



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Martin Wheatley
Chief Executive Officer
Financial Conduct Authority
25 The North Colonnade
London
E14 5HS

17 June 2015

Dear Martin,

FCA ACTION ON THE IMPLEMENTATION OF THE PENSION FLEXIBILITY REFORMS

The new pension flexibility reforms, which came into effect on 6 April, were aimed at ensuring that people can access their money how and when they want. Whilst many providers have responded quickly to offer their customers a range of flexible options, I am concerned that some people are facing unnecessary barriers when seeking to access their pension savings.

To ensure that new flexible options are open to everyone over 55 with a defined contribution pension, the Government has already strengthened the right to transfer to a new pension scheme. If an individual's pension scheme does not offer the flexible options they want, they can transfer to one that does. I want all individuals to be able to do that easily, within a reasonable timeframe and at reasonable cost, so that they can take full advantage of the new flexibilities.

That is why the Chancellor is announcing today that the Government will launch a consultation next month on how to remove barriers to transferring your pension.

This will include:

- options to address excessive early exit penalties for those seeking to access the freedoms, including consideration of a cap on these charges; and
- introducing a clear, standardised process for transferring within a reasonable timeframe.

To support the consultation exercise, I am pleased that you have agreed that the FCA will gather evidence of prevalence and level of exit fees and charges across the industry to develop a solid evidence base for proportionate intervention. You have agreed that this exercise will begin later this month and conclude in August.

I also welcome your support in assessing the process and timing barriers which may face consumers seeking to transfer. This will help to inform the design of a new standardised process. In particular, I am concerned that some providers may not be allowing consumers to access their savings even if they have met the regulatory requirements to seek advice and I welcome your agreement to investigate this further.

In the meantime, I trust that you will make clear to firms that putting unnecessary and unfair barriers in the way of consumers seeking to legitimately transfer their pension savings is not acceptable. Where this is found to be the case you will no doubt wish to consider whether this could be regarded as a breach of their responsibility to treat customers fairly. Of course Pension Wise will play an important role in helping people to understand their options and make an informed decision.

Thank you for your support and I look forward to working closely with you to ensure that individuals can enjoy real freedom and choice when they come to access their pension savings in retirement.

A handwritten signature in black ink, reading "H Harriett Baldwin". The signature is written in a cursive style with a large initial 'H' and a long horizontal flourish at the end.

HARRIETT BALDWIN