

**Notes**

1 Relates to one case that has been referred to the independent Upper Tribunal, and therefore findings are provisional.

2 List does not include firms' voluntarily withdrawal from the market because of FCA intervention.

3 As of January 2022, the FCA has 30 enforcement investigations ongoing.

Source: National Audit Office analysis of Financial Conduct Authority information

## The impact of the BSPS case on the FCA and the regulatory framework

**2.20** The FCA has made several operational and regulatory changes following its own reflections on the BSPS case and in response to the findings of external reviews.[5] The main changes are:

- from 2018, it began collecting more data from financial advisers to improve its market intelligence and made the reporting of data on pension transfers a formal requirement in 2021;
- it developed and published a Defined Benefit Advice Assessment Tool to assist its review of DB transfer advice cases, which was published in January 2021. The tool guides assessors through the key considerations for checking if adequate information was collected before advice was provided and if the recommendation that was made was suitable;
- in January 2019, the FCA, TPR, and the Pensions Advisory Service (now MaPS) developed a joint protocol to enable early intervention in DB transfer cases. The FCA told us that the protocol provides it with better insight into DB pension transfers and risks to consumers in the market, particularly through increased co-ordination and intelligence-sharing between regulatory partners;
- that pension transfer advice must be checked by pension transfer specialists before transfers are made. In October 2018, the FCA updated the qualifications it requires of advisers wishing to be approved as pension transfer specialists; and
- to improve industry practices, from 1 October 2020, the FCA banned charges for advice where consumers only pay when a transfer proceeds, except in certain limited circumstances. In most cases, advisers must now charge the same amount for their advice, whether they recommend a transfer or not. Contingent charging had been a significant feature of the pension transfer advice market. Between October 2018 and March 2020, FCA evidence indicates it was used by 60% of firms and in 39,414 individual transfers over the period. The FCA implemented the ban about three years after the BSPS restructure. In making the decision, it found it difficult to collect definitive evidence on the impact of contingent charging on the market. It had to consider factors such as the impact a ban could have on the number of advice providers, consumers' access to advice, and market confidence.

5 HC Work and Pensions Committee, *British Steel Pension Scheme*, HC 828, 15 February 2018; and C Rookes, *Independent review of communications and support given to British Steel Pension Scheme members,* January 2019.

# Part Three

## Redress and putting things right

**3.1** This part examines:

- the various ways British Steel Pension Scheme (BSPS) members can access compensation for unsuitable advice to transfer out of their Defined Benefit (DB) pension;
- the impact of redress on consumers and the wider market; and
- challenges within the redress process.

A timeline of key actions taken by the Financial Conduct Authority (FCA) and wider regulatory system to deliver redress is shown in **Figure 11**.

### How consumers access redress

**3.2** The FCA oversees the redress process which intends to put the consumer, so far as possible, back into the financial position they would have been in if unsuitable advice had not been given. The FCA also provides guidance on how to calculate redress for unsuitable DB transfer advice, which it expects firms to follow when determining how much compensation should be paid to consumers. Redress amounts are based on a complex comparison between the value of benefits lost from the DB pension scheme and the value of the pension into which the consumer was advised to transfer.

