

PASA Consultation Response

**FCA Consultation Paper CP25/39
Adapting our requirements for a changing
pensions market**

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PASA 



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Frances Shipsey	L&G		
Helen Ball	Sackers		
Helen Hurst	Hymans Robertson		
Jody Greenway	L&G		
John Simmonds	CEM Benchmarking		
Jonathan Sharp	Baker McKenzie		
Lesley Carline	KGC Associates		
Michael Ambery	Standard Life		
Peter Glancy	Lloyds		
Sharon Cairney	Fenner Group		
Shri Krishnansen	WealthOS		
Stephen Coates	Mercer		
Glen Bown	Fidelity International		
Catalina Esler	IGG		

About PASA

The Pensions Administration Standards Association (PASA) was created to provide an independent infrastructure to set, develop, guide and assess administration standards.

PASA acts as a focal point and engages with industry and government to create protocols for understanding good administration - but also appreciates there's no one size fits all. PASA develops evidential Accreditation practices allowing benchmarking across and between the industry regardless of how the administration is being delivered.

As well as raising the profile of pension administration generally, PASA focuses on three core activities:

1. **Defining good standards of pensions administration relevant to all providers, whether in-house, third party or insurers**
2. **Publishing Guidance to support those standards**
3. **Being an independent Accreditation body, assessing the achievement of good standards by schemes**

There's no organisation providing such services across schemes, yet there's a demand for evidence of service quality from scheme trustees, sponsors, administrators, insurers, savers and regulators.

1. Summary

PASA supports the FCA's proposals to adapt requirements for pension simulations in interactive digital tools and to streamline aspects of non-advised transfers. Greater flexibility in how tools are designed and presented should improve engagement and decision-making when underpinned by strong administration, robust governance and proportionate controls.

Successful implementation depends on four conditions:

1. Scope clarity and data sufficiency

The regime works best where the producing firm holds, or can reliably obtain, the data required for in-force simulations. Clear expectations are needed where information is distributed across multiple parties, including how 'sufficient underlying information' should be evidenced to ensure consistent application.

2. Proportionate design, tested with consumers

Flexibility in deterministic and stochastic simulations is helpful provided presentation remains comprehensible, particularly for consumers with lower financial capability or vulnerability. Materials should be consumer-tested, with layered explanations, in-journey prompts and durable-medium follow-up which supports understanding without overloading users.

3. Pragmatic transition and operational readiness

A transition period of **12–18 months** is realistic to design, test, govern and deploy changes across a market with varying digital maturity and legacy systems. Standard data templates, increased automation and clear governance expectations will reduce friction and promote consistent delivery – especially where **10-day** service expectations apply for information sharing.

4. Technology-neutral framework with enduring oversight

A principles-based, technology-neutral approach will better accommodate evolving capabilities, including future use of AI. Governance should prioritise model oversight, explainability and outcome monitoring rather than prescribing specific tools or techniques, ensuring durability as technology advances and proportional application of evidence, testing and change control requirements.

On transfers, we recognise the objective to improve speed and consumer experience. Scam-risk duties can extend timelines in practice. However, clear consent frameworks, acknowledgement steps, use of partial responses within the 10-day window where appropriate, and template-driven automation can reassure consumers while minimising unnecessary delay.

Overall, the package provides a constructive platform for clearer information, better-designed tools and more consistent processes. With the clarifications and operational considerations outlined above, the regime should be

deliverable and capable of improving outcomes, while remaining aligned to high administration standards and evidential assurance across the pensions market.

2. Consultation questions and answers

Question 1: Do you agree with the application and scope of our proposed regime as set out above? If not, what are the challenges for firms or unintended consequences of this approach?

Yes, overall PASA supports the application and scope of the proposed regime. It's broadly proportionate and aligned with the objective of enabling more relevant and engaging support for consumers.

We agree with the proposal to apply the regime to interactive, in-force projections where the firm holds the underlying data (as set out in paragraph 3.13). We also agree with the exclusion of tools which rely solely on generic assumptions, such as post-view dashboard tools, provided these tools are non-transactional and clearly disclose their limitations.

