

PASA Consultation Response

Small Pots: a pathway for consolidation

November 2026

PASA

Acknowledgements

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About PASA

The Pensions Administration Standards Association (PASA) is the independent body dedicated to improving standards of pension administration.

We bring together the pensions industry, government and regulators to develop and promote good administration practice. Our work includes setting standards, publishing Guidance and providing independent Accreditation across different administration models.

Through this work, PASA supports better administration, stronger governance and good outcomes for pension scheme members.

1. Foreword

We welcome the opportunity to contribute to the government's consultation on consolidating small pension pots.

We support the ambition to make pension saving simpler for members, reduce unnecessary fragmentation and deliver better outcomes. Our response focuses on turning this ambition into an effective, proportionate and trusted administrative framework.

Successful consolidation must be built around the people whose savings are being transferred. Simplicity shouldn't come at the expense of valuable rights, reliable records or accessible support. Clear rules, consistent standards and well-designed communications should allow consolidation to operate as automatically as possible. They should also protect members who need a different approach.

Accountability must extend across the whole delivery chain, from employers' data duties to the responsibilities of trustees, administrators, consolidators and infrastructure providers. The framework should make clear who's liable for errors, who meets remediation costs and how complaints are escalated. Members shouldn't be left to navigate disputes between organisations to secure a resolution.

This consultation is an opportunity to place high-quality administration at the heart of reform. From automatic enrolment, there's precedent a phased approach will help establish a solution which works in practice as well as in principle. It should be supported by practical testing and collaboration across government, regulators and industry. We look forward to contributing to this work, balancing the benefits of consolidation with the safeguards and operational discipline needed to earn and keep members' trust.

2. Executive Summary

We support the direction of the government's proposals for automatic small pots consolidation and welcome the opportunity to help develop a practical framework to improve outcomes for members. The proposed initial focus on dormant pots of £1,000 or less within post-2012 automatic enrolment (AE) default arrangements is a pragmatic starting point. Consolidation should help members keep track of their savings, reduce fragmentation and, where appropriate, avoid duplicated administration fees or charges. This is particularly important for unengaged members.

High-quality administration is a prerequisite for successful small pots consolidation. The proposals shouldn't be judged only by the number of pots consolidated, but by whether the process preserves relevant rights, transfers the correct benefits to the correct member and delivers a clear, reliable service. Our support is underpinned by proportionate safeguards, clear accountability and consistent rules. Our principal administration priorities are set out below:

- **Clear eligibility rules and proportionate protection of members' rights**

  A small pot can carry valuable rights. Legislation and guidance should clearly define which protections survive transfer, the conditions for preserving them and when exclusion is required. We support standardised, automated handling wherever possible, including clear rules for preserving protected pension ages through individual or block transfers. Individual trustee or scheme-manager assessment should be limited to cases which can't be resolved through these rules.

  Assessment processes should remain proportionate to pots of £1,000 or less, using common criteria and group assessments wherever possible to minimise bespoke legal or actuarial advice. A meaningful comparison may also be difficult before the receiving consolidator is known. Guarantees and protected benefits may be held in legacy or unstructured records, so a single system flag may not be enough. Uncertain cases should follow a controlled, proportionate exception process, with clear timescales, responsibilities and an audit trail. Guidance should define reasonable investigation steps and when a pot should remain excluded, avoiding open-ended costs while protecting members' rights. Appropriate statutory discharge or protection should apply where schemes correctly follow the requirements.

- **Reliable data and common operational standards**

  Common data, messaging and matching standards should support accurate identification, secure exchange and consistent processing across participating schemes. Temporary absence from employment mustn't be mistaken for dormancy. Employers should provide accurate contact details when a member leaves, and flag temporary absence based on employment status, without giving the reason. Standards should build on pensions dashboards definitions where appropriate, while setting stronger requirements for scheme-to-scheme matching, verification and reconciliation to support the transfer of money and member records. They should align with relevant regulatory requirements, avoiding inconsistent definitions and duplicated development. Further evidence is needed to quantify how common protected benefits are, along with the system changes and administration costs involved.

