Which?
2 Marylebone Road
London NW1 4DF
020 7770 7000
which.co.uk

Pensions Policy
Financial Conduct Authority
12 Endeavour Square
London E20 1JN
cp25-39@fca.org.uk

Consultation Response

Which? response to the FCA's consultation on adapting our requirements for a changing pensions market (CP 25/39)

Submission date: 12/02/2026

Summary

- We support the proposals for both a new regime for interactive digital pension planning tools and added friction in the non-advised transfer process. These interventions are proportionate and sensible responses to well-documented areas of consumer detriment. By focusing on outcomes while maintaining prescriptive constraints in high-risk areas, the FCA has created a framework that makes the space for industry innovation, while maintaining essential consumer protections.

- It is also positive to hear that the FCA has engaged with the FOS throughout the development of these proposals. As these proposals develop further, continued discussion between the FCA and the FOS will be important. We also see it as critical that any outcomes from this continued engagement are made public.

- **Tools and modellers:** We agree with the proposed regime for digital tools, noting that consumers highly value interactive ways to model their retirement. Moving forward, we recommend that the FCA consider whether there's a need to better ensure clear differentiation between digital pension planning tools, static illustrations, and other projections to prevent any risk of consumer confusion or misunderstanding. We would also like the FCA to provide more clarity on how this new regime will affect non-FCA regulated firms who provide tools and modellers for in-force pensions (e.g. trust-based schemes).

- **DC to DC transfers:** We strongly support the FCA's proposal to introduce additional friction into the non-advised transfers process as this is currently a clear area of consumer detriment. We particularly support implementing these changes now, rather than waiting for the full rollout of Pensions Dashboards, and the 10-day timeframe for ceding firms to provide the relevant information. In continuing to develop these proposals, we recommend that the results of behavioural testing should be shared with industry to support the design of the presentation of

information back to consumers. We also urge the FCA and the TPR to work together to ensure that this regime applies to all non-advised pension transfers, not just to those involving FCA-regulated pensions.

- Lastly, while the flexibility of an outcomes-based approach is a positive step, we do want to underline that its success depends on rigorous supervision and enforcement. Without active monitoring, there is a risk that firms do not implement the new regimes in the way the FCA has intended. If these proposals are implemented, we would also see value in the FOS proactively sharing any emerging poor practice with the FCA to support their supervisory efforts.

Full response

We support the two proposals set out in CP 25/39. They are both proportionate responses to clear areas of consumer harm. We particularly value the balance that has been struck between the design of an outcomes-focused regime that will enable firms to meet the unique needs of their users and the inclusion of strong consumer protections where consumers are more likely to experience harm under the proposals. These proposed consumer protections are essential to the success of an otherwise outcomes-based approach and must be maintained as these proposals continue to develop.

While we welcome this outcomes-focused approach taken by the FCA, we do still want to underline that robust supervision and enforcement will be essential to ensuring firms implement the new regime in the way it is intended. We would welcome further clarity on how the FCA intends to monitor and review these proposed changes. In addition, to support firms in developing their approaches, there would be value in the FCA sharing examples of good (and poor) practice with firms as they arise.

Lastly, it is positive to hear that the FCA has engaged with the FOS throughout the development of these proposals. As these proposals develop further, continued discussion between the FCA and the FOS will be important. We also see it as critical that any outcomes from this continued engagement are made clear to industry.

We provide specific feedback on each proposal below.

<u>Tools and modellers</u>

Consumers value being able to interact with and understand the decisions they are making. In the context of a number of upcoming pension reforms that may lead to an increase in consumer engagement with pensions, such as pension dashboards, targeted support and value for money, it is important that consumers have a way to engage with pensions that meet their needs. We therefore support the FCA's proposal to introduce a new regime for interactive digital pension pension planning tools for in-force pensions.

However, in continuing to develop this proposal, we suggest the FCA consider the following two areas:

1. **To prevent consumer confusion, the FCA must ensure clear differentiation between digital pension planning tools, static illustrations, and other projections** (such as on dashboards). This may involve harmonising the presentation of data across these formats or supporting good consumer understanding of the different purposes of each projection.
2. **Provide more clarity on how this new regime will affect non-FCA regulated firms who provide tools and modellers for in-force pensions.** We seek clarity on how this regime will interact with requirements for trust-based schemes. We urge the FCA and TPR to align requirements to ensure a consistent experience for all pension savers.

DC to DC transfers

We strongly support the FCA's proposal to introduce additional friction into the non-advised transfers process as this is currently a clear area of consumer detriment. The lack of friction in the process can cause poor outcomes for consumers if they make an ill-informed, and often irreversible, decision to move to a new pension scheme that is unsuitable or that sees them give up valuable benefits from their original scheme. It is crucial that this friction is built into the transfer process itself, rather than expecting consumers to proactively find this information, either by reaching out to the ceding firm or by accessing the (incoming) pension dashboards.

This added degree of friction could also have additional, unintended benefits beyond more informed consumer decision making. These include:

- Fewer transfers which are stopped late in the process after a consumer becomes aware of valuable benefits they may be giving up, reducing the burden on receiving firms who would otherwise have started the transfer process.
- Fewer instances of consumers seeking to undo a transfer where they did not realise the potential impact of their decision. This would result in less of a burden on firms, the FCA and FOS to rectify these transfers.
- Fewer instances of misuse of the 'amber flag' scam marker to pause complex or ill-advised but legitimate transfers.

The 10 day timeframe proposed for ceding firms to provide the relevant information is sensible. This allows sufficient time for most firms to locate and share data while recognising that a longer window risks consumer disengagement with the transfer process. It is our view that firms who cannot meet this timeframe will likely not be meeting their obligations under the Consumer Duty and would not be well-placed to meet their obligations under the Value for Money framework's service metrics. However, there is perhaps value in consumers having the option that at 10 days, if the information has not been received, to actively 'pause' the transfer process, alongside options to cancel or continue without the information. This could mean that a consumer could wait until this information is displayed before making a decision, if they would like to.

We do recognise that, in time, pension dashboards may be a more efficient way to facilitate this information sharing between firms, rather than requiring the engaging firm to liaise directly with the ceding firm. However, this proposal is still needed now, even as an interim measure. This is because the timeline for dashboards is too distant to be relied upon to address harm that is happening now. To wait for them to include this information will expose too many people to the ongoing harms identified.

As this proposal develops, we see two further areas to be explored:

- **This regime must apply to all non-advised pension transfers, not just to those involving FCA-regulated pensions.** We encourage the FCA and TPR to work together to close the regulatory gap between contract-based and trust-based schemes under this proposal.
- **The results of behavioural testing should be shared with industry.** Behavioural testing will be critical and it's good to see this signposted, but it's important that the results are shared with firms to support them in designing their presentation back to the consumer. To this end, we suggest that some aspect of the testing should specifically focus on which information formats best drive consumer comprehension and neutral decision-making.

About Which?

Which? is the UK's consumer champion, here to make life simpler, fairer and safer for everyone. Our research gets to the heart of consumer issues, our advice is impartial, and our rigorous product tests lead to expert recommendations. We're the independent consumer voice that works with politicians and lawmakers, investigates, holds businesses to account and makes change happen. As an organisation we're not for profit and all for making consumers more powerful.

For more information contact:
Olivia Wood
Policy Adviser
olivia.wood@which.co.uk

February 2026