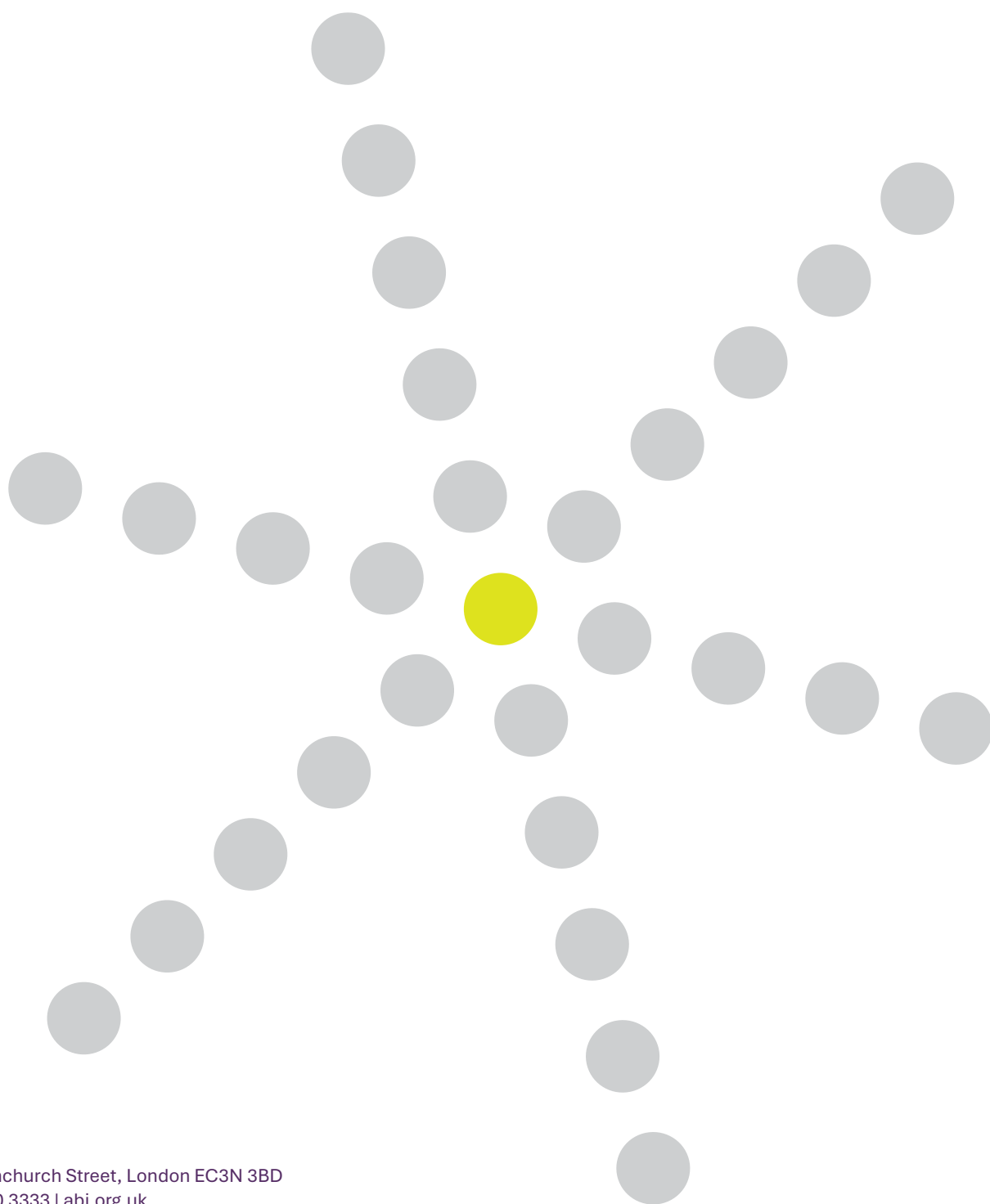


ABI Response to FCA CP25/39

Adapting Our Requirements for a Changing Pensions Market



Question 1: Do you agree with the FCA's proposal to introduce a new regime for interactive digital pension projection tools?

1.1. The ABI remains concerned that the wider projection landscape is already highly fragmented and risks becoming more so. Consumers routinely encounter projections based on different assumptions in dashboards (SMPI), key features illustrations (FCA rules), in-force modellers, and workplace disclosures. Introducing 'simulation' as a new category risks layering further inconsistency unless there is a clear roadmap for aligning assumptions and methodologies across regimes. The rules are different again for retail investments, though these will often be viewed alongside a pension. A more coherent, system-wide approach is needed if the FCA wishes to genuinely improve customer understanding.

1.2. We agree with the FCA's plan to test prototypes with diverse consumer groups to ensure tools genuinely improve understanding. Testing the response of consumers to projections and understanding their thought processes/blockers when they view the updated projections. This should include realistic customer journeys that encounter projections made under different rules, to test consumers' reaction to these. We also note that firms will already be required under the Consumer Duty to evidence that communications support understanding, and any new regime should build on this, rather than create parallel requirements and unnecessary compliance burdens. We also support clear data provenance labelling in tools, stating whether outputs use firm-held data (i.e., within a secure login) or user-entered assumptions only, to aid customer understanding of accuracy and limits of simulations.

1.3. The ABI supports the FCA's proposal to introduce a flexible, outcome-focused regime for interactive digital pension projection tools in principle. A refreshed approach is necessary to address consumer engagement challenges and to prepare for the expected influx of customer interaction with their pension from wider policy initiatives, such as pensions dashboards and targeted support.

1.4. Current COBS 13 rules restrict the level of innovation that firms can apply in developing effective tools and modellers. Relaxing requirements (e.g., removing the obligation for three deterministic projections) should enable more intuitive, tailored tools that help consumers understand their options. This would also allow consumers to engage with projections on smaller screens, such as their mobile phones, allowing easier integration with existing mobile platforms.

1.5. Allowing customers to adjust variables such as contribution rates or retirement age promotes better understanding of trade-offs and informed decision-making. Ensuring that an outcomes-based approach accommodates digital interfaces and emerging technologies is vital, and we note the FCA's recognition within the consultation that the proposed regime's flexibility includes the use of Artificial Intelligence (AI) in the design and delivery of their digital tools. Illustrative controls might include retirement age, contribution levels, a range of return dates, and an initial decumulation option selector.

Question 2: Do you agree firms should have flexibility to present either a deterministic, stochastic or both types of simulation based on the understanding and engagement needs of their target consumers?

2.1. The ABI agrees that firms should have the flexibility to present either deterministic, stochastic, or both types of simulations, provided that this flexibility is exercised within a framework that ensures consistency and consumer understanding. Different consumers engage better with different formats, and allowing firms to tailor their approach to their target market will improve engagement and outcomes. Stochastic projections can offer a more realistic range of outcomes, while deterministic projections may be simpler for some consumers to interpret.

2.2. However, flexibility must be accompanied by safeguards. Current COBS 13 rules, which require three deterministic projections and limit the prominence of stochastic projections, create barriers to innovation and can confuse consumers, particularly on mobile devices. Firms should be permitted to

omit deterministic projections where they do not aid understanding and to use variable rather than linear calculations where this improves clarity.

2.3. Without convergence between SMPI and FCA rules, especially with the new simulation requirements, consumers will continue to see materially different figures for the same pension in different places, which remains one of the biggest barriers to understanding and engagement. This underlying issue would affect consumer understanding regardless of whether they have been shown a deterministic or stochastic projection.

Question 3: Do you agree firms should have flexibility to present deterministic simulations either individually (with at least a higher and lower option), or multiple simultaneously?

3.1. We agree that firms should have the flexibility to present deterministic simulations either individually or multiple simultaneously, provided this flexibility is exercised in a way that promotes consumer understanding and consistency across the market. Allowing firms to tailor the presentation of projections to the needs of their target consumers will improve engagement and outcomes. For some consumers, a single projection may be clearer and less overwhelming, while others may benefit from seeing multiple scenarios side by side.

