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31 January 2017

Consumer Panel's Response to the Industry Working Group's Consultation on Improving Pension and Investment Transfers and Re-Registrations

Proposal 1 – Create Clear Service Expectations for Pension and Investment Transfers/Re-Registrations

1. Do you agree with the proposal that the industry should introduce a standard for completing each step in a transfer and re-registration process?

Yes. The industry should draw these standards from current service data and address the outliers identified. As recommended in the consultation, the industry should also review these standards regularly to identify any further improvements that could be made.

2. Do you agree with the new service level of 48 hours for each step in the transfer process?

As above, whilst this is a reasonable standard for now and provides a degree of accountability across the process, we would support a continual review of the standard in light of industry developments, including reducing the 48 hour period in future. The ability of firms to meet the 48-hour targets should be monitored in order to identify those that consistently fail to achieve it and the reason for their underperformance (i.e. a failure to implement/manage/upgrade automated systems).

We would also welcome a list clarifying what is acceptable as a legitimate delay in order to 'stop the clock'. There could be discrepancies across firms as to what constituted a legitimate delay and there is also the potential for firms to exploit confusion over what does and does not constitute an acceptable delay. We also encourage the publication of firms' adherence to this service level standard, as set out under Proposal 2.

3. Do you agree with the definition of a step?

We agree that a standard industry understanding of a step is required to avoid firms breaking these down into smaller steps to increase the amount of time they have to complete a transfer.

4. Do you believe the industry should consider setting end-to-end targets for transfer and re-registration processes instead of, or as well as, the 48 hour standard? If so, how would you consider this working?

The industry should consider further research to identify the end-to-end targets that would be both realistic for firms and acceptable to consumers. The effectiveness of the 48-hour per step target would be undermined where there are legitimate delays in more than one step of the process.

While the consumer research found reasonable levels of satisfaction with transfer times, the frustration experienced where there are significant delays clearly has the potential to erode confidence in the industry.

5. Do you agree that participating organisations should be required to provide communication to customers, covering the information outlined above, at the outset of the transfer process?

Yes. Consumers can only know what to expect if firms explain clearly and succinctly how the process works and how long it takes. This communication should make clear who all the relevant parties in the transaction are and whether they have signed up to the industry standard (i.e. whether they hold the quality mark under Proposal 2). It would also be helpful for consumers to have a web page, app or similar service that allows them to track the progress of their transfer.

Although there is an example of a 'best practice' communication in the consultation, the way the proposal is worded sounds like providers will have discretion in setting timeframes and escalation pathways. We would welcome some consistency in the way these communications are worded and presented to ensure that they are easy to understand and promote a dialogue between firms and their customers.

6. Do you agree with the proposed implementation timetable with organisations committing to the standard by September 2017 and full implementation by March 2018?

Yes.

Proposal 2 – Publish Service Level Management Information

7. Do you agree with the approach to service level reporting?

Yes. The current level of reporting is clearly inadequate, as the working group's analysis found. The steps set out would help address this, but we believe that simply requiring firms to collect data on end-to-end timeliness doesn't go far enough. Once sufficient data are collected it could be used on an aggregate basis to promote understanding of transfer times and potentially on a firm-by-firm basis for purposes of consumer comparison.

8. Do you believe that a 'best practice transfers' quality mark would be a useful tool to increase awareness and uptake of this initiative?

It could be useful, provided it is meaningful and reflects a firm's ability to consistently meet service level standards. However the process is also about customer communication and it is difficult to see how the quality of this element could be measured for the purposes of a quality mark. A quality mark would be of limited value if it simply denoted firms that have "committed to improving customers' experiences of these processes".

9. What do you believe is the right approach to publishing this material to the industry? Who do you believe should have access to this information?

In addition to the relevant regulators, members of the public should also have access to this data. As this initiative is driven by the industry and not by regulatory requirements, there could be considerable incentive for firms and/or the sector to improve processes if the

material were made available in some format for consumers (albeit while addressing confidentiality concerns).

Any reporting information – whether for the use of firms, regulators or consumers – must be consistent in terms of format, terminology and criteria.

- 10. Do you agree that service level management information should be collected from March 2018, then published by the end of October 2018 (covering the period April to September 2018)?**

Yes.

Proposal 3 – Address Significant Process Improvement Opportunities

- 11. Do you agree with the approach regarding key process issues? Yes, given the working group identified a number of serious issues that need addressing. It may also be the case that tackling the priority issues also helps firms deal with those that are not considered priority.**

- 12. What do you see as the priority issues that need to be addressed? Please list these in order of priority.**

- 13. Can you identify other actions or quick wins that could be taken which would improve transfer and re-registration standards?**

- 14. Do you agree with the approach on payments and that we should consider removing cheques by March 2018?**

Yes – there is no good reason for firms to use cheques. Firms should be required to adopt Faster Payments. A review of wider adoption of Faster Payments should be a priority.

Proposal 4 – Create Common Industry Standards and Good Practice Guidelines

- 15. Do you agree with the approach to the development of industry standards?**

Whilst we encourage the development of industry standards, we believe that adherence to these standards would be made stronger by the body having regulatory or enforcement powers.

- 16. Do you agree with the assessment of the strengths of the two implementation models?**

Yes.

- 17. What do you consider to be the key barrier/s (if any) to the uptake of existing solutions for transfers and re-registrations?**

- 18. Which of the proposed implementation models is your preferred approach, and why?**

We have a preference for a multi-supplier model that promotes competition and potentially reduces the costs being passed onto consumers. There are a number of technology providers, including those mentioned, with experience in developing widely adopted industry-wide standards in other sectors.

- 19. Do you consider that alternative models exist for improving the development and maintenance of standards and implementation of the standards? If yes, what are they?**

20. **Which current standard development should be considered as part of this proposal?**
21. **Are there other industry standards that should be aligned under this initiative?**

Proposal 5 – Introduce an Independent Governance and Oversight Body

22. **Do you agree with the creation of a new independent governance body?**

Yes, and with the responsibilities set out in the consultation. There should be some form of consumer representation on the body or at least a requirement to communicate with consumer organisations. There should also be an independent Chair.

23. **In your view, is there already a body that could perform this role?**

24. **Are there existing forums that should be included in the revised scope of this forum?**

25. **What do you believe should be the approach for funding and resourcing the governance body?**

26. **Are there other responsibilities you believe should be considered within the scope for this body?**

27. **Do you agree with the customer principles? Are there principles you would add or change?**

Yes, but more detail is required (i.e. the means with which firms make it clear to consumers what to expect, and what constitutes 'accessible' communications) and metrics provided for the measurement of firm adherence to the principles.

28. **Do you agree with the proposal to set up the governance committee by September 2017?**

Yes.

29. **Do you agree with the 2 year period for a formal review i.e. March 2019?**

Yes. The review could incorporate consumer research similar to that already carried out, but which also seeks to understand the extent to which consumers are deterred by the perceived hassle and/or cost from embarking on transfers.