- **A simple, accessible member journey**

  Communications should clearly explain the proposed consolidation, when it'll happen and how members can opt out or get help. They should be concise, proportionate and consistent with the developing Value for Money framework and wider regulatory initiatives. Centrally coordinated testing with diverse groups of members and shared, regularly updated frequently asked questions should support understanding and reduce avoidable queries. Communications should be digital first to support efficient, low-cost delivery, with accessible alternatives for members who need them. Pre- and post-consolidation notices should be timed to provide clear, relevant information at each stage of the process. Communications must also help members recognise genuine notices and verify them safely, given the risk of an unsolicited transfer notice being mistaken for a scam.

- **Demonstrable consolidator administration capability**

  Authorisation and ongoing supervision should test systems, operating models, infrastructure and service delivery against clear statutory administration standards. This should sit alongside financial sustainability and strong value for money. Scale alone doesn't establish operational readiness. Sustained investment, reliable access to services, accurate and timely transactions and protection of member records should remain central to oversight and the assessment of member experience

- **Clear accountability, effective redress and continuity**

  Responsibilities should be clear across employers, ceding schemes, consolidators, administrators and infrastructure providers, including for data quality, investigating and correcting errors, and meeting remediation costs. We support the April 2025 Delivery Group's recommendation to use the existing liability framework, with an extended Pensions Ombudsman remit for small pots disputes, recognising errors may only come to light decades later. The government should clarify the legislative changes needed to give effect to this recommendation. Members should have a clear route to resolution without being passed between parties. Authorisation, ongoing supervision and Value for Money requirements should support timely intervention, protection of member records and continuity of service, including where a scheme loses consolidator status or voluntarily exits the market.

- **Shared infrastructure with practical governance**

  We support a central digital interface maintaining a list of consolidator schemes with verified contact details. Detailed technical and operational standards should be able to evolve outside legislation, under appropriate governance and consultation, without unnecessary delay

- **Phased, evidence-led implementation**

  A controlled pilot and staged rollout should test matching, communications, data exchange, transfers and governance across the full delivery chain. Lessons should inform standards and guidance before wider implementation. Further specialist input on communications remains an area for development

We’re ready to work with government, regulators and the industry to develop workable standards and processes. These should balance member protection, administrative proportionality and the benefits of consolidation. Our emphasis isn’t on removing meaningful safeguards, but delivering them through clear, consistent rules rather than repeated member by member judgements.

Response

We've responded to the questions most relevant to pensions administration.

Chapter 2: Pot eligibility and exemptions

Question 1: Do you agree with the proposals set out in this chapter? Are there any unintended risks or consequences?

We broadly agree with the direction of the proposals. Focusing first on dormant pots of £1,000 or less within post-2012 AE default arrangements is a pragmatic approach. It addresses the growing number of small deferred pots while keeping the first phase operationally manageable.

Consolidation should help members keep track of their savings, reduce unnecessary fragmentation and, where appropriate, avoid duplicated administration fees or charges.

Our support depends on the following safeguards:

- Material member rights should be protected through exclusion from the process through agreed eligibility rules and exceptions. This must include a list of pre-determined criteria, for example guarantees, protected pension ages, death benefits and any other valuable scheme-specific features. No bespoke financial comparison should be made for every small pot
- Eligibility checks should distinguish dormant pots from those where contributions have temporarily stopped because of leave or absence. A simple employer flag confirming employment is continuing should support consistent, automated handling and avoid unnecessary case-by-case investigation. Employers shouldn't need to provide the reason for the absence
- The framework must recognise product and scheme differences. Master trusts and own-trust arrangements can appear operationally similar but have different trustees, rules and benefit structures. Bespoke own-trust arrangements shouldn't automatically be assumed to operate in the same way
- High matching standards should minimise failed matches, duplication and incorrect transfers. Members should have access to redress throughout their lifetime where an error occurs, recognising it may only come to light many years after consolidation
- We support the Delivery Group's recommendation to use the existing liability framework, with an extended Pensions Ombudsman remit for small pots disputes, subject to the necessary legislative changes. Members should have a clear route to resolution, alongside appropriate protection for schemes which have correctly followed the statutory transfer requirements
- Communications should be digital first, concise and proportionate to the small sums involved, with a clear explanation of the one-time opportunity to opt out. Standardised wording and accessible formats should support understanding while keeping administration costs low
- There should be scope to pause, rather than stop, a transfer. Valid reasons include an ongoing complaint, a retirement in progress or a divorce being implemented. The transfer should be paused until the event concludes and then reassessed