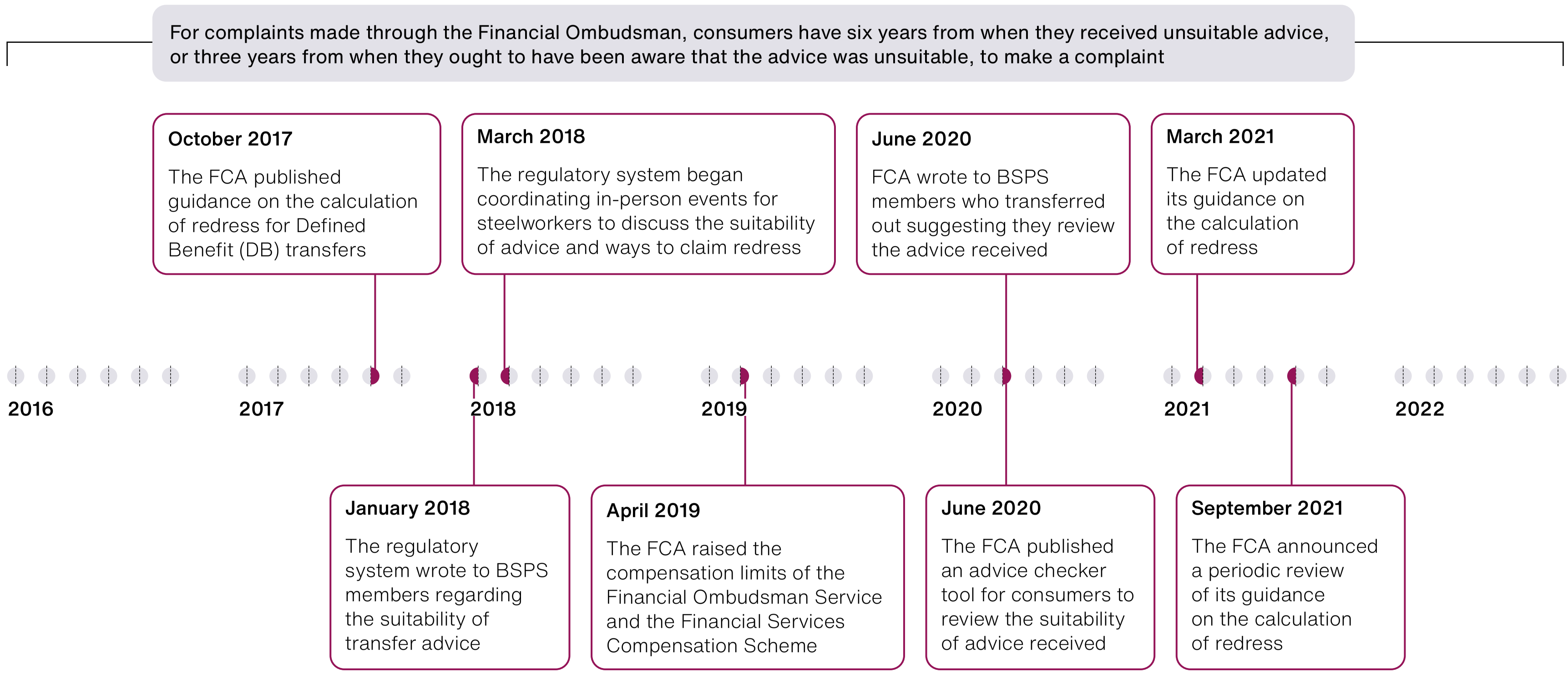
**3.3** There are two main approaches to providing redress to consumers (**Figure 12** on page 34). These include a complaint-based approach, in which consumers complain to either their advice firm, the Financial Ombudsman Service (the Financial Ombudsman) or the Financial Services Compensation Scheme (FSCS), and a regulator-led approach, in which the FCA identifies firms to take part in the redress process.

**3.4** The FCA decided that Past Business Reviews should be undertaken by 45 firms that it considered may have given unsuitable advice. These high-risk firms have provided transfer advice to approximately 2,500 BSPS members (33% of all BSPS members who transferred out). A review requires the suitability of advice to be reviewed and individual redress amounts to be calculated. Thirty-five reviews were voluntarily conducted by firms, while 10 were mandated and conducted by an appointed skilled person.

## Figure 11

Timeline of the regulatory system's consumer redress actions

**The Financial Conduct Authority (FCA) and wider regulatory system have taken steps to improve British Steel Pension Scheme (BSPS) members' access to redress**