3.2. However, flexibility should not come at the expense of clarity or comparability. Current requirements to show three deterministic projections can confuse consumers and create challenges for mobile-friendly tools. We support removing the obligation to present upper and lower deterministic projections where they do not aid understanding, and enabling firms to use variable rather than linear calculations where this improves clarity. At the same time, the FCA should ensure consistency in underlying assumptions across providers to avoid consumers receiving materially different projections, which could lead to poor decisions.

3.3. Consumer testing should be encouraged to determine which approaches best support understanding for different segments. Flexibility, combined with safeguards and alignment of assumptions, will allow firms to innovate while ensuring good outcomes for consumers.

Question 4: Do you agree with our proposed approach to the calculation and presentation of growth rates? If not, why not? Are there consumer risks with this approach that should be addressed through further requirements (such as setting a maximum cap on growth rates)?

4.1. We broadly agree with the FCA's proposed approach to the calculation and presentation of growth rates, provided that it promotes consistency across providers and supports consumer understanding. Growth assumptions are a critical driver of projected outcomes, and any framework must balance realism with clarity. We support the principle of flexibility in presentation, but this should be underpinned by clear parameters to avoid firms using assumptions that could mislead consumers or create an uneven playing field.

4.2. There are consumer risks if growth rates are left entirely to firm discretion. For example, higher assumed rates could make one provider appear more attractive than another, even where the underlying investment strategy is similar. To mitigate this, we recommend the FCA explore safeguards such as maximum caps on growth rates or consider collecting data on a firm's evidence base for growth rates. This would help ensure comparability and prevent consumers from making decisions based on unrealistic projections.

4.3. We also encourage the FCA to consider behavioural testing of different approaches to presenting growth assumptions, as consumers often struggle to interpret these figures in isolation. Visual tools and interactive features may help, but safeguards such as standardised assumptions and clear disclosures remain essential. Flexibility combined with consistency and robust consumer testing will deliver better outcomes and maintain trust in projections.

Question 5: Do you agree with our proposals for stochastic models? If not, why? If so, why?

5.1. We agree with the FCA's proposals for stochastic models, as they can provide consumers with a more realistic understanding of the range of possible outcomes compared to deterministic projections alone, by presenting likelihood visually. Stochastic modelling reflects the inherent uncertainty in investment returns and can help consumers appreciate the variability of outcomes over time, which is particularly important for long-term savings decisions.

5.2. However, the current requirement to make stochastic projections less prominent than deterministic ones is a barrier to effective consumer engagement and should be removed. Stochastic outputs should be allowed to take a more central role where they aid understanding. We also support enabling firms to present stochastic projections in a way that is mobile-friendly and interactive, as this will improve accessibility and engagement. We therefore support the FCA in removing the existing restriction that requires stochastic projections to be less prominent than deterministic ones, so that firms can use whichever projection format best supports understanding across digital and mobile journeys.

5.3. That said, safeguards are essential. Stochastic models must be based on consistent assumptions across providers to avoid misleading comparisons. The FCA should set clear parameters for the underlying methodology and require transparent disclosure of assumptions. Consumer testing should be undertaken to ensure that stochastic outputs are presented in a way that is understandable and does not overwhelm or confuse users. Flexibility combined with consistency and robust testing will allow firms to innovate while ensuring good outcomes for consumers. Where stochastic engines incorporate AI-supported modelling, firms should demonstrate controls to monitor outputs, detect and mitigate hallucinations or implausible projections, and ensure models remain explainable and robust.

Question 6: Do you agree consumers should be given the choice to see and interact with the decumulation proposals set out above? If not, why? If so, why?

6.1. We agree that consumers should be given the choice to see and interact with the full range of decumulation options outlined by the FCA. This is essential to improving understanding and engagement, particularly given that a significant proportion of consumers do not currently have a clear plan for accessing their pension or even know they have choices to make. Providing interactive simulations of options such as annuities, UFPLS, flexi-access drawdown, and full withdrawal will help consumers appreciate the implications of each approach and make more informed decisions. But it should avoid making the simulation cumbersome for customers to engage with, and should not require firms to use the legislative phrases (UFPLS, etc.). Some members have indicated that requiring firms to present all decumulation options in every context may risk confusing customers, particularly during the accumulation phase, and may not be feasible when firms lack sufficient data to model certain options reliably.

6.2. Allowing firms to decide which option to use for the initial simulation is sensible, as it enables tailoring to the provider's target market and product set. Presenting an annuity illustration first could support customer understanding, as it offers a clear reference point for sustainable retirement income, before exploring more variable pathways. However, consumers should always be able to explore other options, including those not offered by their provider, to avoid bias and ensure transparency. Where tools display options not available from the customers' current provider, this should be made explicit to avoid misunderstanding.

6.3. Using current market annuity rates to illustrate long-term retirement income may be misleading, as spot rates reflect short-term gilt yields and can fluctuate significantly. This creates an inconsistency with SMPI (AS TM1) and FCA COBS 13 projection requirements, both of which use standardised long-term annuity assumptions rather than prevailing market rates. Members therefore consider that any annuity illustration within a simulation tool should either be based on a long-term, standardised assumption set

consistent with these existing regimes, or be clearly positioned as indicative only, to avoid giving consumers unrealistic expectations about future income decades in advance.

6.4. We agree that tax implications are a critical factor in decumulation decisions. Illustrating net income, either through reasonable assumptions or consumer inputs, will significantly improve understanding and help consumers avoid unexpected outcomes. The FCA could look at requiring customers to provide complete income information to avoid potentially misleading consumers with partial assumptions. Consumer testing will be important to ensure these presentations are clear and do not overwhelm users.

6.5. Overall, we support the FCA's proposals as they strike the right balance between flexibility for firms and comprehensive information for consumers. Interactive tools that allow exploration of all major decumulation options, combined with clear assumptions and tax illustrations, will deliver better outcomes and help consumers navigate complex retirement decisions. However, the FCA will have to look carefully and be guided by the outcomes of consumer testing, at how many decumulation options will be shown by default, the sequence in which they are presented, and the assumptions that underpin them.

Question 7: Do you agree with our communications proposals? If not, why? If so, why?

7.1. We believe the FCA should explicitly recognise that the main driver of consumer confusion is not presentation alone, but rather the existence of multiple projection bases across the system. Consumers are capable of engaging with intuitive tools, but they cannot interpret why different parts of the system present different numbers. Communication interventions should therefore be combined with a clearer long-term commitment to projection alignment.

7.2. We welcome the FCA's proposal to give firms flexibility in how they communicate assumptions and uncertainties, provided that the overarching requirement remains to enable consumers to understand the simulation and make informed decisions. This flexibility will allow firms to design tools that are intuitive, visually engaging, and tailored to the needs of their target market, while still meeting Consumer Duty obligations. Some members have indicated that in-journey testing will be important to evidence that customers genuinely understand the assumptions and uncertainties being communicated, and where understanding cannot be demonstrated, firms may need to introduce additional explanations within the journey itself, which could also take the form of clear visual cues.

7.3. However, we emphasise the importance of consumer testing as a safeguard. Firms should test whether consumers genuinely understand the outputs and assumptions, especially when introducing new tools or making material changes. This is critical to avoid unintended harms such as misinterpretation of projections or overconfidence in outcomes. We also caution against relying solely on text-based warnings, which are often ignored and can create confusion. Instead, firms should use clear, concise explanations supported by visual aids where appropriate. Any new communications requirements should be designed carefully to avoid duplication and minimise information overload.

Question 8: Do you agree with our record-keeping and regular review proposals? If not, why? If so, why?

8.1. We agree with the FCA's proposals on record keeping and regular review requirements. Documented methodologies and robust governance are essential to ensure that digital simulation tools remain accurate, reliable, and compliant with regulatory expectations. As we noted in our DP24/3 response, consistency and transparency in assumptions are critical to maintaining consumer trust and preventing misinterpretation of outputs.