- Valuation points should be fixed. For ease, pots should be valued at a fixed point and remain in scope even if their value later rises above £1,000 due to investment returns

One unintended consequence could be a technically eligible pot being transferred despite having a feature which is disproportionately valuable to the member. Another could be the transfer of a pot belonging to a member who has died, where the scheme hasn't yet been notified. Consolidation could also create a larger combined pot, which may remove access to the small pots lump sum rules. Consolidation itself wouldn't trigger the money purchase annual allowance (MPAA). However, the member could subsequently trigger it by taking benefits flexibly, whereas payment under the small pots lump sum rules wouldn't do so. A further risk is schemes applying different interpretations of the member's best interests test, creating inconsistent outcomes. Clear regulatory guidance, minimum evidence standards and auditable decision records will therefore be essential.

Question 2: Can schemes reliably identify pots with guarantees? Are there operational or administrative risks?

Schemes should generally be able to identify pots with guarantees from their administration records and relevant scheme or policy terms. However, we don't have evidence to quantify identification difficulties within the initial post-2012 AE population.

Common standards should define how guarantees and protections are recorded, including any conditions affecting their preservation on transfer. System indicators should support automated eligibility checks, with a proportionate exception process where information is missing or unclear.

Targeted evidence from schemes in scope would help establish whether material gaps exist and what remediation is needed. Requirements should reflect this evidence and avoid imposing unnecessary investigation costs across all small pots.

Protected pension age illustrates this challenge. Assessments should consider the scheme rules, the date savings were held and whether a transfer is made individually or as part of a qualifying block transfer. The conditions differ between the older and 2028 protection regimes, and qualifying individual transfers can preserve the latter. Records may also be incomplete where members haven't notified the scheme of a relevant tax protection.

We recommend schemes don't rely on a single system flag. We'd welcome the opportunity to work with the Government on a framework which is workable and practical.

Schemes should use common rules and system indicators to identify guarantees and protections, assessing groups of pots together wherever possible. Standardised processes should support automated handling, including preservation of protected pension ages through individual or block transfers where the relevant conditions are met. Cases which can't be resolved automatically should follow a proportionate exception process, with clear rules on when to exclude a pot and defined limits on investigation. This should protect members' rights while avoiding open-ended manual work for very small pots.

Question 3: Are there guarantees or protections that should automatically be outside trustee and scheme-manager discretion?

Yes. Certain protections should be subject to a strong presumption of automatic exclusion where the receiving consolidator can't preserve or replicate them. Wherever possible, legislation should settle these categories, as bespoke legal or actuarial assessments could be disproportionate to the sums involved.

These should include, to the extent relevant to pots within the initial scope:

- guaranteed annuity rates
- guaranteed minimum levels of income or conversion terms
- protected pension ages that would be lost or materially restricted
- safeguarded benefits or valuable underpins
- guaranteed survivor, spouse, civil-partner or dependant benefits
- guaranteed death benefits
- terminal bonuses or other guarantees that would be lost on transfer
- protected tax-free cash or other scheme-specific tax protections
- rights dependent on continued membership of a particular scheme
- any protection whose value can't be assessed reliably before transfer

Limited discretion should remain where the protection can demonstrably be preserved or has no practical value to the individual member. However, any decision to override the normal exclusion should require:

- confirmation the protection can be preserved or has no practical value to the member
- appropriate trustee or scheme-manager authorisation
- a clear explanation to the member
- an opportunity for the member to opt out
- a retained decision record available for regulatory review

Question 4: How frequently does preservation of a protected pension age arise, and would the proposed approach work administratively?

We can't provide a reliable market-wide frequency from the evidence available to us.

Our preferred solution is for legislation to ensure protected pension ages survive consolidation, with consolidators required to honour them under their rules. This would also avoid difficulties where the destination isn't yet known when eligibility is assessed.

