

CONDUCT OF BUSINESS SOURCEBOOK (AMENDMENT) INSTRUMENT 2024

Powers exercised

- A. The Financial Conduct Authority (“the FCA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137A (The FCA’s general rules);
 - (2) section 137FB (FCA general rules: disclosure of information about the availability of pensions guidance);
 - (3) section 137T (General supplementary powers); and
 - (4) section 139A (Power of the FCA to give guidance).
- B. The rule-making provisions listed above are specified for the purposes of section 138G(2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on 2 April 2024.

Amendments to the Handbook

- D. The Conduct of Business sourcebook (COBS) is amended in accordance with the Annex to this instrument.

Citation

- E. This instrument may be cited as the Conduct of Business Sourcebook (Amendment) Instrument 2024.

By order of the Board
28 March 2024

Annex

Amendments to the Conduct of Business sourcebook (COBS)

In this Annex, underlining indicates new text and striking through indicates deleted text.

19 Pensions supplementary provisions

...

19.7 Pensions nudge and retirement risk warnings

Definitions

19.7.1 R In this section:

...

(3) “pension savings” is the proceeds of the *client’s personal pension scheme*, ~~*stakeholder pension scheme*~~, or *occupational pension scheme*;

...

(7) “opt out” is the *retail client’s* confirmation that they do not want to receive *pensions guidance*; and

(8) a reference to a “personal pension scheme” includes a stakeholder pension scheme, and for the avoidance of doubt, an FSAVC, retirement annuity contract or a pension buy-out contract.

Application

19.7.2 R This section applies to a *firm* communicating with a *retail client* in relation to:

...

(2) transferring rights ~~accrued under their existing pension scheme to another pension scheme~~ pursuant to COBS 19.7.7R(6) for the purpose of accessing their pension savings using a decumulation product.

...

Trigger: when does a firm have to follow the steps?

19.7.7 R A *firm* must follow the steps specified in this section at the point when the *retail client* has decided (in principle) to take one of the following actions (and before the action is concluded):

...

- (2) vary their *personal pension scheme*, ~~*stakeholder pension scheme*~~, ~~*FSAVC*~~, ~~*retirement annuity contract*~~ or ~~*pension buy-out contract*~~ to enable the *client* to:
- ...
- ...
- (5) withdraw the funds wholly or partly derived from *flexible benefits* in full from a product or scheme in their pension savings, reducing the value of all of their rights in that product or scheme (including rights in respect of any non-*flexible benefits*) to zero; or
- (6) transfer rights (other than rights in respect of non-*flexible benefits*):
- (a) accrued under their existing ~~*pension scheme*~~ to another ~~*pension scheme*~~ *personal pension scheme*; or
- (b) accrued under their existing arrangement to a *personal pension scheme*,

for the purpose of taking one of the actions in (1) to (5).

- 19.7.7A G A *firm* may assume that a *retail client* who is 50 years of age or over who decides to transfer rights ~~accrued under their existing *pension scheme* to another *pension scheme*~~ pursuant to COBS 19.7.7R(6) is doing so for the purpose of taking one of the actions in COBS 19.7.7R(1) to (5).
- 19.7.7A G The effect of COBS 19.7.7R(6) is to include any transfers of rights (other than rights in respect of non-*flexible benefits*) accrued so long as either the transferring arrangement or the receiving arrangement is a *personal pension scheme*. This would, for example, include a *retail client* consolidating some or all of their pension arrangements where the consolidation involves a transfer from or to a *personal pension scheme*.
- A
- Pension transfer to access pension savings
- 19.7.7B R Where a *retail client* contacts a *firm* to communicate its decision (in principle) to transfer rights ~~accrued under their existing *pension scheme* to another *pension scheme*~~ pursuant to COBS 19.7.7R(6), that *firm* (whether the *retail client's* existing ~~*pension scheme*~~ provider or the *firm* to whom they intend to transfer their rights) must take the actions in step 1.

...

19.9 Pension annuity comparison information

...

Retail client's consent to generate a market-leading pension annuity quote

...

19.9.15 R ...

(3) Where a *firm*, having complied with (2), has been unable to obtain the *client's* consent, this *rule* applies with the effect that:

...

