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NEWS RELEASE

16 February 2021



FCA head urged to ‘crack the whip’ on measures to boost the numbers benefiting from Pension Wise

- Concerns of FCA chairman over poor pension choices are not being taken seriously within his own organisation, says Just Group – the retirement specialist
- Fanciful that the ‘stronger nudge’ design will deliver the government’s ambition to make Pension Wise ‘the norm’

Only weeks after **Financial Conduct Authority** chairman **Charles Randell** told MPs that poor pension choices are top of his worry list¹, the retirement specialist **Just Group** has called on the head of the regulator to follow up his words with stronger actions.

“Everyone says they want to see many more pension savers take up their entitlement to free, independent and impartial guidance but where is the action,” said **Stephen Lowe**, group communications director at Just Group.

“The government said it wants Pension Wise use to be ‘the norm’ which is pretty vague². That gives the FCA the freedom to aim high but instead it appears fixated on a minor nudge which seems a fairly tame response.

“It suggests that fresh impetus for results needs to come from the top. It’s difficult to see any meaningful improvement unless someone senior starts cracking the whip and directing resources towards solving the issue. Based on his position and his concerns, Charles Randell is best placed to do that.”

Mr Randell told MPs on the Treasury Select Committee in November that concerns about pension savers making poor choices when exercising pension freedoms “is probably the issue I worry about most of all”.

“The FCA is quick to act tough when it spots problems in the defined benefit transfer market but timid when it comes to protecting the far larger number of defined contribution savers,” said **Stephen Lowe**. “Why hasn’t it set targets for what it believes is an acceptable level of Pension Wise?”

To help focus minds at the FCA, Just Group carried out research among over-45s asking what proportion of people they felt needed to adopt a certain behaviour for it to be considered the norm³.

“They felt that something could be considered a behavioural norm when about seven in 10 people were acting in that way,” said Stephen Lowe.

“That’s a four or fivefold rise on current take-up of Pension Wise and, we think, an ambitious but realistic target the FCA should aim for.”

He said that the result reflects other widely accepted uses of the ‘the norm’ in the pensions world such as automatic enrolment into workplace pensions which is currently about nine in 10 eligible savers.

“If the FCA wants to make a meaningful difference, its top priority should be to get people into Pension Wise appointments earlier rather than at the point of wanting to take cash when they have usually made up their minds,” said Stephen Lowe.

“One way to do that is to automatically book people onto appointments rather than leaving them to book the appointments themselves. The FCA is well aware of how inertia can be a force for good so we would like to see it pick up the challenge and prove it has the imagination and confidence to address the problem.”

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Notes to Editors:

About

1 – **Treasury Committee**, Wednesday 4 November 2020, Oral evidence: Work of the Financial Conduct Authority, Q.82: <https://committees.parliament.uk/oralevidence/1148/pdf/>

2 – **Pensions Scheme Bill [Lords]**, Debated on Monday 16 November 2020: [https://hansard.parliament.uk/Commons/2020-11-16/debates/298AA028-D49E-4F07-A001-C483ADF38659/PensionSchemesBill\(Lords\)#contribution-2D61D1AA-0B7C-42ED-92E7-8368A055311C](https://hansard.parliament.uk/Commons/2020-11-16/debates/298AA028-D49E-4F07-A001-C483ADF38659/PensionSchemesBill(Lords)#contribution-2D61D1AA-0B7C-42ED-92E7-8368A055311C)

3 – **Just Group**, Research conducted by Opinium on behalf of Just Group between 22 and 25 January 2021 among 2,011 UK adults aged over 45-65

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