

STANDARDS FOR DESIGNATED GUIDANCE PROVIDERS INSTRUMENT 2015

Powers exercised

- A. The Financial Conduct Authority makes this instrument in the exercise of the power under section 333H (Standards for giving of pensions guidance by designated guidance providers) of the Financial Services and Markets Act 2000 (“the Act”).
- B. The standard-making power referred to above is specified for the purpose of section 138G(2) (Rule-making instruments) of the Act as modified by section 333H(6) of the Act.

Commencement

- C. This instrument comes into force on 6 April 2015.

Standards for designated guidance providers

- D. The standards for giving of pensions guidance by designated guidance providers (as defined in section 333E of the Act) are set out in the Annex to this instrument.

Citation

- E. This instrument may be cited as the Standards for Designated Guidance Providers Instrument 2015.

By order of the Board of the Financial Conduct Authority
6 March 2015

Annex

Standards for Giving of Pensions Guidance by Designated Guidance Providers

Part 2

Background

A These standards are set by the Financial Conduct Authority for the giving of pensions guidance by *designated guidance providers*.

The Financial Conduct Authority must set and monitor compliance with the standards and can make recommendations to HM Treasury if it considers that a *designated guidance provider* has not complied with a standard.

Definitions

B In these standards, the definitions in Part 1 apply. Expressions which are defined in Part 1 appear in the text in italic type.

Application

C These standards apply to *designated guidance providers* in the provision of the *service to consumers* through any of the *delivery channels*.

The standards

Free at point of delivery

1 A *designated guidance provider* must not charge a *consumer* for the *service*.

Delivering the guidance

2 A *designated guidance provider* must co-operate and work with other *designated guidance providers* to deliver the *service* in accordance with the standards.

3 A *designated guidance provider* must, by itself or, where appropriate, working with other *designated guidance providers* ensure that:

(a) the delivery of the *service* is consistent across all the *delivery channels* under standard 19

(b) *consumers* using the *service* are able to change to a different *delivery channel*

(c) where *consumers* change *delivery channels*, duplication of the content set out in standard 20 is minimised, and

(d) the *service* is accessible to *consumers* under relevant equalities legislation.

4 A *designated guidance provider* must ensure that the *service* is available to *consumers* in a timely manner.

- 5 *A designated guidance provider* must deliver the *service* with due skill, care and diligence.
- 6 *A designated guidance provider* must ensure that the *service* it delivers is of a good quality.
- 7 *A designated guidance provider* must not receive any financial or other incentive in connection with the *service* (other than funding under Part 20A of the *Act*).
- 8 When providing a *consumer* with information about their retirement options, a *designated guidance provider* may:
- (a) provide the *consumer* with information about particular types of financial products or services that may be relevant to those retirement options and the potential advantages and disadvantages of those options
 - (b) refer a *consumer* to a directory or other list of financial advisers or providers of financial services or products
 - (c) refer a *consumer* to their existing pension product provider where the *consumer* needs that provider to take action to implement one of the retirement options.
- 9 *A designated guidance provider* must not:
- (a) introduce or, explicitly or implicitly, recommend a provider of a financial service or product, or a financial adviser, except as set out in standard 8(b) or (c);
 - (b) sell, arrange or facilitate the sale of, or explicitly or implicitly recommend, a financial service or product, except as set out in standard 8(a).

Professional standards

- 10 *A designated guidance provider* must ensure that its personnel who:
- (a) deliver the *service* over the phone, in person or through the internet, or
 - (b) design or approve any processes, models or tools, including internet-based material, related to the *service*,
- have the skills, knowledge and expertise necessary for the discharge of the responsibilities allocated to them.
- 11 *A designated guidance provider* must ensure that the personnel who are referred to in standard 10 have knowledge of:
- (a) the different types of pension schemes
 - (b) the impact of fees and charges for both accumulation and decumulation

pension products

- (c) the options available to *consumers* when accessing their pension savings
 - (d) the factors relevant to the selection of options when accessing pension savings, including the impact of guarantees, special features, restrictions or conditions, protected rights, and exit charges
 - (e) the tax treatment of pensions and income generally
 - (f) the circumstances when a *consumer* may require further specialist help, for example debt advice, or *regulated advice*
 - (g) other issues that are relevant to *consumers* considering their retirement options, for example long-term care needs, sustainability of income in retirement and life expectancy, and
 - (h) the conduct that a *designated guidance provider* may or must not engage in under standards 8 and 9, respectively.
- 12 A *designated guidance provider* must ensure that the personnel referred to in standard 10(a) have good interpersonal skills, including listening and verbal communication skills.

Communications

- 13 A *designated guidance provider* must consider the information needs of *consumers* using the *service* and communicate information to them in a way that is clear, fair and not misleading.