8.2. Requiring firms to base tools on documented and justified methodologies will help create a clear audit trail and support supervisory oversight. This approach also provides firms with a framework

to demonstrate compliance under the Consumer Duty, which is particularly important given the flexibility offered by the new regime. Regular reviews are equally important to ensure that tools remain fit for purpose as technology evolves and consumer behaviours change. We encourage the FCA to clarify that reviews should be proportionate to the scale and complexity of the tool, to avoid unnecessary burden on firms while maintaining consumer protection. We would welcome clarification on whether firms are expected to maintain an audit trail of the exact version of assumptions or growth rates presented to each individual customer. This would give clarity to help ensure that record-keeping requirements are applied in a proportionate and practicable way.

8.3. We also support the emphasis on governance and internal controls. These measures will help firms identify and address emerging risks, such as inconsistencies in assumptions or unintended consumer harms. However, we would caution against introducing overly prescriptive requirements that could stifle innovation. Instead, the FCA should provide guidance on good practice to help firms meet these obligations in a way that is practical and proportionate.

Question 9: Does our proposed regime (for pension simulations in interactive, digital tools as a whole) strike the right balance between relying on outcomes-focused rules, the Consumer Duty to enable more effective and engaging tools and specific rules to deal with harms? Are there any areas where we need more specific rules to deal with potential harms, such as a lack of consistency across different tools or pension projections in the consumer journey?

9.1. The ABI was pleased to see outcomes-focused rules and the Consumer Duty underpin the proposed changes to the regime and remain the primary mechanism for ensuring compliance. As we responded to in DP24/3, our preference was to rely on the Consumer Duty, supported by sufficient FCA guidance to ensure consistency between firms. As we have mentioned previously in this response, flexibility in presentation mustn't result in materially different outcomes for consumers who are comparing similar pension scenarios across different providers or tools. A lack of consistency in assumptions or methodologies could lead to confusion and undermine wider efforts to improve engagement.

9.2. We therefore agree that an outcomes-focused regime, supplemented by targeted rules and appropriate governance expectations, represents a proportionate way to enable firms to innovate while still mitigating the most significant risks. However, to reduce the risk of divergence across the market, further guidance on good practice for underlying assumptions, calculation methodologies, and the communication of uncertainty would be beneficial. This would not need to be prescriptive, but it should provide a clear steer to help ensure that consumers encounter broadly comparable projections throughout their pension journey. We also consider that periodic oversight of the assumptions used across the market would support consistency over time. Clarifying how the FCA intends to monitor assumptions and address any materially divergent methodologies would help maintain comparability and reduce the risk of consumers encountering conflicting projections.

9.3. We also encourage the FCA to remain mindful of the wider projection landscape. Consumers already face multiple touchpoints, including SMPs, dashboards, key features documents, and in-force modellers; inconsistency across these can reduce trust and engagement. While full alignment is not within FCA's control, steps to promote coherence between regimes would help minimise confusion. Supervisory engagement during the early stages of implementation will also be important to identify any emerging harms and determine whether additional intervention is required. Given the potential for new digital simulations to change how consumers engage with projections, it may also be appropriate for the FCA to test whether these formats affect the effectiveness of existing COBS 13 illustrations.

Question 10: Does our proposed regime (for pension simulations in interactive, digital tools as a whole) support the adoption of technology, including AI? Are there any proposed rules which may inhibit technology adoption?

10.1. The proposed regime supports the adoption of new technology, including AI, by giving firms the flexibility to innovate while maintaining appropriate consumer protections. As we set out in our response to DP24/3, the current COBS 13 framework has hindered the development of engaging digital tools, particularly on mobile platforms, due to its prescriptive requirements and rigid projection structure. By shifting to outcomes-focused rules supported by the Consumer Duty, the FCA's proposals remove many of the barriers that previously limited firms' ability to explore newer technological capabilities.

10.2. The regime's emphasis on flexibility in presentation formats, digital-first design, and the ability to tailor communication to consumer needs will enable firms to make full use of emerging technology, including interactive interfaces, real-time modelling, and AI-supported tools. We particularly welcome the FCA's recognition that methodologies and assumptions need to be documented and governed, but not prescribed to the extent that they stifle innovation. This approach allows firms to experiment with new analytical techniques, such as variable projections or personalised simulations, while still ensuring appropriate oversight.

10.3. However, to maximise the potential of AI in this space, we encourage the FCA to ensure that the combination of governance expectations and recordkeeping requirements does not inadvertently inhibit experimentation or iterative development. Firms will need clarity on how to evidence compliance where models may evolve rapidly, particularly where AI is used to tailor simulations in real time based on consumer inputs. Proportionate expectations will be key to avoiding delays in adopting or updating innovative tools.

10.4. We also encourage the FCA to consider further work, potentially through tech sprints or targeted guidance, on how firms can safely deploy AI in projection tools. We note the wider work underway by the FCA with the Sheldon Mills review and the launch of the AI lab. As noted in our DP24/3 response, large language models can already help consumers understand pension outcomes, but their use within regulated environments remains uncertain. Clear signals from the FCA on how AI-generated outputs can be incorporated within the new regime (while maintaining transparency over assumptions and uncertainties) would help firms move forward confidently. Further targeted FCA guidance or sandbox-style testing could help establish safe parameters.

10.5. Overall, we believe the proposals strike an appropriate balance and provide a strong foundation for innovation, provided the FCA remains open to working with industry to refine expectations as technology evolves.

Question 11: Do you agree with our proposed approach for projections in a PDS digital tool? If not, why not?

11.1. We support the FCA's objective of ensuring that consumers receive a clear, standardised projection within the PDS environment, and we accept that the SMPI methodology is the baseline for dashboards. A consistent statutory projection is an important anchor for consumer understanding.

11.2. Consumers will continue to encounter multiple projections across the pensions landscape. Without more explicit alignment between these different touchpoints, there is a real risk that consumers will see figures that differ in ways they cannot understand or reconcile. In this context, it may be helpful to distinguish explicitly between the PDS SMPI-based projection and the projection requirements that apply to retail investments under CCI, given that pensions are not within the scope of the CCI regime. The FCA's proposals, as drafted, do not yet sufficiently address how these different projection regimes will work together in practice or what safeguards will ensure a coherent and comprehensible journey for users.

11.3. Introducing the statutory SMPI-based projection into tools that also offer flexible, scenario-based modelling may present challenges unless the relationship between these estimates is made clearer. Consumers may be unsure which figure represents their “real” projected income, why a simulation differs from the dashboard projection, or which number they should rely on when making decisions. This lack of clarity risks undermining the benefits of the digital tools themselves. Clarity on this interaction is particularly important as tools increasingly have access to broader datasets. Without clear guidance, there is a risk that consumers may over- or under-weight the PDS projection relative to more personalised simulations, especially where methodologies differ for legitimate reasons.

11.4. This highlights a broader structural issue; the pensions system has developed multiple projection approaches over time, each designed for different purposes and overseen by different regulators. The proposed PDS projection risks becoming yet another siloed projection, rather than part of a cohesive framework.

11.5. We are also mindful that the broader disclosure environment is likely to evolve over the coming years. Dashboards will potentially change how consumers engage with projections, and future work on aligning FCA and FRC projection rules, or developments associated with Open Finance, could alter assumptions or methodologies across the system. The new CCI rules apply to retail investments that are likely to be viewed online alongside pensions. Introducing a new set of regulatory expectations into a landscape that is already in flux could embed complexity that later becomes difficult to unwind.

11.6. For these reasons, while we agree with the principle of retaining a consistent SMPI projection for dashboards, we do not yet agree that the FCA’s current proposal for applying this within PDS digital tools fully achieves the intended outcomes. Greater clarity is needed on how this projection should sit alongside other interactive simulations, how consumers should understand differences between them, and how the PDS projection will remain coherent as broader regulatory work on projections continues. Taken together, these areas highlight the importance of providing a clear explanation of how the SMPI-based PDS projection should be understood alongside more flexible simulations and future dashboard-enabled services. Ensuring that rules remain sufficiently flexible to accommodate these developments will support a more coherent and comprehensible consumer journey.