If this isn't taken forward, the proposed discretionary approach could work, but only under common rules set in regulations and supported by system capability. It will be difficult to administer consistently if each ceding scheme independently interprets whether protection can be preserved.

In that case, we suggest the following approach:

- **Standard protection indicator:** Establish a mandatory data field confirming whether a protected pension age exists, the protected age, its legal basis and any applicable conditions
- **Transfer-method assessment:** Determine whether the proposed transaction meets the conditions for preserving protection, including whether it's a qualifying block transfer
- **Receiving-scheme confirmation:** Require the consolidator to confirm, before transfer, that it can receive, record, ring-fence where necessary and ultimately honour the protection
- **Automated stop control:** Prevent the transfer if the protection data is missing, contradictory or rejected by the receiving scheme
- **Member-level explanation:** Tell the member clearly which age applies before and after transfer, and whether future contributions will receive the same protection
- **Audit trail:** Retain the evidence, decision and receiving-scheme confirmation against the member's record

Before finalising the regulations, DWP should request structured data from providers showing:

- the number of members with relevant protected pension ages
- the number of affected pots below £1,000
- how often block-transfer conditions can't be met
- historic transfer failure or correction rates
- the cost and system changes needed to ring-fence protected benefits

Without this evidence, the administrative burden and risk to members can't be quantified reliably.

Question 5: Are there additional guarantees or protections that should be considered?

There are many potential guarantees, protections and scheme-specific features to consider. However, the framework must take a pragmatic approach, recognising most pots will be very small. An extensive list requiring individual assessment could create costs disproportionate to the benefits of consolidation.

Regulations should therefore define a focused list of protections which must be preserved or, where this isn't possible, require exclusion. Common criteria and guidance should support consistent, automated handling wherever possible, with proportionate arrangements for exceptions.

The scope of these protections should be reviewed if the small pot limit increases, as a more detailed assessment may become proportionate for larger pots. Changes to statutory exclusions should be made through regulations, supported by updated guidance.

Chapter 3: Individual Choice

Question 6: Do you agree that the proposed content of the pre-consolidation notice would provide members with sufficient information to understand the consolidation process and support informed decision-making, while remaining clear, proportionate and accessible? How do you consider what would be best to test and review this communication?

We broadly agree with the proposed content, subject to the points below. The purpose of the small pots reforms is to make consolidation easier and improve outcomes for members. For most members, particularly those with relatively small deferred pots, complex cost and investment comparisons are unlikely to support better decision-making. Instead, they may increase the volume of information members need to process without delivering meaningful benefit.

Many members will also have limited awareness of, or interest in, small dormant pots, especially where the value is modest and retirement is some way off. The notice should therefore focus on what will happen, when it will happen, the choices available and any action the member needs to take. This is especially important for disengaged or vulnerable members. Where a pot has a guarantee or protection, the notice should explain this clearly, as set out in our responses to Questions 3 and 4.

The pre-consolidation notice should explain what will happen, when the transfer is expected and how the member can opt out. It should remain concise and proportionate to the small sums involved. Standardised wording, tested centrally with members, should support understanding and consistent delivery while keeping administration costs low.

We recommend focus groups and user experience testing before the requirements are finalised. Testing should show which information members find most useful, as well as the most effective content, format and timing. Groups should be diverse across key characteristics, such as gender, age and ethnicity, and include digitally excluded and vulnerable members. As a standardised approach to communications is proposed, this testing should be done centrally rather than by individual providers.

Question 7: In your view, is there any additional information that should be included in the notice, or any information proposed that is unnecessary, overly complex, or could be presented differently? Please provide reasons and evidence where possible.

The notice should reflect the purpose of the reforms: to consolidate small, deferred pots efficiently. It should clearly explain the proposed destination, expected timing and the member's options, including opting out or selecting an alternative consolidator. It shouldn't rely on a VFM rating being available.

The explanation of the destination should reflect the applicable allocation rules. Where only one authorised consolidator already holds a pot for the member, it's the default destination. Where more than one does, the default is the consolidator holding the largest pot. Where none does, allocation is through the carousel. This shouldn't be presented as a permanent allocation for all future consolidations.