(c) a *firm* must, as applicable, use the template in:

(i) unless (ii) applies, Part 3 or Part 6 of COBS 19 Annex 3R;
or

(ii) Part 6 of COBS 19 Annex 3R where the *retail client* has requested an income quote,

to provide the applicable *pension annuity* comparator information.

...

19 Annex 3 Format for annuity information

This annex belongs to *COBS* 19.9.7R(3) and *COBS* 19.9.15R(3)(c).

...

Part 3: Template for cases where the ~~a retail client refuses to answer questions to determine whether the client is eligible for an enhanced annuity, or does not consent to a market-leading quote being generated~~ retail client's consent is required to allow a firm to generate a market-leading pension annuity quote and that consent has not been given

~~Where the retail client refuses to answer questions to determine whether the client is eligible for an enhanced annuity, or appropriate consent has not been given to allow a firm to generate a market-leading quote~~ retail client's consent is required to allow a firm to generate a market-leading pension annuity quote and that consent has not been given

...


Part 4: Template for cases where the market-leading quote offers the lowest purchase price pension annuity

Where the market-leading quote offers the lowest purchase price

...

[Editor’s note: The underlining of the text under the headings ‘Our quote’ and ‘Can you pay less for your annuity’ in the following image does not indicate a change to the template. The only change to the template is to the URL in the final paragraph.]

Firm Logo



Annuity features

Annual income £XX,XXX	No guarantee period
Paid quarterly in advance	Payments increase by 2% per year
Dependents income	<i>[Other key features of annuity]</i>

If relevant, include key information here such as:

You are entitled to a guaranteed annuity rate from [date/customer’s age] paying an [estimated] annual income of £X,XXX [when applied to the total value of your pension pot (£X,XXX)].

You are entitled to tax free cash greater than 25% of your pension pot. You may lose this right if you switch provider. Your existing pension provider will be able to provide more information about this.

For arranging this policy, your intermediary will receive £ZZZ commission from your provider.

You have agreed with your adviser that the cost of their services will be taken from this policy as follows [provide details here].

Our quote

Buying this annuity from us will cost you:

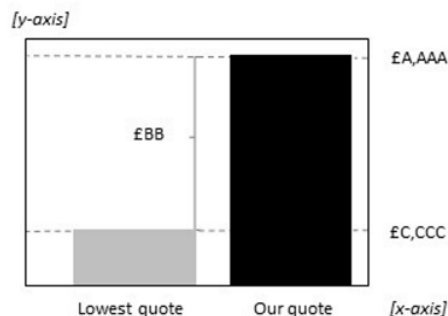
£A,AAA

Can you pay less for your annuity?

Based on your key information, there are quotes available from other providers offering a lower purchase price. If you select our product, you would be paying £BB too much to purchase your annuity.

[if applicable] Based on your key information, the lowest quote offers you the lowest purchase price for the requested income of £xx,xxx. However, you are entitled to a guaranteed annuity rate from your current provider paying an [estimated] annual income of £X,XXX on your pension pot of £XX,XXX, offering a better value annuity than the lowest purchase price quote. You also risk losing your entitlement to the guaranteed annuity rate if you proceed with the lowest purchase price quote.

[if applicable] You are entitled to a guaranteed annuity rate from your current pension provider from [date/customer’s age] paying an [estimated] annual income of £X,XXX. [when applied to the total value of your pension pot (£X,XXX)].



The Financial Conduct Authority is a financial services regulator. It requires us to inform you that you can shop around if you want to. If you want to see what other options are available from other providers please visit moneyadviceservice.org.uk/annuitiesquotes moneyhelper.org.uk/guaranteed-income or call 0800 138 7777.

Company contact details and other key information

Part 5: Template for cases where the income quote or the application of a retail client’s guaranteed annuity rate offers the lowest purchase price pension annuity

Where the income quote or a guaranteed annuity rate offers the lowest price pension annuity

...

[Editor's note: The underlining of the text under the heading 'Can you pay less for your annuity' in the following image does not indicate a change to the template. The only change to the template is to the URL in the final paragraph.]

<i>Firm Logo</i>	keyfacts [®]
Annuity features	
Annual income £XX,XXX	No guarantee period
Paid quarterly in advance	Payments increase by 2% per year
Dependents income	<i>[Other key features of annuity]</i>

If relevant, include key information here such as:

You are entitled to a guaranteed annuity rate from [date/customer's age] paying an [estimated] annual income of £X,XXX [when applied to the total value of your pension pot (£X,XXX)].

