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20 December 2016

Dear James,

DWP Consultation on the advice requirement and overseas pension transfers

This is the response of the Financial Services Consumer Panel (the Panel) to the DWP's consultation on the advice requirement and overseas pension transfers.

The advice safeguard for overseas pension transfers was only put in place in April 2015, and is there to ensure consumers wishing to access the pension freedoms have adequate protections. It is important the government balances the need for this protection fairly with any perceived potential disadvantages.

One of the arguments for removing the requirement is that consumers will need to pay for advice from two sources. However we do not believe this is strong enough to warrant the removal of this important protection. The FCA regulated adviser assesses the merits and risks of money being transferred from a safe, registered scheme in the UK, protecting consumers from falling victim to scams. The role of the overseas adviser is to then provide expert advice on how the released funds can be invested in that jurisdiction according to the consumer's needs. Both elements of this advice are essential as each serve a different purpose.

We also understand that there may be some advisers based in the UK who have expertise of certain overseas jurisdictions and may therefore be able to provide advice on both transferring out of a UK scheme and into an overseas one.

The Money Advice Service Retirement Adviser Directory¹ has a filter which allows consumers to choose a firm that can offer advice to expatriates. We also know that the Pensions Advisory Service can (and do) provide guidance to UK expatriates on this issue and they direct callers to the Money Advice Service Directory. Our point is, that there is guidance and advice available to UK expatriates if required and it might simply be a case of better signposting.

¹ <https://directory.moneyadviceservice.org.uk/en>

In conclusion, our view is that it is too soon to remove any of the consumer protections brought in to underpin the pension freedoms unless there are proven benefits to doing so which substantially outweigh the risks.

Yours sincerely

A handwritten signature in cursive script, appearing to read 'S. Lewis'.

Sue Lewis
Chair
Financial Services Consumer Panel