The notice should also explain any relevant guarantee or protection and how to check the communication is genuine. Content should be proportionate and tested centrally with members to support understanding, avoid unnecessary complexity and keep administration costs low.

Question 8: In your view, where a member already has an allocated consolidator scheme, should they be able to choose an alternative consolidator for subsequent consolidations (option 1), or should subsequent eligible deferred pots transfer by default to their existing consolidator scheme (option 2), subject to the member's right to opt out and the scheme remaining an authorised consolidator?

PASA hasn't taken a policy position on whether members' ability to select an alternative consolidator should be restricted for subsequent consolidations. Our focus is on ensuring the chosen approach can be administered simply, consistently and at low cost.

The framework should clearly distinguish default allocation from member choice. Common rules, standardised communications and automated processes should support delivery, with clear requirements for handling an alternative selection or opt-out.

Question 9: Do you have any other views on the proposed member communications journey, including the design, timing, format, delivery, accessibility or operation of communications under the Multiple Default Consolidator solution?

We support a clear, standardised, digital-first communications journey. Notices should use plain English to explain what will happen, when it will happen and the member's options. They should also explain how to verify the communication safely, as an unexpected notice about a pension moving could be mistaken for a scam.

Digital-first delivery is essential to keeping consolidation costs proportionate to the small sums involved. Accessible alternatives should be available where needed. We don't recommend additional routine notices for opt-outs, transfer commencement or changes in employment status. Any communication beyond the required notices should meet a clear member need.

Automated transfers should proceed only where a strict matching threshold is met. Cases which don't meet that threshold should follow a controlled, proportionate exception process, avoiding routine requests for members to resolve uncertain matches.

Standardised wording, centrally coordinated testing and shared, regularly updated frequently asked questions should support understanding and reduce avoidable enquiries. Testing should include members with different communication and accessibility needs.

A controlled pilot and phased rollout should test communications alongside matching, data exchange and transfer processes. Findings should inform improvements before wider implementation, with particular attention to member understanding, operational reliability and cost.

Chapter 4: Required standards to act as a Default Consolidator scheme

Question 11: Do you consider that there should be other terms of the scheme that are explicit requirements in order to act as a consolidator scheme?

Administration delivery mechanisms for members need to be approved, and administration capability tested against a set of statutory standards. This is the right time to raise the quality of administration and member journeys by applying good-quality standards.

Question 13: Which approach to scale do you consider most appropriate to support positive member outcomes, and why? Are there alternative approaches that should be considered? How should this be monitored and updated over time to ensure they remain appropriate as the market develops?

Scale increases the responsibility to deliver good outcomes for more members. As well as charges and investment, administration is key and small pots are no exception. The focus should be on administration and delivery, and on providers' ongoing investment in these critical services.

Given the systemic risk of having fewer, larger providers, we strongly advocate approving administration delivery mechanisms in line with any recommendations from the *Trust-based pension schemes: Trustees and governance, building a stronger future* consultation.

Question 15: Do you think schemes should be prohibited from acting as a consolidator scheme if they do not receive a specific VFM rating, if so, what rating do you consider to be an appropriate level of value?

Yes. Consolidator schemes should meet the required VFM standard. Where a scheme falls below that standard, regulatory action should follow the proposed supervisory framework, taking account of the seriousness and persistence of the failure and progress with remediation. Removal of consolidator status should remain a regulatory decision, with safeguards for members and continuity of service.

Administration quality and member service outcomes form part of the VFM assessment, supported by evidence of accurate, timely and reliable delivery.

Question 16: Do you agree that consolidator schemes should undertake same scheme consolidation, and that option 1 presents the best safeguards for members? Do you agree with the proposals on exclusions from same scheme consolidation?

Yes. Option 1 works best administratively and is simplest for members. Carrying employment history to the consolidator would help members identify gaps in their records.

Chapter 5: Maintaining High Standard Consolidator Schemes

Question 18: To what extent do you agree that existing regulatory powers and supervisory frameworks, together with the proposed supervisory and intervention powers, provide sufficient basis for the effective ongoing oversight of consolidator schemes? Please provide reasons for your answer, including whether there are any additional supervisory or intervention powers that should be considered, or any proposed interventions that you do not support.