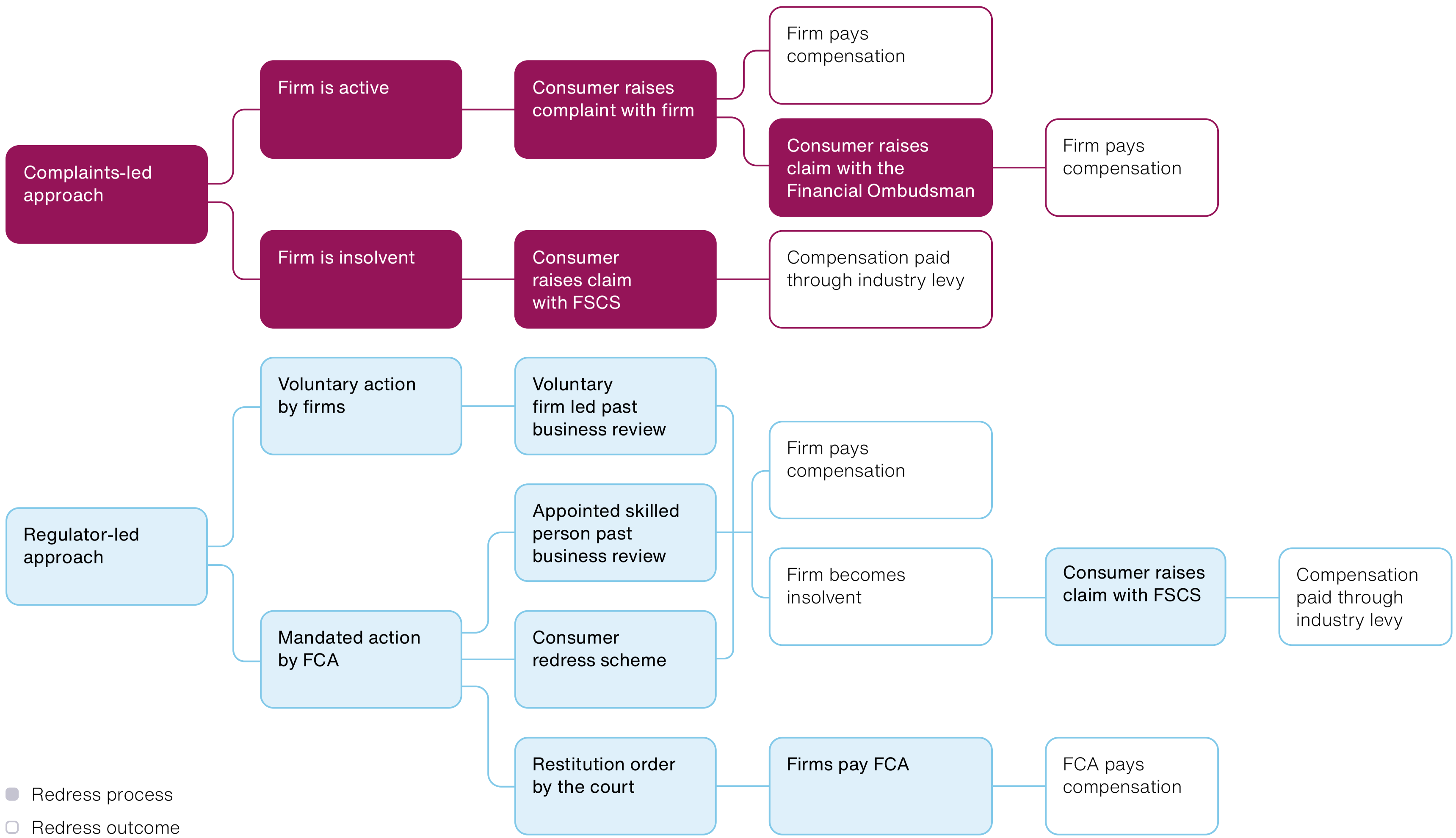



Source: National Audit Office analysis of publicly available information and Financial Conduct Authority documents

**Figure 12**

Mechanisms for delivering redress

**Redress can be awarded to consumers through various complaint-led and regulator-led mechanisms**




**Notes**

1 Financial Conduct Authority (FCA); Financial Ombudsman Service (the Financial Ombudsman); and Financial Services Compensation Scheme (FSCS).

2 The FCA has powers to apply to the court for a restitution order, through which offending firms are ordered to pay compensation to their clients. These orders are very rare and have only been used once in the British Steel Pension Scheme case.

Source: National Audit Office analysis of Financial Conduct Authority documents

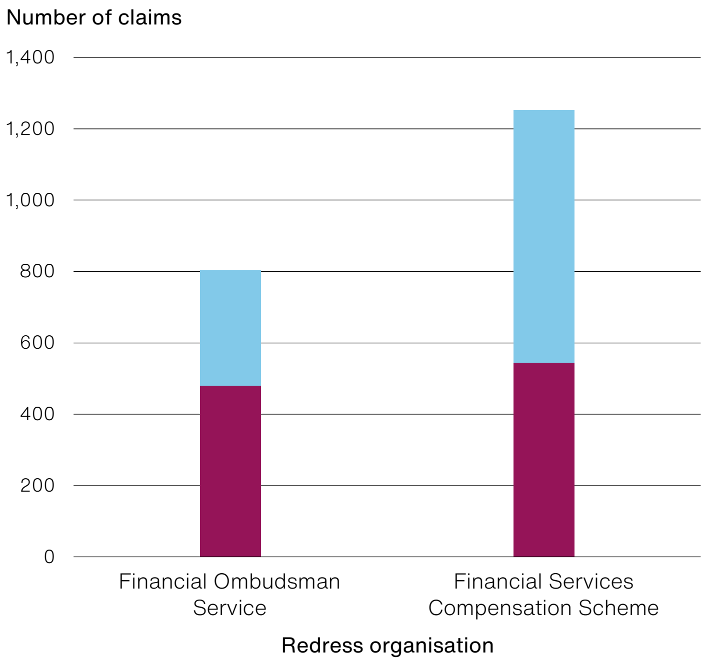
**3.5** Despite starting in May 2020, most of the reviews are ongoing. The FCA told us that two firms have completed their review and more than £12 million in compensation has been paid to affected BSPS members. Reviews are highly complex, resource-intensive and often require specialist skills which many smaller firms do not have. Seventeen of the 45 firms have been unable to afford the costs of the review and are in insolvency proceedings.