Question 12: Do you agree with the proposals for how the new regime will apply to digital tools that include a broader range of retirement income? If not, why not?

12.1. We agree with the FCA’s proposed approach for how the new regime will apply to digital tools that model a broader range of retirement income options. Consumers benefit from being able to explore how different pathways, whether drawdown, annuities, or blended options, affect their projected outcomes. It is therefore sensible that the framework allows firms to incorporate these within interactive tools, provided the assumptions, risks, and uncertainties are communicated clearly.

12.2. Flexibility built into the regime is important. Retirement income products can vary significantly in structure and risk profile, and overly prescriptive assumptions would struggle to reflect this complexity. Allowing firms discretion, supported by clear governance and consumer testing expectations, should lead to tools that are both realistic and engaging. It also helps firms innovate as products evolve, without needing continual rule changes to accommodate new retirement income approaches in the market.

12.3. That said, the same considerations around consistency apply here as in accumulation projections. While firms should retain freedom in how they model different income streams, consumers should not receive projections that diverge materially due to inconsistent assumptions across providers. This is particularly important where consumers compare outcomes across drawdown or annuity options. We therefore see value in the FCA offering guidance on good practice for modelling common retirement income types, to support a level of comparability while still allowing firms to tailor tools to the individual product set.

12.4. Further clarity would be helpful on the extent to which simulations for different retirement income types should rely on generic assumptions, or, where available, customer-specific data already held by firms. Clear expectations in this area would support consistency of approach while ensuring the modelling remains practical and aligned with Consumer Duty.

Question 13: Do you agree that a transition period is needed to effectively implement the proposed regime for simulations in digital tools? If so, is 12-months an appropriate timeframe?

13.1. Our members have highlighted that the scale of redevelopments required for some tools, particularly where firms must rebuild projection engines, user journeys, and conduct testing, would require a transition period of a minimum of 18 months, but ideally 24 months, especially where changes must be delivered alongside other major regulatory programmes. In this case, a phased or flexible approach would help ensure that tools are high-quality, well tested, and genuinely support consumer understanding from the outset, rather than being rushed into service to meet a fixed deadline.

13.2. A transition period will be essential to implement the proposed regime effectively. Although many firms already offer digital tools of some kind, the new rules will require significant work to redesign projections, rebuild user journeys, update methodologies, strengthen governance, and undertake consumer testing. Feedback from members emphasised that firms' implementation capacity will vary, and that flexibility on timelines would help ensure that tools are upgraded to the required standard without compromising quality or consumer understanding. For those developing or enhancing tools that incorporate stochastic modelling, variable assumptions or multiple retirement income pathways, the development effort will be substantial. Firms will also need time to align internal policies, adapt systems for recordkeeping and governance, and ensure staff are trained to operate within the new regime.

13.3. A 12-month transition period may be achievable for firms whose tools require only modest adjustments. However, for firms needing to redesign tools from the ground up or who must undertake detailed consumer testing to demonstrate understanding, a longer period would be necessary. This is particularly true where organisations must update existing technology stacks or integrate changes alongside other ongoing major regulatory programmes, including dashboards, the Value for Money framework and changes to transfer processes. In these cases, an expectation to implement within 12 months could create significant pressure on firms and risk inconsistent and suboptimal outcomes for the industry and consumers.

Question 14: Do you agree with our proposal to exempt projections provided in SMPIs on how pension members can give themselves more money, as set out in DWP's statutory guidance? If not, please explain why.

14.1. We agree with the proposal to exempt the projections included within SMPIs that show how members can increase their retirement income, as set out in DWP's statutory guidance. These projections already follow a defined and consistent basis under the SMPI framework, and they serve a specific purpose in helping members understand how different contribution levels or retirement ages may affect their outcomes. Introducing an additional regulatory layer for this type of illustration would add duplication without delivering better consumer understanding.

14.2. It is also important to recognise that SMPIs form part of a broader, well-established disclosure regime that members are familiar with. Requiring firms to realign these illustrations to a separate FCA framework risk fragmenting the consumer journey further, at a time when consistency across projection touchpoints is already a challenge. Maintaining the exemption supports coherence and helps ensure that consumers continue to receive projections on a single, standardised basis for these specific illustrations.

14.3. More broadly, avoiding additional rules for SMPI-based contribution or retirement age scenarios allows firms to focus their development efforts on the interactive digital tools where the new regime will

add the greatest value. This is a proportionate approach that respects the existing statutory framework while ensuring regulatory change is targeted where it can genuinely improve consumer engagement. For these reasons, we are minded to support the continued exemption for SMPIs in this context.

Question 15: Do you have any comments on the proposed scope and trigger for our non-advised transfer rules?

15.1. We support the FCA's intended objective of improving consumer outcomes in non-advised pension transfers, but the scope and trigger for the proposed rules must be tightly defined to avoid introducing unnecessary friction into transfer journeys. In a non-advised transfer, there are clear limits to what providers can reasonably determine about an individual consumer's best interests without understanding their full circumstances or preferences. A broadly-applied regime risks slowing down transfers that are already working well, without necessarily improving decision-making.

15.2. We consider it important that any new requirements are supported by a clear evidence base demonstrating that prescribed steps would materially improve customer outcomes beyond the protections already provided by the Consumer Duty. Ensuring proportionality at this stage will help avoid adding avoidable friction to transfer journeys while maintaining focus on the cases where interventions can be most effective.

15.3. We agree with the FCA analysis earlier in the CP that *"excessive disclosure creates a perception of unnecessary complexity, prompting consumers to disengage altogether. Our behavioural research supports this, showing that while transparency is important, disclosure proposals often deliver mixed results for consumers... overly complex or information-heavy formats reduce understanding, particularly when consumers are required to process large volumes of information before making decisions."* This could apply to the information provided to consumers during the proposed information replay to customers during a transfer. If these rules are taken forward, the FCA should test their likely impact on decision-making. It is important to ensure that any new processes are behaviorally effective, recognising that consumers who have already decided to transfer may be less likely to engage with additional information. Testing different designs will help ensure the proposed interventions support, rather than discourage, informed decision-making.

15.4. Consumer Duty already establishes clear expectations around good consumer support when entering and exiting products, and we consider this to be the most appropriate mechanism for addressing poor transfer practices. Rather than introducing a universal set of new requirements, the FCA should instead focus on targeted interventions where there is evidence of consumer harm or outlier behaviour. Triggers for additional steps or information requirements should be narrowly defined and proportionate, activating only where specific risk factors are present.

15.5. Also raised with the ABI was the need for clarity that the proposed rules will only apply to DC-to-DC pension transfers, consistent with the FCA's stated intention. As the CP is currently drafted, references to 'personal pension products' and 'safeguarded benefits' risk unintentionally extending the regime to transfers of deferred annuities arising from BPA buy-outs, hybrid DB/DC arrangements, or other DB-related benefits, where different considerations apply. Questions were also raised by members over whether these requirements apply to internal transfers, and clarity on this issue from the FCA would be welcomed.

15.6. Members also highlighted uncertainty about the scope of the proposals in relation to crystallised and partly-crystallised arrangements. It is unclear whether COBS 19.14 applies only to transfers of uncrystallised accumulation-phase benefits or also to transfers of existing drawdown arrangements. Additional complexity arises where consumers transfer both uncrystallised and crystallised funds simultaneously, or where uncrystallised benefits are transferred with the intention of accessing them

flexibly, in which case COBS 19.7 may also be triggered. The ABI and our members would like clarity on whether such cases fall wholly or partly within scope.