We broadly agree, provided authorisation and supervision focus on administration capability. We strongly advocate excellence in administration for all members. Receiving small pot transfers shouldn't create a different standard of service from the one expected in other schemes. Instead, the additional assurance should show a consolidator's systems, operating model, infrastructure and resources can handle the volume and complexity of automatic consolidation without diminishing service for existing or incoming members. This should include evidence of sustained investment, accurate reconciliation of incoming money and records, effective exception handling and preservation of relevant member protections. Assessment should cover the entire delivery chain, including outsourced administration and technology providers. Proportionate evidence should show standards are maintained as the consolidator's activity develops.

Regulatory intervention should be timely, proportionate and focused on preventing detriment to members and restoring service. Any additional powers should address a clearly identified gap in existing arrangements, particularly where administration failures put member records or transactions at risk. Where such a gap is shown, targeted powers to secure records, require remediation or enable appropriate step-in arrangements should be considered, with clear responsibilities and safeguards. The framework should distinguish restrictions on new consolidator allocations from decisions affecting pots already held. Loss of consolidator status mustn't disrupt servicing or compromise the retention, integrity and accessibility of member data.

Question 20: To what extent do you agree that decisions on the removal of consolidator status should remain subject to regulatory judgement on a case-by-case basis? Are there any breaches that you consider should automatically result in the removal of consolidator status?

We support regulatory judgement on a case-by-case basis, aligned with the VFM regime. Serious or persistent administration failures should lead to a warning and a set period to improve, followed by removal of consolidator status if there's no improvement.

Triggers for this process should include:

- regular service downtime for members, for example app, online portal or telephone access
- failure to act promptly on failings which put member data and records at risk
- persistent issues with paying pensions accurately and on time
- consistent failure to process financial transactions promptly and accurately

Question 21: To what extent do you agree with the proposed approach for schemes wishing to voluntarily exit the consolidator market? Please provide reasons for your answer, including whether you consider an alternative approach, would better support member outcomes.

We broadly agree, subject to the following safeguards. The treatment of these members mustn't be diminished, and administration standards must be maintained during the transition out. All members should be treated equally and communicated with clearly, with time to digest and respond.

The ongoing cost of servicing should be built into the exit plan. The scheme's ongoing master trust authorisation assessment should include the financial plan supporting its entire business after exiting the consolidator market, to make sure it remains viable.

Chapter 6: Digital infrastructure, data matching and data standards

Question 24: Do you agree that detailed technical and operational standards should be capable of being updated outside legislation, subject to appropriate governance and consultation?

Yes, subject to appropriate governance and oversight which doesn't unduly delay improvements.

Question 25: To what extent do you agree that legislation should require pension schemes to comply with common data standards when participating in the Multiple Default Consolidator solution?

We agree. Common data standards should be a core requirement of the Multiple Default Consolidator solution. They're the simplest way to make sure data is shared and understood consistently across participating schemes. Without them, inconsistent data could undermine pot matching, the reliable transfer of member records and the consistent application of consolidation processes. Standards should align with pensions dashboards and relevant regulatory requirements, to avoid inconsistent definitions and duplicated development.

Administratively this is the simplest form to ensure ease of data being shared and understood so support this logic.

Question 26: To what extent do you agree that pension schemes should be required to use approved messaging standards when participating in the small pots framework?

We agree. Approved messaging standards should be set in regulation and maintained under the governance arrangements set out in our response to Question 24.

Question 27: To what extent do you agree that pension schemes should be required to apply a common data matching framework when participating in the small pots consolidation process?

We agree with a common, regulated data matching framework under statutory requirements, building on pensions dashboards data matching standards, with some potential additional system flags and data points.

We recommend building on the principles of data exchange as used within the pensions dashboards ecosystem. This minimises the volume of personal data exchanged, in line with data protection principles.

Question 29: To what extent do you agree that a central digital interface should maintain a list of consolidator schemes, including verified contact details and relevant information?

We agree. A central list of consolidator schemes with verified contact details supports transparency and helps members check notices are genuine.