**3.6** The standard complaints-based approach to redress requires consumers to first raise a complaint with their financial advice firm and, if unsatisfied with the outcome, to raise a complaint with the Financial Ombudsman. If the advice firm has become insolvent, redress claims are handled by FSCS. To date, the Financial Ombudsman has received approximately 800 complaints and FSCS has received more than 1,250 claims (**Figure 13**).

## Figure 13

Complaints made by British Steel Pension Scheme (BSPS) members 2017–2022

**The Financial Ombudsman Service (the Financial Ombudsman) has received more than 800 complaints, while the Financial Services Compensation Scheme (FSCS) has received more than 1,250 claims**




| | Financial Ombudsman Service | Financial Services Compensation Scheme |
|---|---|---|
| Claims being processed | 481 | 545 |
| Claims resolved | 324 | 708 |
| **Total** | **805**[1] | **1,253** |

**Note**

1 Twenty-two per cent (180) of the Financial Ombudsman's cases have so far been passed to the FSCS due to firms becoming insolvent.

Source: National Audit Office analysis of Financial Ombudsman Service and Financial Services Compensation Scheme data

**3.7** From March 2018, the FCA has worked with the Financial Ombudsman, the FSCS and other stakeholders to raise members' awareness of their right to complain. This included joint in-person events, direct letters and an advice checker tool. The FCA also conducted a survey of former BSPS members which informed its communication approach. In January 2022, the FCA, the Financial Ombudsman, FSCS and other key stakeholders published a framework to work together on issues that could have a wider impact across the financial services industry, such as the BSPS case.[6]

**3.8** The FSCS has judged that unsuitable advice was provided in 95% of all BSPS claims made to it. The Financial Ombudsman has upheld 71% of all BSPS complaints, including a 98% uphold rate for BSPS cases related specifically to unsuitable advice. This is significantly higher than other DB transfer advice claims made in 2021-22, through which the Financial Ombudsman upheld 40% of cases and FSCS judged unsuitable advice in 77% of claims. Despite this, only 25% (1,878) of members who received advice to transfer out have raised a complaint with either the Financial Ombudsman or FSCS. Stakeholders have suggested that the low take-up of complaints may be due to a lack of understanding among BSPS members that they have suffered financial loss or misplaced loyalty to local advisers (**Figure 14**). In a 2017 survey of 530 BSPS members, respondents were asked if they believed their financial adviser had acted with their best interest at heart, 91% (263 out of 288 respondents) believed they did.

## Consumer redress scheme for BSPS members

**3.9** The FCA has rule-making powers to require authorised firms to establish and operate a consumer redress scheme, in which firms in a specified sector are required to review the financial service they provided and pay redress to consumers where they have caused harm. Where required, redress schemes can also be established by government. Consumer redress schemes are implemented in response to widespread or recurring market failures such as:

- Arch Cru investments, through which consumers were provided unsuitable financial advice to invest in high-risk funds during 2006–2009. The FCA launched a redress scheme in 2013 and firms wrote to all (7,124) affected investors inviting them to opt-in, 50% (3,405) chose to do so. In 2014, the FCA expected £31.5 million in compensation to be paid out to all affected investors which would be funded by advice firms and the FSCS, where firms had become insolvent; and

6 Financial Ombudsman Service, *Wider Implications Framework*, January 2022, available at www.financial-ombudsman.org.uk.

- London Capital and Finance (LCF) government compensation scheme administered by the FSCS. LCF issued unregulated mini-bonds to 11,600 investors. The LCF entered administration in 2019, however, the FSCS was only able to provide compensation to the 3,000 consumers who received unsuitable advice due to the unregulated nature of the bonds themselves. HM Treasury ordered an independent investigation into FCA's regulation of LCF, which found its supervisory action to be inadequate.[7] HM Treasury launched a government-funded compensation scheme, through which the FSCS has awarded a total of £108.5million to more than 8,500 bondholders.