15.7. Members also noted a potential inconsistency between draft COBS 19.14.4G and draft COBS 9B.4.40G. While 19.14.4G suggests that the new requirements do not apply where a firm is providing targeted support, 9B.4.40G indicates that targeted support may suggest transferring a consumer's existing single pension arrangement to a new arrangement. This could imply that a receiving provider offering targeted support in relation to a transfer would fall outside the scope of COBS 19.14. We would welcome FCA confirmation on whether this outcome is intended, and if not, how the interaction between COBS 19.14 and targeted support should operate in practice.

15.8. We also encourage the FCA to ensure that any trigger framework is based on factual, readily-available data, rather than subjective assessments. It is right that the process is driven by the engaging provider, as reinforced by these rules, because ceding providers should not be expected to make judgments about the value or suitability of a receiving scheme. Prompts or warnings should therefore be limited to clearly defined features of the existing contract and avoid duplicating established requirements, such as stronger nudge and safeguarded benefit disclosures. In communicating these expectations, care should be taken to ensure language reflects the practical constraints faced by providers and does not inadvertently suggest reluctance where challenges arise from operational or data limitations.

15.9. In practice, the proposed framework appears analogous to an extension of existing letters of authority processes, but it is important to recognise that current LoA arrangements are not a stable or consistent foundation on which to build. There is no universal obligation for providers to service LoA requests, and where they are fulfilled, the information is often delivered in unstructured formats, designed for adviser use rather than consumer presentation, and sometimes provided by post. These practices would be difficult to reconcile with the proposed expectation that engaging firms present information to consumers within a fixed, short timeframe.

15.10. For the regime to operate effectively at scale, the FCA could require information to be supplied electronically in a structured, machine-readable format. Without this, engaging firms will face significant operational challenges in extracting, standardising and presenting data clearly and consistently for consumers, increasing cost and the risk of error. The scope of the data required should also be tightly controlled to avoid including subjective descriptions, such as narrative risk or reward profiles, which are likely to vary between providers and undermine comparability. Clear guidance on minimum data standards will help avoid divergence while reducing the risk of inadvertently creating differing levels of service across segments of the market.

15.11. Clarity is also needed around evidence of consumer authority. Current provider practices range from accepting digital confirmation to requiring paper documentation with a wet signature. If the FCA intends to distinguish between authority to request information and authority to act on a consumer's behalf, this distinction should be clearly defined and consistently applied across the market. Without a single, proportionate standard, there is a risk that firms default to the most restrictive approach, increasing friction for consumers and engaging firms alike. But this standard should not be prescribed in FCA rules, because of the likelihood that it will need to change, and the need for some flexibility for providers. As such, industry standards and eventually an Open Finance-type approach would be more suitable, as we set out later. Further clarity on how firms should evidence consent, particularly where a distinction is drawn between authority to request information and authority to act on a customer's behalf, would support consistent practice and reduce the risk of friction where providers have different legacy requirements.

15.12. We also note that multiple third-party services currently support LoA transmission and fulfilment, but there is limited interoperability between them. The FCA should be mindful that a regime which assumes electronic exchange could inadvertently require providers to connect to multiple platforms to

achieve coverage. There would be value in the FCA supporting the development of common data and exchange standards to facilitate interoperability and reduce duplication of effort across the market.

15.13. Finally, DWP should make equivalent regulations and, unless they do, FCA should not proceed. There is a risk of divergent consumer experiences arising from the regime's application only to FCA-regulated firms. Consumers may be confused about where information is available for some pensions but not others, particularly when comparing contract-based and trust-based schemes. The FCA should work closely with the government and other regulators to mitigate this risk and ensure clear communication to consumers. We note that in the ongoing joint consultation between TPR and the FCA regarding the value for money framework, the point is made that *'DWP, TPR and FCA are working closely together to ensure, so far as possible, equivalent provisions across workplace DC pensions'*, we believe that the same standard should apply here. More broadly, we reiterate that delays in transfer processes are known to often be worse in transfers from occupational schemes, are already significantly influenced by the operation of the Conditions for Transfer regulations, and any expansion of FCA requirements should be considered in the context of that existing friction to avoid compounding problems rather than solving them.

15.14. Taken together, these points underscore the importance of ensuring that any new requirements operate within a coherent cross-regulator framework, are clearly scoped, and remain proportionate to the operational realities of the market. A flexible, well-evidenced approach will help deliver the intended benefits without introducing unnecessary barriers for consumers.

Question 16: Do you agree with our proposed approach to obtaining the consumer's consent? • Is consent the appropriate lawful basis for processing the data? • Do you foresee any practical challenges with our approach? If so, how might they be overcome?

16.1. We agree that obtaining the consumer's permission or consent is an appropriate mechanism for enabling the sharing of information in support of non-advised transfers, provided it is implemented in a way that is clear, proportionate and workable in practice. Giving express permission for firms to take action is intuitive to consumers and aligns with the principle that individuals should control who can access information about their pension. However, it would be helpful to clarify that consent may not be the only lawful basis available under the UK GDPR. Depending on the circumstances, firms may instead need to rely on alternative lawful bases, for example, performance of contract, legal obligation or legitimate interests, to ensure that data sharing is conducted in a compliant and operationally workable way. There are practical challenges with relying on consent, for example, the requirement for consent to be specific and informed. Consumers may be unable to identify the ceding provider who would need to rely on the consent, such as where pensions have been lost or where scheme names have changed over time. Members also noted that relying on consent may pose difficulties where consumers later withdraw their consent, which could be incompatible with ongoing data-sharing processes and firms' record-keeping requirements.

16.2. Consumer permission on its own will not deliver the intended consumer benefits unless it is underpinned by clearer market-wide standards for how permission is captured, evidenced and acted upon. At present, providers apply very different approaches to evidencing permission, from accepting digital authorisation to requiring paper documentation with a wet signature. Without a single, clearly articulated standard, firms may default to the most restrictive interpretation of valid permission, increasing friction and undermining the effectiveness of the regime. The proposed distinction between permission to request information and authority to act or transact is also not consistently recognised in current market practice and may be unfamiliar to consumers. Additional clarity may also be required on how firms can satisfy the requirement for consent to be specific and informed, particularly where consumers are unable to identify the ceding provider, for example, where pensions have been lost, or where scheme names have changed over time.

16.3. We recommend that the FCA frame its approach with an explicit eye to Open Finance so that firms do not build short-lived, one-off solutions that will later need to be replaced. Open Finance is likely to deliver a more portable, reusable model of consumer permission, accompanied by standardised data payloads, interoperable APIs, and common security and identity frameworks. It also allows for a non-regulatory 'interface body' to set and manage standards, so that rules need not be prescribed by the FCA. The proposals for non-advised transfers should therefore be future-proofed by adopting design choices that are consistent with those principles. In practice, that means recognising digital permission that can be presented and audited across providers, enabling revocation and expiry controls that are transparent to the consumer, and encouraging the use of common identity, authentication and permission artefacts that can migrate into an Open Finance environment when it arrives.

16.4. There are also practical challenges in how consumer permission will be obtained and processed at scale. Engaging firms may otherwise need to collect permission in multiple formats to satisfy different provider requirements. To mitigate this, we encourage the FCA to set a single, proportionate market standard for information-only permission, explicitly confirming that electronic and digital methods are acceptable where appropriate safeguards are in place. Aligning the permission model with anticipated Open Finance patterns would reduce duplication of effort, lower operational costs, and shorten implementation timelines for both providers and engaging firms.

16.5. The value of a permission-based model depends on what follows after permission is granted. Even where permission is validly obtained, consumer benefit will be limited if data is supplied in unstructured formats that are hard to interpret or present consistently. Consumer permission should therefore be considered alongside requirements for electronic provision and structured, machine-readable data, with consistent schemas and exchange standards that are interoperable with the direction of travel for Open Finance. This approach will help ensure the regime is workable now while laying foundations that can be reused as broader data-sharing frameworks mature.

Question 17: Is our proposed acknowledgement process an unnecessary administrative step? Can the issue and receipt of the information request be considered instantaneous? Are technological solutions available to make this possible?