Further clarity would be helpful where data is held across multiple parties (for example, platform and insurer arrangements), including how firms should evidence they hold 'sufficient underlying information' to fall within scope.

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?

Yes. Different consumers have different levels of understanding and engagement, and flexibility in the type of simulation used will support more effective communication and better consumer outcomes.

Where firms invest in developing and enhancing tools for their target consumers, they should be able to tailor presentation styles accordingly. Clear signposting and consumer testing will be important to ensure consumers understand the purpose and limitations of each type of simulation.

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?

Yes. Flexibility is appropriate, provided presentation remains clear and doesn't overwhelm or confuse consumers.

Consumer testing will be important to assess whether multiple scenarios can be understood as intended. Levels of consumer engagement and financial capability vary significantly and this should be reflected in how information is presented.

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)?

We agree with the proposed approach. Assumptions should be clearly documented, consistently applied and subject to regular review to ensure they remain appropriate and relevant.

Firms should have appropriate governance and controls in place to monitor outcomes and identify where assumptions may no longer produce reasonable or expected results. To prevent saver harm, FCA may wish to consider including a maximum cap on growth rates, which is also subject to regular review.

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

Yes. Stochastic models can provide useful insight into a range of possible outcomes, provided they're used appropriately.

Clear explanations of what the models are showing, and how results should be interpreted, will be important to avoid misunderstanding or over-reliance on specific outcomes.

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?

Yes. Interactive tools can support engagement and help consumers better understand the implications of different decumulation options.

Care will be needed to manage the number of variables presented and to ensure consumers aren't overwhelmed. Consideration should also be given to how consumers can meaningfully compare outcomes with other pension arrangements they may hold.

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

Yes. An outcomes-focused approach, supported by consumer testing, is appropriate.

Where complex information and multiple simulations are presented, explanatory text and caveats will be necessary to ensure transparency. Monitoring user behaviour, such as drop-off points, may help firms identify areas where communications could be improved.

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

Yes. Robust record keeping and a clear audit trail of decisions are important and align with existing governance expectations.

We agree tools and assumptions should be subject to regular review and would support both scheduled reviews (for example, annually) and event-driven reviews where market conditions change materially.

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?

Overall, the proposed regime supports the adoption of technology. Its outcomes-focused and largely technology-neutral approach, combined with the replacement of existing rules which can limit engaging digital tools, should enable firms to innovate how simulations are generated and presented. The flexibility to use deterministic and/or stochastic approaches, subject to appropriate consumer safeguards, is particularly welcome.

However, certain elements may inhibit innovation or increase implementation friction. These include the requirement for firms to hold all underlying in-force data to fall within scope, prescriptive elements around the presentation of deterministic rates, and the level of evidence, record-keeping and testing required for tool design and change control. We recognise these controls are important safeguards, but proportional application will be key. These requirements may be more challenging to apply to AI-enabled tools which evolve or update frequently.

A principles-based approach to governance, focused on explainability, oversight and outcomes, would better support innovation while maintaining appropriate consumer protections as technology continues to develop.

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

The proposed approach is broadly appropriate. It's sensible not to apply the new interactive-simulation rules to PDS post-view tools where the firm doesn't hold sufficient underlying pension data.

In such cases, it's right to require clear and prominent messaging that results are based on generic assumptions and aren't specific to the consumer's pension product, with PDCOB and the Consumer Duty continuing to apply.

Care will be needed to ensure consumers understand the distinction between PDS tools and other digital tools which operate under different rules. This will be particularly important on mobile devices where screen space is limited. Disclosures and explanations should therefore be proportionate, clearly signposted and designed to support understanding without overwhelming the consumer.

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?

Yes. It's important consumers are clearly informed about what's being presented and how outcomes are derived.

As with other tools, explanations of assumptions and results should be proportionate and accessible, supporting understanding without creating unnecessary complexity.

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

Yes, a transition period is necessary. A period of 12–18 months would be more realistic for many firms, allowing time to design, test, govern and deploy changes.

The time required will depend on the maturity of existing digital tools. Clear governance expectations during the transition period would also be helpful.