## Figure 14
Reasons for low level of complaints from steelworkers

**The Financial Ombudsman, FSCS and other stakeholders we interviewed considered several reasons why steelworkers have not sought redress**

| General reasons for complaint hesitancy | |
|---|---|
| Lack of awareness | Consumers' awareness of their right to complain, and knowledge of the complaints process, varied. |
| Consumer inertia | Consumers' impetus to go through a lengthy and complex redress process varied. Those who lacked motivation considered that it would be stressful and would not necessarily lead to a successful outcome. |
| **Specific reasons for complaint hesitancy in the British Steel Pension Scheme (BSPS) case** | |
| Personal relationships with advisers | Where financial advice firms were part of the local community, steelworkers are reluctant to raise complaints against them due to their close personal relationships. |
| Acceptance of fault | Steelworkers who believe the losses incurred by transferring out are their own fault do not want to place the blame on their advisers. |
| Unwillingness to accept financial loss | Steelworkers who do not want to consider that the advice they received may be unsuitable are reluctant to complain or admit that they have lost money. |
| Uncertainty over the suitability of advice | BSPS members who are unsure if the advice they received was unsuitable are hesitant to make a complaint. |
| Satisfaction with transfer | Steelworkers who are happy with their decision to transfer out do not want to seek compensation. |
| Waiting to see if others are successful | Steelworkers who are unsure if they should raise a complaint are waiting to see the outcome of their colleagues' complaints before making their own. |

**Notes**

1 Financial Ombudsman Service (the Financial Ombudsman).

2 Financial Services Compensation Scheme (FSCS).

Source: National Audit Office analysis of Financial Conduct Authority (FCA) documents and discussions with FCA, Financial Ombudsman Service, Financial Services Compensation Scheme, and wider stakeholders

7 The Rt. Hon. Dame Elizabeth Gloster DBE, *Report of the Independent Investigation into the Financial Conduct Authority's Regulation of London Capital Finance plc,* November 2020.

**3.10** The FCA requires evidence for specific legal tests to justify the use of a consumer redress scheme. For example, the regulator must provide evidence of widespread or regular failure by firms and must examine the potential impacts of a redress scheme to ensure it is an appropriate solution to both protect consumers and promote market competition. The FCA is therefore analysing the impact of a redress scheme for BSPS members on the advice market, including the number of firms that may be unable to meet compliance costs and enter insolvency. Subject to final approval from its board, the FCA expects to launch a consultation on a consumer redress scheme for BSPS members by the end of March 2022 (**Figure 15**).

## The impact of redress on the consumer advice market

**3.11** The cost of redress has a significant impact on firms and the wider advice market. The FCA requires firms to have enough resources to cover liabilities for unsuitable advice through their own capital and Professional Indemnity Insurance (PII). However, PII only covers firms for complaints made during the year of cover and not for subsequent years when complaints may be made. An FCA Board paper from January 2021 notes that since the Pensions Schemes Act 2015, the cost of PII cover has increased significantly from an average of 1%–1.5% of turnover to 3%–6% in 2021, with some insurers refusing to provide cover for DB transfers and others specifically excluding BSPS advice from their insurance cover.

**3.12** Many firms have struggled to renew their cover and have been unable to afford the costs of redress, forcing them to enter insolvency. This places a considerable burden on the FSCS and limits the compensation awarded to BSPS members. Since 2018, around 60% of firms have revoked their permissions to provide DB transfer advice (**Figure 16** on page 40). The FCA has conducted analysis into the PII market, which forms part of its decision-making on a consumer redress scheme for BSPS members. As this relates to an on-going regulatory decision, we have not been able to report this information in this audit.

**3.13** To date, 22% (180) of the Financial Ombudsman's redress cases have been passed to FSCS due to firms being unable to pay compensation and entering liquidation. The compensation awarded by FSCS is funded by a levy placed on some financial services firms, which is split into classes based on the type of service provided by each firm. In the BSPS case, FSCS compensation is funded by a levy placed on advice firms and other businesses that offer similar services. Due to the widespread unsuitability of DB pension transfer advice across the market, this levy is expected to breach its annual limit of £240 million in 2021-22 by approximately £90 million, which will be funded by other levy classes. Based on the FSCS's November 2021 forecast, the total funding required for this levy, including operating costs, is expected to increase by 23% from £330 million in 2021-22 to £406 million in 2022-23.[8] The FCA has acknowledged the risk this poses to the wider market and to consumers, who will ultimately be required to meet extra costs, and launched a discussion paper in December 2021 to explore opportunities to improve the compensation framework.

8 Financial Services Compensation Scheme, *Outlook November 2021*, available at: www.fscs.org.uk

## Figure 15

The Financial Conduct Authority's (FCA's) decision making process for a consumer redress scheme for British Steel Pension Scheme (BSPS) members, 2020–2022

**The FCA must meet certain legal tests to implement a consumer redress scheme**

What is a consumer redress scheme?