17.1. The ABI does not consider an acknowledgement requirement to be unnecessary in principle, as a clear confirmation that an information request has been received can provide certainty for consumers and firms that a transfer journey has genuinely started and that the request has reached the correct ceding scheme. At the same time, it will be important to ensure that any approach to acknowledgement remains proportionate and avoids imposing prescriptive timeframes that do not add meaningful value to the consumer journey. We raised this in our response to DP24/3, which emphasised the importance of clarity of roles, transparency and consumer confidence in non-advised transfer processes.

17.2. The ABI does not believe the acknowledgement should operate as a distinct, manual administrative step where it adds little or no consumer value. In a modern, digital operating environment, the issue and receipt of an information request can reasonably be treated as instantaneous where secure, standardised electronic channels are used, with system-generated confirmations providing sufficient evidence that the request has been received. However, a ceding provider will still need the opportunity to respond to the engaging provider in a timely way to say that the information received is insufficient. Member feedback also highlighted that where secure digital request channels generate automatic confirmations, these may serve the purpose of an acknowledgement without requiring a separate manual step. This would prevent unnecessary duplication while still ensuring traceability within firms' systems. An acknowledgement under a digital system would also have more value in being sent to the consumer so that they are aware their transfer is being actioned.

17.3. Technological solutions already exist to support this, including automated messaging, time-stamped audit trails and structured data exchanges that confirm receipt at the point a request enters a ceding firm's system. Requiring a separate manual acknowledgement in these circumstances risks

recreating legacy, paper-based processes and introducing avoidable friction and delay. Ensuring that solutions are aligned with existing secure messaging practices would also support operational efficiency and help to minimise costs associated with introducing standalone acknowledgement processes.

17.4. The ABI therefore supports an approach that allows automated or instantaneous acknowledgement where firms can demonstrate appropriate system controls, while recognising that proportionate transitional arrangements may be needed for firms that are not yet fully digitised.

Question 18: Do you consider 10 working days a reasonable timeframe for ceding schemes to respond to information requests? If not, why not?

18.1. The ABI considers that a calibrated approach is preferable to a fixed 10 working day rule. A default expectation for timely responses in standard cases, combined with clearly articulated exceptions, consumer updates and transparency on actual performance, would better align regulatory requirements with operational reality, reducing unnecessary friction, and keep the focus firmly on improving consumer outcomes. Member feedback has also indicated that setting a fixed prescriptive timeframe may not always be appropriate, given the diverse administration models and data structures across the market. Allowing flexibility, particularly where delays arise from factors outside a firm's control, would help ensure that timelines remain appropriate.

18.2. The ABI supports the principle of setting a clear timeframe for ceding schemes to respond to information requests, as this provides certainty for consumers and helps prevent unnecessary delay in non-advised transfer journeys. However, we do not consider a fixed requirement of 10 working days to be reasonable or proportionate in all cases. As we set out in our response to DP24/3, the pensions market is highly heterogeneous, with significant variation in administration models, data quality and the complexity of legacy arrangements. A single, rigid deadline risks creating technical non-compliance without delivering better consumer outcomes. A 10-day expectation may only be achievable where automation and structured data are available. In cases involving legacy books, complex benefit structures or third-party administrators, manual intervention may still be required, which could extend processing times even when firms act promptly.

18.3. For straightforward cases where data is readily available and held in structured digital form, a response within 10 working days is likely to be achievable and should be treated as a strong expectation. However, there are many circumstances where meeting this timeframe will be challenging or impossible, including where records are incomplete or historic, where benefits have complex features, where data is held by third-party administrators, or where additional checks are required to mitigate fraud or scam risk. In such cases, a rigid deadline could encourage rushed or incomplete responses, which would undermine the objective of enabling consumers to make informed decisions. It would therefore be helpful for the FCA to provide clarity on how compliance will be assessed, including expectations around reporting performance, handling exceptions, and distinguishing between delays arising from system limitations and those within a firm's control. It would also be helpful for the FCA to provide clarity on what happens when a scheme has to engage with TPR-regulated firms that do not have to comply with the time limit.

18.4. As we responded to in DP24/3, the ABI believes the FCA should focus on setting outcome-based standards that reflect modern digital capabilities while allowing for proportionate flexibility. Rather than a single mandatory deadline, the framework should distinguish between standard and non-standard cases, with clearly defined and limited exceptions, transparent communication to consumers, and appropriate management information to support supervisory oversight. This would incentivise continuous improvement in transfer performance without penalising firms for factors outside their reasonable control. The existing customer support rules under Consumer Duty specify unreasonable barriers to transfer as an example, and should be enforced where they are not followed.

Question 19: How might technology affordably support the adoption of this timeframe?

19.1. Technology can play a central role in supporting the adoption of a response timeframe in an affordable and scalable way, provided the regulatory framework allows firms to build on existing systems and standards rather than introducing bespoke, manual processes. There are already frameworks in place for efficient transfers, services such as The Origo Transfer Service and TeX for re-registrations, built on Criterion's common declarations, have enabled faster electronic transfers, and would benefit from explicit endorsement by the FCA, demonstrating best practice in industry.

19.2 As we highlighted in our response to DP24/3, many of the delays in pension transfers (often outside of these frameworks) arise not from a lack of willingness to act, but from fragmented data, inconsistent formats, and reliance on manual hand-offs. Addressing these issues through targeted use of technology is likely to be more effective and sustainable than relying solely on prescriptive deadlines. Providers' technological capabilities vary significantly. While some firms can automate large parts of the process, others operate legacy systems or administer complex products where manual intervention remains necessary. Ensuring that expectations remain proportionate to these differences will be important for achieving sustainable improvements without imposing undue cost.

19.3. At a basic level, standardised digital information requests and responses, using structured data fields rather than free-text documents, would materially reduce handling time and rework. Where ceding schemes can automatically ingest a request into their administration systems, validate it for completeness, and route it to the appropriate workflow, response times can be significantly shortened without additional staffing costs. Even where full automation is not immediately achievable, templated digital forms and shared data standards can deliver meaningful efficiency gains compared with bespoke, bilateral approaches.

19.4. System-to-system messaging or API-based solutions also offer a cost-effective way to support the proposed timeframe, particularly if developed on a shared or industry-wide basis. These solutions can provide instant confirmation of receipt, time-stamped audit trails, and real-time status updates, giving both firms and consumers visibility of progress while reducing the need for manual chasing and duplicate communications. Over time, this transparency can help drive behavioural change and continuous improvement in transfer performance. Leveraging existing networks, such as the Origo Transfer Service, or future small pots-transfer systems, could help minimise duplication and cost.

19.5. Delivering the proposed timeframe efficiently will depend on the FCA aligning its rules with the industry good practice and common standards that already underpin most transfer activity, including the widespread use of transfer services and established data exchange formats. Building on these existing infrastructures would minimise unnecessary duplication and deliver stronger cost-benefit outcomes than introducing new, bespoke technical processes. Anchoring the regime in shared, interoperable standards is also consistent with the direction of travel for Open Finance, where reusable consent, data and messaging frameworks will be essential.

Question 20: Do you agree with our proposed approach to presenting information back to customers?

20.1. The ABI agrees with the intention behind the FCA's proposed approach and supports the underlying objective of helping consumers make an informed comparison between ceding and receiving schemes before deciding whether to transfer. As we set out in our response to DP24/3, the ABI and its members agree that having a consistent way to provide information is beneficial for consumer understanding, particularly in non-advised journeys. However, we do not support the introduction of highly prescriptive new rules where this risks increasing friction or causing further delays, especially where existing requirements already oblige firms to provide relevant information to support consumer decision-making.

