

Chapter 12

Guidance for persons running or advising on personal pension schemes

Examples of what is and is not advising on conversion or transfer of pension benefits

Example	Is this advising on conversion or transfer of pension benefits?
<p><i>Firm A</i> has a triage conversation with customers. It gives them factual information about <i>safe-guarded benefits</i> and <i>flexible benefits</i> and describes the requirement to take <i>advice on conversion or transfer of pension benefits</i> and the cost of transfer. In addition the <i>firm</i> explains the features of pension schemes with <i>flexible benefits</i> and pension schemes with <i>safeguarded benefits</i> that make them more or less suitable for general groups of people. The <i>firm</i> also explains the cash equivalent transfer value.</p>	
<p>(1) During the triage conversation the customer's circumstances are covered. Based on these specific circumstances, the <i>firm</i> tells the customer that they should not take advice.</p>	<p>Yes. This is advice because it is effectively advice to stay in the occupational pension scheme and advice not to transfer.</p>
<p>(2) Same circumstances as example (1) but the <i>firm</i> tells the customer that they would be unlikely to recommend a transfer if the customer took advice.</p>	<p>Yes. This is likely to be an implicit recommendation not to transfer.</p>
<p>(3) After giving the factual information set out at the start of this table and taking into account the customer's specific circumstances, the <i>firm</i> tells the customer it will not provide them with <i>advice on conversion or transfer of pension benefits</i>.</p>	<p>The <i>firm</i> will not give regulated advice in these circumstances if it tells the customer that it will not give them advice. The <i>FCA</i> thinks that <i>firms</i> should be able to turn down business they do not want to carry out without this being interpreted as <i>advising on conversion or transfer of pension benefits</i>. Refusing to do business with someone is not consistent with having an advisory relationship with them. (A similar issue arises under the <i>regulated activity of advising on investments</i> - see example F(12) at PERG 8 Annex 1G.)</p>
<p>(4) After giving the factual information set out at the start of the table, the <i>firm</i> signposts sources of information on them, including an option to take advice.</p> <p>The <i>firm</i> leaves it to the customer to decide whether or not to take advice.</p>	<p>No. The general context of the information provided and the neutral way in which it is presented should not involve advice.</p> <p>A <i>firm</i> may give advice if it provides an opinion on whether the customer should go on to take advice or if it uses language which may be perceived as influencing a customer's decision to take advice.</p> <p>A <i>firm</i> does not necessarily give advice by bringing obviously relevant facts to the attention of a customer who wants to transfer, even if those facts show that a transfer would be a poor decision.</p>
<p>(5) After giving the factual information set out at the start of the table, the <i>firm</i> provides the customer with the transfer value comparator (TVC) prepared in accordance with COBS 19.1.3AR.</p>	<p>Yes. This is likely to be advice as the TVC is prepared using personal information and is objectively likely to influence the customer's decision to transfer or remain in the scheme.</p> <p>Occupational schemes and employers providing the TVC to scheme members should consider</p>

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<p>(6) Before or during the course of the triage conversation with customers, the <i>firm</i> uses a form of pre-purchase questioning (such as decision trees and RAG-rated questionnaires) as set out in PERG 8.30A.</p> <p>The <i>firm</i> leaves it to the customer to decide whether or not to take advice.</p>	<p>whether they are providing the TVC by way of business (PERG 2.3) and require authorisation.</p> <p>Yes. This is likely to be advice as the pre-purchasing questioning process accumulates personalised information tailored to individual customers, which is presented in such a way that is objectively likely to influence the customer's decision to transfer or convert their <i>safeguarded benefits</i>.</p>