The FCA has rule-making powers to require authorised firms to establish and operate a consumer redress scheme for BSPS members. All firms who provided transfer advice would be required to review the suitability of their advice and offer redress to consumers if advice is found to be unsuitable.

Governance arrangements for decision-making

The FCA must gather evidence to ensure a redress scheme is an appropriate and workable solution. The FCA's Board of executive and non-executive members makes a final decision on the implementation of a redress scheme based on the evidence provided.

The FCA's decision-making process

The FCA must gather robust evidence to meet three legal tests before it can implement a consumer redress scheme:

1 Is there evidence of widespread or regular harm?
The FCA must gather evidence on the extent of unsuitable advice provided by firms.

2 Is there actionable consumer loss?
The FCA must gather evidence on the impact of unsuitable advice on BSPS members.

3 Is a redress scheme desirable?
The FCA must consider the potential impact on advice firms, the wider market, and the availability of professional indemnity insurance. The regulator must also consider alternative options for providing redress.

The FCA must also conduct a formal public consultation and cost-benefit analysis in order to implement its powers.

The FCA's decision-making progress

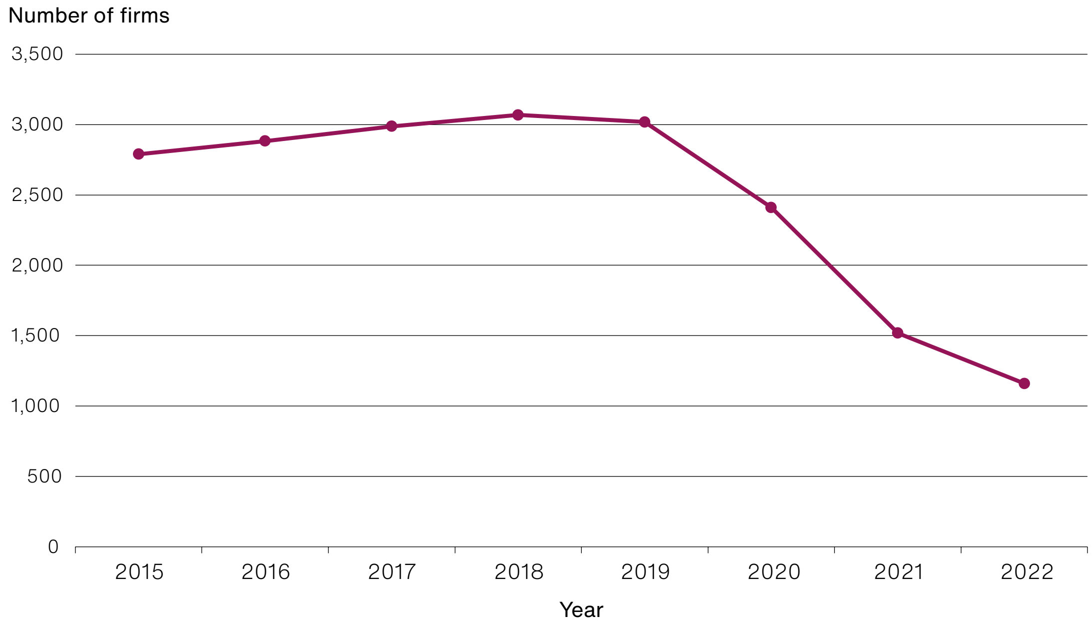
The FCA told us that it has been considering the implementation of a consumer redress scheme for the BSPS case since early 2021 and has been analysing the potential impacts since April 2021. In December 2021 the FCA Board requested that a consultation on the redress scheme be prepared and, subject to final approval, the FCA expects to launch a consultation by the end of March 2022 ahead of a final decision.

Source: National Audit Office analysis of Financial Conduct Authority documents

**Figure 16**

Number of firms with Defined Benefit (DB) transfer advice permissions 2015–2022

**The number of advice firms with DB transfer advice permissions has more than halved from 2018–2022**




| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|---|
| ● Number of firms with DB transfer advice permissions | 2,789 | 2,882 | 2,987 | 3,068 | 3,018 | 2,411 | 1,518 | 1,160 |

**Notes**

1 Through the Financial Conduct Authority's (FCA's) analysis of data returns from approximately 2,000 firms in 2018, over 700 firms voluntarily revoked their permissions.

