

19 September 2019

Our Ref: FOI6715

Freedom of Information: Right to know request

We refer to your request under the Freedom of Information Act 2000 ("the Act"), for information on the non-advised annuity market in the UK. This follows from your previous request (processed under reference FOI6652), for which we cited the cost limit exemption and offered to consider a refined request. Please refer to Annex A for full details of your requests.

Your request has now been considered and we will address each point in turn. The points have also been renumbered for the purposes of this response.

- (1) *Please provide the following information: The aggregate volume of commissions reported by firms selling non-advised annuities*

We do not hold the information requested. In our Distribution Charges Data Request (covers April 2015-16) we only collected the mean and median commission charges on non-advised annuities within 8 different bands of annuity value. This can be found on our website [here](#). We therefore cannot provide an accurate figure for the aggregate volume of non-advised annuity commissions reported by firms in the market.

- (2) *Please provide the following information: The highest and lowest commission payments reported as a percentage of annuity value*

We collected information from firms on the average commission charge by annuity type within 8 different bands of annuity value. For level single life annuities, the lowest average charge was 0.06% and the highest average charge was 6.79%.

- (3) *Please provide the following information: The distribution of non-advised annuity sales across the market*

Non-advised annuities are defined as being those where the plan holder did not receive regulated advice at the point of purchasing the annuity (but may have taken pensions guidance from Pension Wise).

Firm share of non-advised annuity purchases April 2018 to March 2019	
Firms 1-5	80%
Firms 6 - 10	16%
Firms 11 - 13	3%
Firms 14-23	1%
Total 23 firms	100%

In considering the table, please note the following:

- * firms have been grouped together in order of size.
- * the analysis above is derived from data reported by provider firms to FCA on form REP015 for the two periods of report covering the year from 1 April 2018 to 31 March 2019 (data as at 01/08/2019).

(4) *Please provide the following information: What form has this data gathering taken (for instance how many firms have been involved, how many policies reviewed etc)*

We sent out an information request on the distribution and commission charges of non-advised annuity and drawdown products. Please see point 9 onwards, in the annex for data collection and analysis. This can be found on our website [here](#).

If you are unhappy with the decision made in relation to your request, you have the right to request an internal review. If you wish to exercise this right you should contact us within 40 working days of the date of this response.

If you are not content with the outcome of the internal review, you also have a right of appeal to the Information Commissioner at Information Commissioner's Office, Wycliffe House, Water Lane, Wilmslow, Cheshire SK9 5AF. Telephone: 01625 545 700. Website: www.ico.org.uk

Yours sincerely

Information Disclosure Team / Cyber and Information Resilience Department /
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Annex A

Original FOIA request received on 24 July 2019

Please note we have re-numbered your request for ease of reference:

"I am writing to request further information regarding the non-advised annuity market in the UK.

Please provide the following information:

- 1. The aggregate volume of commissions reported by firms selling non-advised annuities*
- 2. The highest and lowest commission payments reported as a percentage of annuity value*
- 3. The distribution of these between initial and ongoing commissions.*
- 4. The distribution of non-advised annuity sales across the market (e.g the largest firm sold X% of all non-advised annuities, the second Y%....a total of Z firms reported selling at least 1 non-advised annuity) - please note this information should be in an anonymised format, meaning the exemptions in the FOI Act regarding firm being identifiable should not apply.*

5. In [PS 16/12](#) the FCA noted: "There was no strong consensus on the best way of dealing with any harm identified [from commission on non-advised annuity sales]. We therefore believe that the next step before considering potential policy proposals should be to gather evidence on the market and the issues, and come to a view on the harm which could exist" - What form has this data gathering taken (for instance how many firms have been involved, how many policies reviewed etc)
6. Please provide, in an anonymised, aggregated format, data collected with regard to non-advised annuity sale commission specifically as part of this process, as well as any referrals to enforcement, enforcement actions or additional supervision exercises that have resulted. "

Refined request received on 21 August 2019:

'Dear FCA Information Disclosure team,

I confirm I would like you to consider question 1, 2, 4 and 5 within the time limit as a refined request.'