Chapter 7: Employer duties

Employers' data is critical to accurate eligibility decisions. Data requirements should be consistent across The Pensions Regulator (TPR), DWP and FCA, with clear responsibility where employer data is inaccurate.

Question 31: To what extent do you agree that the proposed requirements provides a proportionate basis for pot matching and contact? Please provide reasons for your answer. Are there any additional data fields that should be included in the requirements to support more effective pot matching, and if so, why?

We broadly agree the proposals provide a proportionate basis for pot matching and contact, subject to further technical and operational detail. Common standards should support connectivity through intermediaries, rather than requiring every ceding scheme to develop and maintain a separate interface with every consolidator.

The federated approach recommended by the Feasibility Review envisages service providers offering connectivity and processing capabilities. Scheme-to-consolidator messaging can be delivered through these intermediaries, reducing duplicated development, implementation costs and ongoing maintenance. Schemes should be able to retain their existing administration arrangements where these can support the required standards.

Standards should build on relevant pensions dashboards definitions and existing connectivity capabilities, while recognising the stronger matching, verification and reconciliation requirements needed to transfer money and member records.

Further detail should define:

- the minimum data needed at each stage, limiting exchange to what's necessary
- strict matching thresholds for automated transfers and proportionate exception handling
- responsibilities for data quality, processing and error handling across schemes and intermediaries
- common valuation rules where the destination depends on the largest pot held with an authorised consolidator
- consistent message formats, transaction references and audit requirements

Detailed data fields and messaging specifications should be developed and tested with schemes, administrators, consolidators and connectivity providers. The aim should be reliable, interoperable processing at a cost proportionate to the small pots involved.

Question 32: To what extent do you agree with the proposed approach to improving member data quality through enhanced employer data requirements? Please provide reasons for your answer, including whether the proposed 12 month interval and information requirements are proportionate, whether any additional information should be included or any proposed information is unnecessary, and how any administrative burden on employers could be minimised.

We support the aim of improving member data at source. Accurate data is essential for the Multiple Default Consolidator solution to match pots reliably and avoid failed or incorrect transfers. Employers usually hold the most up-to-date information about active employees, so building on that relationship makes sense. Using existing automatic-enrolment processes, rather than creating a new reporting regime, is the right approach.

However, an annual employer refresh alone will have limited impact. Dormant deferred pots are the main target for consolidation, and the employment relationship has usually ended for these members. Their records therefore won't benefit from employer updates. We suggest the requirements also focus on:

- capturing accurate data when a member leaves, as this is when a pot is most likely to become dormant
- using current records in a member's active scheme to help identify and match older pots held elsewhere

A 12-month interval is proportionate as a backstop, but it shouldn't be the main mechanism. Most employers already send member data to schemes every pay period through contribution files. To minimise the burden on employers, we suggest:

- event-driven updates through existing data feeds, with changes to name, address or email passed on in the next regular contribution submission
- an annual confirmation as a backstop, with employers treated as compliant where their regular submissions already include current data
- a mandatory update of contact details with the final contribution when a member leaves

We agree full name, date of birth, address and personal email address are appropriate. We would add:

- National Insurance number, the strongest identifier for matching, which is already widely held and sent to schemes
- previous names, where known, as name changes are a common cause of failed matches
- employment end date and a leaver indicator, to help schemes identify pots likely to become dormant
- personal mobile number, where held, to support digital contact and identity checks

Question 33: To what extent do you agree with the proposed approach requiring employers to provide information where an individual is temporarily absent from work but intends to return and resume pension contributions? Please provide reasons for your answer, including whether you agree that such information should be used to help schemes avoid incorrectly treating pots as dormant.

We agree with the aim. Temporary absence mustn't be mistaken for dormancy, and schemes should use this information to avoid treating these pots as dormant. However, the mechanism should be simple and based on employment status.