2 The FCA requires firms have proof of adequate Professional Indemnity Insurance (PII) cover to hold DB transfer advice permissions. Some active firms may have lost PII cover and be in the process of removing DB transfer advice from its permissions when these data were recorded.

Source: National Audit Office analysis of Financial Conduct Authority's data

## Challenges within the redress process

### Complexities in calculating compensation amounts

**3.14** The FCA's guidance for redress calculates the potential value of a DB pension scheme had a complainant not transferred out. These calculations use complex financial assumptions, which are updated every three months according to the performance of financial markets. Calculations of redress are therefore subject to fluctuations in the market, which creates variations in the amounts of compensation offered to consumers as each calculation is made at a different time. In March 2021, the FCA updated its guidance to reflect changes made by government in the way inflation is measured. This resulted in higher levels of compensation for redress calculated after January 2021. For example, the FSCS recalculated 33 claims using the updated methodology and awarded an additional £900,000 to BSPS members.

**3.15** The FCA has acknowledged that there was a risk that some areas of its redress guidance were not being applied consistently by firms in a way that meets its expectations to provide redress fairly to consumers. It therefore issued a web statement to provide clarification to firms on:

- Allowing for adviser and product charges. This was to prevent firms from adopting inconsistent approaches to ongoing financial adviser and investment product charges, which should be incorporated into redress calculations if they are a result of unsuitable transfer advice.
- Impact on consumers' taxes and benefits. This was to prevent firms failing to consider consumers' tax positions or the impact of redress payments on means tested state benefits. For example, some consumers require additional compensation due to a reduction in benefit allowances.

The FCA told us that it has started a periodic review of the guidance.

**3.16** BSPS members often do not receive the full amount of redress owed due to FCA-imposed limits on the amount of compensation that can be awarded. The FCA has highlighted that unsuitable DB pension transfer advice claims can be high value complaints, in which fair compensation amounts exceed the award limit. In 2019 the FCA raised the Financial Ombudsman's award limit to £350,000 (which is reviewed annually to take into account inflation) for complaints about unsuitable advice or other omissions by firms that occurred after April 2019. However, all BSPS members transferred before April 2019, and the Financial Ombudsman can only award them compensation of up to £160,000 (which is reviewed annually to take into account inflation). The Financial Ombudsman instructs firms to calculate and pay redress themselves and does not collect data on the total loss or compensation calculated, therefore any potential shortfall in redress is not measured.

**3.17** For BSPS members whose adviser has entered insolvency, the compensation limit is significantly lower. Compensation paid by the FSCS is limited to £50,000 for claims against firms that failed before April 2019 and £85,000 for firms that failed after that date. The FSCS has estimated that the total loss for its upheld BSPS claims is £55.3 million, and the total compensation awarded by the FSCS is £37.3 million. For 55% of BSPS claims upheld by the FSCS redress has been paid in full; however, for 45% of claims, the calculated loss was higher than the compensation limit, leading to a shortfall of £18 million in compensation provided to 263 consumers.

## Time to resolve redress cases

**3.18** There are several challenges surrounding the redress process. Many BSPS members are experiencing long wait times to receive compensation, and on average, complaints made to the Financial Ombudsman regarding unsuitable advice take eight months to be resolved. The general complexity of DB transfer cases, and an external judicial review on a related case, has meant that redress can take longer to be delivered for some members, with cases taking between one to 31 months to be resolved. The Financial Ombudsman told us it also delayed redress decisions while the FCA considered reviewing its redress guidance, to prevent inconsistencies in how its awards are calculated.

**3.19** The Financial Ombudsman has also been dealing with an unexpected increase in complaints due to the COVID-19 pandemic. During the financial year 2020-21, the Financial Ombudsman received more than 230,000 non-PPI (Payment Protection Insurance) complaints, 60% more than they had anticipated.[9] This created an initial unallocated backlog of 90,000 cases in April 2021. As of the end of January 2022, the backlog has fallen to 43,000 complaints.

## Third-party representation

**3.20** Consumers' access to redress is free, and the FCA, FSCS and the Financial Ombudsman aim to make the process simple for consumers to navigate. However, many BSPS members have used third parties to seek redress on their behalf – 72% of the Financial Ombudsman's cases and 40% of FSCS claims have been made through claims management companies (CMCs) or legal representatives. Consumer and legal representatives we interviewed suggested that the complexity and lack of transparency within the redress process, and the uncertainty of BSPS members in navigating this process, are reasons why BSPS members use third-party representation.

