



The Money Charity Response – Proposed Regulatory Framework for Pensions Dashboard Service Firms (February 2023)

The Money Charity is a Financial Wellbeing charity whose vision is to empower people across the UK to build the skills, knowledge, attitudes and behaviours to make the most of their money throughout their lives, helping them achieve their goals and live a happier, more positive life as a result.¹

We welcome the opportunity to respond to the FCA's consultation on the proposed regulatory framework for pensions dashboard firms.

In this response, we make some overall comments on the issue then answer some of the questions posed in the Consultation Paper.

¹ See box on back page.

Overall Comments

Overall, we are satisfied that the proposals described in the consultation paper amount to good protections for consumers using pensions dashboard services. We are in agreement with all proposals not directly addressed in this response. Please see below for the few small concerns that we would like to raise.

Answers to consultation questions

Question 14: Do you agree with our proposals on disclosures, signposts and warnings?

While we agree that the proposals made on disclosures, signposts and warnings are generally appropriate, we suggest that pensions dashboard services should include a clearer explanation of how pensions dashboard services are different from other kinds of pension services. While we understand that the FCA have elected not to prescribe wording disclosures, signposts and warnings, if this wording is not prescribed (or at least given guidance on), they run the risk of some consumers failing to properly grasp what PDS are because it is a new service. Consumers also might not realise that other firms can be providers of PDS.

We would also like to raise our concern about the warnings given to consumers on estimated and projected figures in the view data. While we understand that the warnings are essential as these figures are contingent and subject to change, the sheer amount of information that must be presented to convey this, and the fact that much of this information is uncertain, means that consumers are very likely to disengage not only from the warnings but also the data altogether. To illustrate, a consumer who is presented with a range of projected figures, warnings that the figures they are viewing are not guaranteed and may change, and also that it is impossible to say how much they may change by, may wonder what the point in having a projection in the first place is and be discouraged from properly engaging with the data. We recognise that this problem is not to do with the warnings themselves, but rather an inescapable one when talking about any volatile projected figures. Further thought is required on how to tackle this problem and present the data and warnings in a way that is not off-putting to consumers. One way to approach this could be to conduct further market research in this area.

Question 18: Do you agree with our proposal that data should only be exported to either the customer, the PDS firm, or a firm in the same group as a PDS firm with permission to give investment advice?

We suggest that the reasons given for banning consumers from exporting their data to other FCA regulated firms and banning other FCA regulated firms from directly exporting consumer's view data, are not strong enough. Despite the aims of the proposal, there would be (and currently is) nothing stopping customers from using their own data in any way they like. This means that consumers are free to export their own data to themselves, and then forward it to both unregulated and FCA regulated firms. This makes the ban on all other kinds of export, as described in the consultation paper, rather redundant. We argue that it would in fact be safer for consumers if the FCA attempted to exert at least some control over this process by allowing customers to export their data to regulated FCA firms. This would itself act as an alternative deterrent towards scammers from encouraging consumers to export their data to them. If FCA regulated firms were permitted to directly export consumer data, they would have no reason to approach consumers asking for the data. Any scam attempts from non-authorized firms encouraging consumers to send this data to them would then be unconvincing and ultimately unsuccessful. The FCA could also then issue a clear warning to consumers against exporting their data to firms which are not listed as FCA regulated.

Question 20: Do you agree that our proposals on post view services achieve an appropriate balance between allowing scope for innovation and protecting consumers?

We suggest that this balance perhaps leans too far in favor of the PDS firms. There is a risk that consumers are sleepwalking into buying other pension products at a later point when they initially choose a PDS provider. There is a strong likelihood that consumers will simply stick with whichever PDS provider they happen to go with when later choosing products such as annuities. Consumers could be much better off shopping around for a better deal, but lack of awareness and confidence on pension products means that the majority of consumers may not decide at all, but rather fall into buying an annuity with the same firm which initially provided them with PDS. Consumers need increased education and awareness of different pension products that are available, we suggest that pension providers could play a part in such an initiative. At the very least, and in the short term, PDS providers could issue a small amount of information to consumers on the benefits of 'shopping around' when viewing their data and when moving on the post view services.

The Money Charity is the UK's Financial Wellbeing charity providing education, information, advice and guidance to all.

We believe that everyone achieves Financial Wellbeing by managing money well. We empower people across the UK to build the skills, knowledge, attitudes and behaviours to make the most of their money throughout their lives, helping them achieve their goals and live a happier, more positive life as a result.

We do this by developing and delivering products and services which provide education, information and advice on money matters for those in the workplace, in our communities and in education, as well as through influencing and supporting others to promote Financial Capability and Financial Wellbeing through consultancy, policy, research and media work.

We have a 'can-do' attitude, finding solutions to meet the needs of our clients, partners, funders and stakeholders.

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