20.2. The ABI's concern is that overly prescriptive requirements on how information must be presented, or requirements that effectively mandate a new procedural step, could undermine the FCA's objectives by slowing down transfers and discouraging consumer engagement. Excessive or poorly prioritised disclosure can overwhelm consumers, reduce comprehension and lead to disengagement, rather than improving decision-making. The focus should therefore be on ensuring that information is clear, proportionate and genuinely material to the transfer decision, rather than on completeness or process for its own sake. We also recognise member feedback that information playback may have limited influence on consumer decision-making in practice, and that additional layers of disclosure could risk overload without improving understanding.

20.3. We consider that Consumer Duty provides an appropriate and robust framework to support the FCA's aims in this area. The Duty already requires firms to communicate information in a way that supports consumer understanding and enables consumers to make effective decisions, considering the characteristics and needs of their customers. Relying on the Consumer Duty to shape how information is presented would allow firms to prioritise clarity and relevance, tailor communications to different channels and consumer needs, and iterate presentation based on testing and experience, without the need for rigid, prescriptive rules.

20.4. It will also be important that any presentation of information is tested across the different channels through which consumers may engage. In particular, telephone-based journeys may not readily accommodate the level of comparative detail envisaged. Robust behavioural testing of alternative designs would help ensure interventions enhance rather than reduce consumer comprehension.

20.5. The ABI therefore supports a flexible, outcomes-focused approach to presenting information back to consumers. This could include a layered presentation, where consumers are first shown a clear, high-level comparison of key features, risks and costs, with the ability to access more detailed information if they choose. Such an approach would better reflect differing levels of consumer engagement and capability, while avoiding a one-size-fits-all model that may not work well across the market. It is also important that any presentation clearly distinguishes factual information from any form of recommendation, so consumers understand the nature and limits of the support being provided.

20.6. Some broader considerations were also raised regarding how consumers assess the merits of transferring. In particular, attention was drawn to the potential for wider VfM frameworks to support clearer cross-scheme comparisons, and to ensure that decisions are not driven solely by short-term costs or disclosure differences. It was also noted that clarity on responsibility where information from the ceding provider is incomplete or delayed would help avoid uncertainty about the role of receiving providers in supporting informed decision making.

20.7. Overall, the ABI believes the FCA's objectives can best be achieved by using Consumer Duty as the primary driver of good practice in information presentation, rather than introducing additional prescriptive steps into the transfer process. This would minimise unnecessary friction, avoid delays, and focus regulatory intervention on improving consumer understanding and outcomes.

Question 21: Do our proposals capture the appropriate benefits and features for consumers to consider ahead of transfer? Should any be added or excluded? If so, please explain why.

21.1. The ABI agrees that the benefits and features set out in the consultation represent the types of factors consumers should consider before transferring. Helping consumers understand the consequences of giving up valuable features is important, particularly when undertaking non-advised transfers. However, as we highlighted in our response to DP24/3, much of this information is already disclosed through existing regulatory requirements and established industry practice, including risk warnings on safeguarded benefits, stronger nudges, due diligence undertaken by ceding and receiving schemes, and existing communications around protected benefits and guarantees. For that

reason, we do not support highly prescriptive rules that would lengthen the transfer process or duplicate existing requirements.

21.2. Our concern is that expanding the list of benefits and features or requiring firms to flag them in a prescribed manner risks introducing friction, delays, and inconsistency in interpretation. As we emphasised in our response to DP24/3, the FCA should be cautious about any interventions that could be viewed as sludge practices, even unintentionally, by slowing down legitimate transfers or creating barriers for consumers who already find pensions complex.

21.3. That said, the ABI agrees that certain core features, such as safeguarded benefits, valuable guarantees, exit charges, and investment pathway differences, are appropriate for consumers to consider. Where these exist, they should continue to be highlighted through the existing regulatory framework. We do not believe that additional benefits or features need to be added to the FCA's proposed list, nor that any should be removed. Instead, the focus should be on ensuring that information is presented clearly and proportionately, and in a way that supports understanding without overloading the consumer or creating further delays.

21.4. Member feedback also highlighted several practical considerations relating to the presentation of charges and investment information. For example, using a 'per £10,000' representation based on the first £10,000 invested may offer a clearer basis for comparing tiered charging structures. Presenting administration charges, investment charges and total charges distinctly, with any one-off or contingent fees shown separately, may also support more transparent comparisons.

21.5. Members also observed that where illustrations are drawn on consumers' future or current investment selections, there may be challenges in ensuring that these are captured at the appropriate stage in the transfer journey. Further clarity on how comparisons should approach default funds versus expressed preferences, and on safeguards to prevent illustrations from unduly reflecting unusually low charges or atypical asset mixes, would help reduce the risk of inconsistent or misleading comparisons.

21.6. The ABI therefore supports an approach that makes use of existing disclosures and good practice, rather than introducing new or more prescriptive obligations. Firms should retain flexibility over how best to communicate the relevant features to consumers in a clear, consumer-tested and proportionate way, with Consumer Duty providing the overarching framework to ensure that communications support appropriate decision-making.

Question 22: Can this information be extracted and returned to the engaging firms within 10 working days? If not, what are the challenges, and how might they be overcome?

22.1. Some ABI members have highlighted that fixed deadlines may not reflect the genuine complexity and variability of transfers. While many transfers can be and already are completed quickly, a minority involve historic, unusual or administratively complex benefits, where additional verification is necessary to ensure accuracy, protect consumers and prevent errors. These challenges are particularly acute for older books of business where data is not held in structured formats or where third-party administrators are involved, making a uniform 10-day timeframe difficult to achieve in all cases.

22.2. Data from the Origo Transfer Service in the period between October 2024 and September 2025 shows that the average ceding performance for simpler transfers was 10.7 calendar days, with many ABI members well short of this. Indeed, the average time for all transfers was 12 days. The STAR initiative accredits on the basis of average times for simple and complex transfers, acknowledging that there are differences. This demonstrates that many transfers are completed in 10 working days for straightforward cases, but it does not reflect the complexity and variability across the market, nor the operational realities of ceding schemes dealing with legacy systems or non-standard benefits. It also demonstrates that industry is already self-regulating by reaching transfer targets and

may not benefit from additional regulation that could slow down existing processes, and potentially stifle innovation and best practice that could bring this time down further.

22.3. For these reasons, the ABI does not support a single, mandatory 10-day rule without appropriate qualifications. A rigid deadline risks driving rushed or incomplete responses, increasing rework, or causing unnecessary pauses in transfers, which ultimately works against the objective of improving consumer outcomes. Instead, the ABI supports a calibrated approach whereby 10 working days is treated as a reasonable expectation for standard cases, while allowing for clearly defined exceptions where additional time is legitimately required.

22.4. The operational challenges could be mitigated by encouraging firms to adopt standardised digital requests, structured data fields, and secure system-to-system messaging, which would reduce manual handling and speed up responses. Over time, greater alignment with existing industry frameworks, such as established data standards and common transfer processes, would support faster extraction and validation of information. However, firms will need flexibility to upgrade systems on a phased basis, particularly where investment in data remediation or integration with third-party administrators is required.

22.5. Overall, the ABI considers that the target timeframe is achievable in many cases if supported by modernised digital processes, but should not be mandated in a way that creates regulatory risk without improving consumer outcomes. A proportionate framework that distinguishes between standard and non-standard cases, combined with transparent reporting and clear exception categories, would better reflect the realities of the market while supporting continuous improvements in transfer efficiency.

Question 23: Do you agree with our proposed record-keeping requirements? Are there any additional types of information that firms should be required to retain as part of this process?

23.1. The ABI broadly agrees with the FCA's proposed record-keeping requirements and supports the principle that firms should be able to evidence the information used to support a consumer's transfer decision, the steps taken to comply with the rules, and the final instruction given. These expectations align with existing obligations under the Consumer Duty, which already requires firms to maintain adequate records to demonstrate that their communications, processes and customer journeys support consumer understanding and good outcomes. On that basis, we consider the FCA's proposals to be proportionate, provided they remain high-level and consistent with existing frameworks rather than introducing a new, standalone set of obligations specific to non-advised transfers.