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.

Yes. This would align FCA rules with DWP guidance, allow assumptions to be updated more quickly, and support clearer and more consistent projections.

This should help members better understand how changes such as increased contributions or retiring later could improve outcomes.

We would advocate for consistency between the COBS 13 and SMPI requirements to further support savers.

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

No comments.

Question 16: Do you agree with our proposed approach to obtaining the consumer’s consent?

Yes. Consent is an essential and appropriate requirement when obtaining and sharing an individual’s data, and a necessary safeguard where information is being provided to a third party. The proposed approach appropriately reflects increased use of electronic channels and seeks to limit unnecessary barriers or delay.

Is consent the appropriate lawful basis for processing the data?

Yes. Consent provides clear evidence the member has agreed to the request for information, which is particularly important for ceding schemes and administrators when data is being shared externally.

Do you foresee any practical challenges with our approach? If so, how might they be overcome?

A key challenge is ensuring all parties clearly understand the scope and limits of the consent being given. Administrators can act only within the authority granted, so consent must clearly define:

- what information may be shared
- who is permitted to receive it
- what actions may be taken
- any restrictions or exclusions

Without this clarity, there's a risk of insufficient authority leading to delays, or inappropriate reliance on consent which doesn't extend to the required activities. A standardised approach should therefore include explicit boundaries to avoid inconsistent interpretation across schemes and administrators.

Robust administration also requires all relevant parties – member, ceding scheme, receiving provider and any intermediaries – are clearly identified in the consent provided. Administrators must be able to evidence valid authority has been obtained to reduce the risk of error, delay or data handling issues.

Consent is typically time-limited. Any industry-wide process should therefore define a standard validity period, how renewals are handled, and the process to follow if consent expires mid-transaction. Standardising the format of consent, including electronically signed consent, would reduce operational and regulatory risk.

For personal pensions and other contract-based products, existing electronic transfer platforms already incorporate consent functionality. There may be scope to build on these established systems to support the enhanced requirements for FCA-regulated products.

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

Acknowledgement is a necessary step to reassure consumers and prevent repeat contact.

Digital workflows can enable near-instant acknowledgement, such as automated email or text confirmations, reducing administrative burden while maintaining good consumer experience.

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

10 working days will be challenging in the current environment, particularly where data is held on legacy systems. However, it broadly aligns with consumer expectations and provides a clear service standard.

Standardised templates, increased automation, and clearer processes would support delivery within this timeframe. Consideration could also be given to allowing an initial partial response followed by completion within the 10 day period.

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

Technology can support delivery by enabling shared digital systems for consent and standard information requests, using templates in a consistent digital format with automated validation checks.

Automation, including 'bolt-on' solutions for legacy systems, can allow people to focus on exceptions rather than routine processing. This would help speed up responses without weakening security or fraud controls, while avoiding unnecessary additional costs for consumers.

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

Yes. A channel-neutral approach, supported by durable-medium follow-up and clear signposting to guidance or advice is appropriate.

A concise summary presented upfront, with layered access to more detailed information, would help consumers focus on the most relevant points while avoiding confusion.

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.

Yes. The list of benefits and features is comprehensive.

In addition, setting clear expectations about likely timescales for the transfer process could help manage consumer expectations and reduce frustration.

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

In many cases this should be achievable, as much of the information is already held. Challenges will arise where data is fragmented or held on older systems.

Standardised templates, consistent processes across providers and digital journeys would help address these challenges. Paper-based processes are likely to require longer lead times.

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?

Yes. Retaining comparison information, consents, opt-outs, nil responses and key timestamps for an appropriate retention period is reasonable.

It will be important records are easily retrievable and subject to periodic review to ensure ongoing compliance.

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

Yes. An outright ban isn't necessary at this stage. The Consumer Duty already places limits on practices which could undermine informed decision-making and existing scam protections provide additional safeguards.

Ongoing monitoring is appropriate, with scope to tighten requirements in future if evidence shows incentives are leading to consumer harm.

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Get in touch:

info@pasa-uk.com

www.pasa-uk.com