Systems and controls

- 14 A *designated guidance provider* must establish and maintain such systems and controls that are appropriate to ensure compliance with the standards and its operations more generally, including the protection of *consumer* information under legislation including the Data Protection Act 1998 and the Computer Misuse Act 1990.
- 15 A *designated guidance provider* must arrange for orderly records in its provision of the *service*, which must be sufficient to enable the Financial Conduct Authority to monitor the *designated guidance provider's* compliance with these standards, to be kept for a period of five years.

Complaints management

- 16 A *designated guidance provider* must ensure that *consumers* have access to a complaint management system that fairly, consistently and promptly investigates complaints arising in connection with the delivery of the *service* by the *designated guidance provider*.
- 17 A *designated guidance provider* must ensure that:

- (a) *consumers* are informed of the availability of the complaint management system, and
 - (b) details of the complaints handling procedures are made available to *consumers* on a website, with copies supplied to *consumers* who request them or make a complaint.
- 18 A *designated guidance provider* must ensure that a record of each complaint received and the measures taken for its resolution is kept and retained for at least five years from the date the complaint was received.

Content of the guidance session

- 19 *Designated guidance providers* must work together to establish a consistent process for delivering the content of the guidance session, including the content specified in standard 20.
- 20 A guidance session must do the following:
- (a) inform *consumers* of the scope, purpose and limitations of the session
 - (b) inform *consumers* about the pension entitlement and other personal and financial information that the *designated guidance provider* may request from them during the session
 - (c) request information from the *consumer* about their accumulated pension pots, including the information specified in Part 3
 - (d) request information about the *consumer's* financial and personal circumstances that is relevant to their retirement options, including the information specified in Part 3
 - (e) alert the *consumer* to other sources of information and advice as appropriate and at relevant points during the session
 - (f) identify for the *consumer* and provide them with information about:
 - (i) the options relevant to the *consumer*
 - (ii) to the extent that they are relevant to the *consumer's* options, the factors in standard 11(d) and the other issues in standard 11(g), and
 - (iii) the potential tax implications or debt obligations
 - (g) set out the next steps for the *consumer* to take under standard 21, and
 - (h) provide *consumers* with a record of their guidance session in accordance with standard 23.

Next steps

- 21 At the end of the guidance session, a *designated guidance provider* must:

- (a) subject to standard 9, refer the *consumer* to relevant sources of further information, guidance, specialist advice, *regulated advice*, support tools or directories
 - (b) draw the *consumer's* attention to the importance of shopping around when making decisions about retirement options, and
 - (d) draw the *consumer's* attention to the potential tax implications or debt obligations under standard 20(f)(iii) and refer them to support services, as appropriate.
- 22 A *designated guidance provider* must ensure that sources of further information, guidance, specialist advice, *regulated advice*, support tools and directories referred to in standard 21 have been periodically assessed to be of a good quality.

Record of guidance session

- 23 A *designated guidance provider* must provide a *consumer* with a record of the guidance session in the standard format set out in standard 24.
- 24 *Designated guidance providers* must work together to agree a standard format for providing records of guidance sessions which includes the following:
- (a) information provided by the *consumer* during the session
 - (b) the options discussed with the *consumer*
 - (c) the factors relevant to the exercise of the *consumer's* options, as identified during the session
 - (d) sources of information or specialist advice
 - (e) information on how to shop around for any products that are relevant to the *consumer's* retirement options, and
 - (f) a statement that the *consumer* is responsible for any decisions they make.

Part 1: definitions within these standards

<i>Act</i>	the Financial Services and Markets Act 2000 (as amended).
<i>consumer</i>	a person who is a recipient, or potential recipient, of the <i>service</i> .
<i>delivery channel</i>	any of the delivery channels through which the <i>service</i> is provided, including, telephone, online and face to face.
<i>designated guidance provider</i>	the meaning given in section 333E of the <i>Act</i> .
<i>regulated advice</i>	the activity specified in article 53 of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001.
<i>service</i>	the guidance service provided by <i>designated guidance providers</i> with the purpose of helping a member of a pension scheme to make decisions about what to do with the flexible benefits that may be provided to the member.

Part 3

This Part relates to standard 20.

Information about accumulated pension pots

Relevant information from the *consumer* about their accumulated pension pots includes information about:

- the sum of money that will be available to exercise options in retirement
- whether any guarantees apply
- any benefits, exit fees and ongoing charges
- any other relevant special features, restrictions, or conditions that apply, such as (for with-profits funds) any market value reduction conditions in place, and
- any other information relevant to the exercise of the *consumer's* options.

Relevant information about the *consumer's* financial and personal circumstances includes the following.

Financial information

- spouse /partner's pension pots or benefits and other income
- current and future sources of income
- capital expectations
- tax status
- entitlement to state benefits (current and future)
- home owner or renting
- debt position

Personal circumstances

- dependants
- spouse/partner
- state of health
- potential long-term care needs
- the *consumer's* plan and objectives for retirement, to identify retirement income needs