23.2. However, the ABI does not believe that firms should be required to retain additional categories of information beyond what the FCA has proposed. Firms already hold extensive records relating to transfer requests, customer interactions, pre-transfer disclosures and decision points, and introducing more granular or prescriptive requirements risks creating unnecessary administrative burden without delivering meaningful consumer benefit. It is also important that the rules do not imply a need to create new procedural steps purely for the purpose of generating recordable artefacts, as this would run counter to the FCA's aim of reducing friction and supporting timely transfers.

23.3. Overall, we support a record-keeping framework that focuses on evidencing compliance and enabling effective supervision, while allowing firms the flexibility to determine how best to capture and store this information within their existing systems. The Consumer Duty provides a comprehensive and coherent foundation for this, and we do not see a need for further additions.

Question 24: Do you agree with our proposed approach to incentives? Please explain your answer.

24.1. The ABI agrees with the FCA's assessment that incentives can, in some circumstances, risk distorting consumer decision-making and may encourage transfers that are not aligned with consumers' long-term interests. However, as we noted in our response to DP24/3, incentives are not inherently harmful and are not typically used to exploit behavioural biases. In many cases, they are benign, transparent commercial features and, when properly disclosed, form part of the competitive dynamic between providers. The ABI therefore supports the FCA's proportionate approach, which focuses on mitigating potential consumer harm without imposing an outright ban or introducing prescriptive new rules that could constrain legitimate commercial practices.

24.2. That said, we recognise that short-term incentives have the potential to mislead consumers if not accompanied by clear disclosure of relevant costs, risks and forgone benefits. For this reason, the ABI supports a consistent regulatory approach that ensures consumers understand what an incentive means for them, without introducing additional friction or delays to the transfer process. As we argued in DP24/3, firms are already subject to the Consumer Duty, which requires them to support consumer understanding and avoid communications that could cause foreseeable harm. This framework already provides strong tools to prevent incentives from being used inappropriately, and we do not consider further prescriptive intervention necessary.

24.3. Overall, the ABI supports the FCA's proposed approach, provided it remains principles-based and avoids creating new procedural steps within the transfer journey. The emphasis should remain on ensuring consumers have clear, balanced information about costs, benefits and risks, rather than restricting incentives outright. Further clarity on the circumstances in which incentives may be used appropriately could also be helpful. Guidance or illustrative examples from the FCA would support consistent application across the market and help ensure that incentives are framed in a way that aligns with firms' duties to support effective, well-informed customer decisions.

24.4 We note that the inclusion of incentives as a red flag is one of the features of the Conditions for Transfer Regulations that still needs to be addressed.

Question 25: Do you agree with our assumptions and findings as set out in this CBA on the relative costs of the proposals contained in this consultation paper? Please give your reasons.

25.1. The ABI agrees that the FCA has identified many of the key cost drivers associated with the proposals, particularly around systems development, data extraction, and the operational processes required to support a structured pre-transfer information flow. However, we do not fully agree with the assumption that these costs will be relatively modest or evenly distributed across the market. In practice, several members highlighted that the costs will be materially higher for firms with legacy systems, large closed books or outsourced administration. As we noted in our response to DP24/3, firms face significant variation in their operational models, legacy system constraints, and the complexity of historic product books, all of which influence the cost of implementing new requirements. For many providers, particularly those administering older products or reliant on third-party administrators, the costs of meeting new process steps, especially within prescribed timeframes, could be materially higher than assumed in the CBA.

25.2. Additionally, the CBA does not fully capture the cumulative impact of multiple concurrent regulatory reforms across the pensions landscape. Providers are already investing heavily in delivering the Consumer Duty, Value for Money requirements, pensions dashboards connectivity, and the targeted support framework. The marginal cost of implementing CP25/39's proposals will therefore be significantly affected by the volume of change currently underway. In practice, this means the incremental cost may be higher, and in some cases more challenging to absorb, than the CBA suggests, particularly where new requirements diverge from or duplicate work being undertaken for other reforms.

25.3. The ABI also has concerns that the analysis underestimates the operational and ongoing costs associated with responding to mandatory information requests within fixed timelines, which may require

system changes, increases in resourcing, and enhancements to data quality management. For firms with complex or incomplete legacy data, these costs will be material and may persist over time, rather than being one-off transitional investments. Members noted that these operational costs will be permanent for many firms, particularly where manual data extraction or legacy record-keeping constraints cannot be fully automated.

25.4. We therefore consider it essential that the final rules are designed in a way that enables firms to build once, supporting interoperability across regulatory initiatives rather than creating new, bespoke requirements. A flexible, outcomes-based approach, supported by Consumer Duty, will mitigate unnecessary costs while still delivering the FCA's policy objectives. The ABI encourages the FCA to consider the diversity of firm operating models and the broader regulatory change environment when finalising its cost assumptions. Members also warned that prescriptive timelines for information provision could force firms to undertake costly system changes that duplicate work already underway for other programmes.

25.5. Overall, while we acknowledge the direction of the FCA's assessment, the ABI does not fully agree with the assumption that costs will be limited or proportionate for all firms. The final rules should therefore allow for phasing, reasonable exceptions, and alignment with existing industry standards to ensure that implementation is efficient, avoids duplication, and delivers value for consumers.

Question 26: Do you have any views on the cost-benefit analysis, including our analysis of costs and benefits to consumers, firms and the market?

26.1. The ABI welcomes the FCA's cost-benefit analysis and agrees that the proposals outlined in CP25/39 have the potential to improve consumer understanding and support more informed non-advised transfer decisions. However, as we highlighted in our response to DP24/3, any assessment of costs and benefits must reflect the diversity of operating models across the pensions market and the cumulative impact of ongoing regulatory change. While we acknowledge the FCA's attempt to capture a broad range of impacts, we remain concerned that the CBA underestimates the practical challenges and resource implications for firms, particularly those with significant legacy books, complex benefit structures or reliance on third-party administrators. These realities mean the cost of implementing new requirements may be higher and more unevenly distributed than the analysis suggests.

26.2. We also believe that the CBA does not fully account for the interaction between these proposals and other major reforms already underway, including Consumer Duty, the Value for Money framework, pensions dashboards and the developing targeted support regime. Each of these initiatives requires firms to invest in systems, data architecture and consumer-facing processes. When considered together, the cumulative cost is substantial, and CP25/39's requirements may compound rather than simply add to this. It is therefore essential that the final rules are designed to support "build-once" solutions, reducing the risk of duplication and allowing firms to leverage existing capabilities developed for other reforms. Members have flagged that the overlapping timing of dashboards, VfM, Consumer Duty enhancements, and future Open Finance work creates peak resource pressure that the CBA does not quantify.

26.3. In assessing benefits to consumers, the CBA rightly highlights the potential for clearer information and more structured decision-making. However, the ABI cautions that these benefits will only materialise if the regime avoids introducing friction or delays into the transfer process. As we noted in DP24/3, consumers already struggle with complex, lengthy or repetitive disclosures, and poorly calibrated requirements could inadvertently reduce engagement rather than enhance it. A flexible, outcomes-focused approach, supported by Consumer Duty, will be more effective at delivering meaningful improvements in consumer understanding than prescriptive, process-driven rules.

26.4. The ABI supports the direction of the FCA's analysis but believes that the cost estimates should be approached with caution and that the benefits case depends heavily on maintaining proportionality and alignment across regulatory initiatives. A framework that prioritises interoperability, phased implementation and reliance on existing standards will help maximise consumer benefit while ensuring the associated costs remain manageable for firms and proportionate across the market.

About us

The ABI is the definitive voice of the UK's world-leading insurance and long-term savings industry, which is the largest sector in Europe and the third largest in the world.

We represent more than 300 firms within our membership, including most household names and specialist providers, providing peace of mind to customers across the UK.

Our sector is productive, inclusive, and essential to the UK economy and together, we are driving change to protect and build a thriving society.

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