Employers can't reliably know whether someone intends to return, and plans may change. The requirement should instead be based on facts the employer already holds:

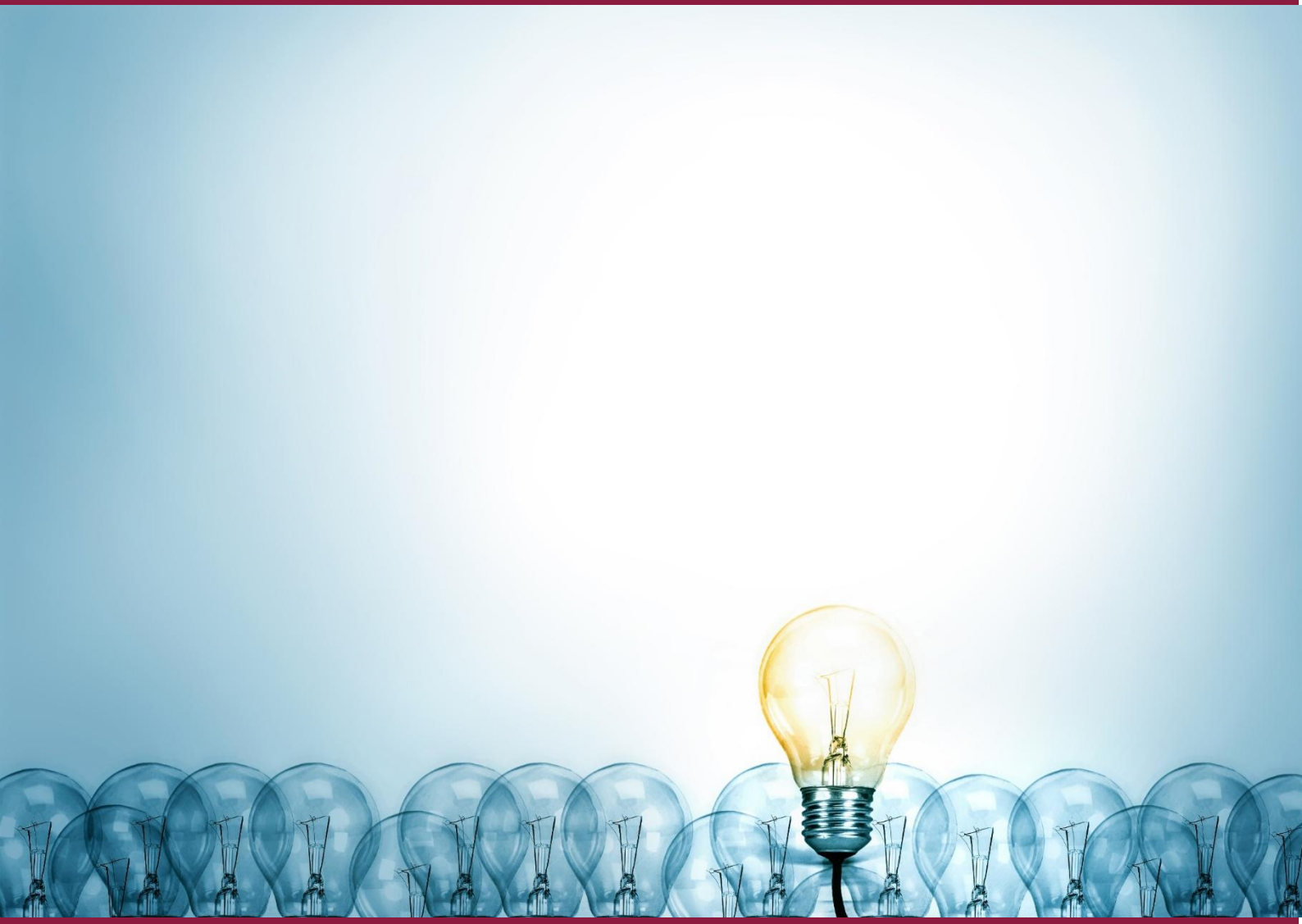
- the individual is still employed
- contributions have stopped or been suspended because of leave or absence
- the expected return date, if known

This is objective and easier to comply with. It also limits employers' exposure if a member's plans change.

Information requirements should be kept to a minimum. Employers shouldn't have to give the reason for absence, as information about sickness or pregnancy may be special category data under UK GDPR. A simple flag, such as 'temporary absence – employment continuing', with an optional expected return date, should be enough. Schemes should then pause the pot until the flag is removed or employment ends.

PASA

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