**3.21** CMCs and legal representatives charge a fee for their services, which prevents consumers from accessing the full amount of compensation.[10] As information on charges is not routinely available, the cost of third-party representation is not captured or reported by redress bodies. However, based on anecdotal evidence from representative firms across the market, FSCS estimates that 18% (£3.2 million) of compensation awarded to BSPS members through third-party representatives has been paid in fees to these companies. The FCA started regulating CMCs in April 2019 and has set new rules to restrict the fees they can charge, which came into effect in March 2022.

9 The Financial Ombudsman reports PPI and non-PPI complaint volumes separately, due to historically large volumes of PPI complaints and the impact these have on the overall number of complaints.

10 Comptroller and Auditor General, *Financial services mis-selling: regulation and redress*, Session 2015-16, HC 851, National Audit Office, February 2016.

# Appendix One

## Our investigative approach

### Scope

**1** We conducted an investigation into the Financial Conduct Authority's (FCA's) regulation of financial advice in the British Steel Pension Scheme (BSPS) case. We also examined the provision of redress to BSPS members through the Financial Ombudsman Service (the Financial Ombudsman) and Financial Services Compensation Scheme (FSCS). The investigation covered:

- what the British Steel Pension Scheme was and what happened to it;
- how the FCA was organised to prevent, identify, and respond to unsuitable financial advice in the BSPS case, and how this was undertaken in practice;
- what the FCA, FSCS, and the Financial Ombudsman have done to resolve detriment experienced by BSPS members who were mis-sold pensions advice, and to what extent compensation has been delivered; and
- what the impact of the BSPS case has been on pension members, the regulatory framework and the Defined Benefit (DB) pension transfer advice market generally.

## Methods

**2** In examining these issues, we drew on a variety of evidence sources.

**3** We interviewed key stakeholders involved in the BSPS case. Stakeholders were sampled through an opportunity sampling technique, through which we identified and contacted a range of bodies involved in the BSPS case from government organisations, industry representatives and BSPS member representatives. These stakeholders include:

- representatives from the FCA, FSCS and the Financial Ombudsman to establish the action the regulatory system has taken to respond to the BSPS case and to provide redress to BSPS members who were affected;
- organisations involved in the wider financial services regulatory system including the Money and Pensions Service; The Pensions Regulator; the Financial Services Consumer Panel; and HM Treasury;
- representatives from Parliament including administrative staff from the Work and Pensions Select Committee; and Treasury Select Committee;
- stakeholders representing the BSPS and its members including scheme administrators and Community Union; individual BSPS campaigners, members and pensions experts (Al Rush, Rich Caddy, Andy Heeley, and Henry Tapper); and the legal representative firm Clarke Willmott; and
- we also invited three representatives of the financial advice sector to share their views on the BSPS case. One of these, The Personal Investment Management & Financial Advice Association, shared its perspective with us. Additionally, we also met with an individual advice firm that was involved in the BSPS case and requested a discussion.

**4** We conducted a literature review of publicly available documents relating to the BSPS case and the wider DB pensions transfer advice market.

**5** We reviewed internal documents from the FCA, FSCS and the Financial Ombudsman relating to the BSPS case and the wider DB transfer advice market, including senior board papers, meeting minutes, internal guidance, and correspondence.

**6** We reviewed survey evidence from a steelworkers' union, Community Union, who conducted a survey of 530 BSPS members in December 2017. The survey sample is not representative as participants are all members of the union. The results are therefore skewed towards more engaged BSPS members and cannot be generalised to the wider BSPS population. On the specific question we refer to in the report, "Do you believe the [independent financial adviser] IFA acted with your best interest at heart?", 288 members responded.

**7** We analysed data on the DB transfer advice market, the FCA's file review and enforcement actions undertaken on the BSPS case, and the redress provided to BSPS members by the Financial Ombudsman and FSCS. However, there are some limitations to the data presented in this report:

- Due to the ongoing nature of the regulatory activity outlined in this report, the data presented can only provide a point in time snapshot of the regulatory system's handling of the BSPS case. Data presented in this report are correct as at 31 January 2022.
- We have not audited all the data provided by the FCA, FSCS and the Financial Ombudsman as these have been drawn from each organisations' internal data systems. Where possible, we have sought assurance on the accuracy of these data by confirming their use within board papers and other internal documents.
- The FCA is undertaking its own analysis into the DB pension advice and Professional Indemnity Insurance (PII) markets, as part of its final decision on a consumer redress scheme for BSPS members. The analysis is not yet finalised and, as it relates to an on-going regulatory decision, includes market sensitive data. Therefore, while we have reviewed the FCA's documents relating to this work, we have not been able to report this information within our audit. The FCA told us it intends to publish these data alongside its final decision later this year.

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