You are entitled to tax free cash greater than 25% of your pension pot. You may lose this right if you switch provider. Your existing pension provider will be able to provide more information about this.

For arranging this policy, your intermediary will receive £ZZZ commission.

You have agreed with your adviser that the cost of their services will be taken from this policy as follows [provide details here].

Our quote

Buying this annuity from us will cost you:

£A,AAA

Can you pay less for your annuity?

Based on your key information, our quote offers you the lowest purchase price.

OR

Based on your key information, our quote offers you the lowest purchase price for the requested income of £xx,xxx. However, you are entitled to a guaranteed annuity rate from your current provider paying an [estimated] annual income of £X,XXX on your pension pot of £XX,XXX, offering a better value annuity than our quote. You also risk losing your entitlement to the guaranteed annuity rate if you proceed with our quote.

OR

Based on your key information, you are entitled to a guaranteed annuity rate from your current provider that would pay the annual income requested of £X,XXX for a [an estimated] purchase price of £XX,XXX. If you select our product you would be **paying £BB too much to purchase your annuity**. You also risk losing your entitlement to the guaranteed annuity rate if you proceed with our quote.

The Financial Conduct Authority is a financial services regulator. It requires us to inform you that you can shop around if you want to. If you want to see what other options are available from other providers please visit moneyadvice.service.org.uk/annuitiesquotes moneyhelper.org.uk/guaranteed-income or call 0800 138 7777.

Company contact details and other key information

Part 6: Template for cases where the retail client ~~refuses to answer questions to determine whether the client is eligible for an enhanced annuity, or does not consent to a market leading quote being generated~~ has requested an income quote

and the retail client’s consent is required to allow a firm to generate a market-leading pension annuity quote and that consent has not been given

Where the retail client refuses to answer questions to determine whether the client is eligible for an enhanced annuity, or appropriate consent has not been given to allow a firm to generate a market-leading quote retail client has requested an income quote and the retail client’s consent is required to allow a firm to generate a market-leading pension annuity quote and that consent has not been given

...

<i>Firm Logo</i>	keyfacts [®]
Annuity features	
Annual income £XX,XXX	No guarantee period
Paid quarterly in advance	Payments increase by 2% per year
Dependants income	<i>[Other key features of annuity]</i>

If relevant, include key information here such as:

You are entitled to a guaranteed annuity rate from [date/customer’s age] paying an [estimated] annual income of £X,XXX [when applied to the total value of your pension pot (£X,XXX)].

You are entitled to tax free cash greater than 25% of your pension pot. You may lose this right if you switch provider. Your existing pension provider will be able to provide more information about this.

For arranging this policy, your intermediary will receive £ZZZ commission from your provider. You have agreed with your adviser that the cost of their services will be taken from this policy as follows [provide details here].

Our quote

Buying this annuity from us will cost you:

£A,AAA

Can you pay less for your annuity?

You may be able to pay less for an annuity providing £XX,XXX a year by shopping around.

If you want to see what other options are available from other providers please visit moneyadviceservice.org.uk/annuitiesquotes moneyhelper.org.uk/guaranteed-income or call 0800 138 7777.

Did you know?

If you’ve not already been asked questions about your health or lifestyle, answering these could get you even more income.

For example – if you’ve smoked tobacco, been advised by a medical professional to adjust your lifestyle to improve your health or had a medical condition requiring prescribed medication or hospital treatment – you may be entitled to more income than is quoted above.

Visit moneyadviceservice.org.uk/annuitiesquotes moneyhelper.org.uk/guaranteed-income or call 0800 1387777 to find out more.

Company contact details and other key information

...

TP2 Other Transitional Provisions

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision	(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
...					
2.48	...				
<u>2.49</u>	<u>COBS 19.9 and COBS 19 Annex 3 Part 4;</u> <u>COBS 19.9, COBS 19 Annex 3 Part 5, COBS 19.9 and COBS 19 Annex 3 Part 6</u>	<u>R</u>	<u>In respect of the requirement for a <i>firm</i> to update the weblink to MoneyHelper’s website in the <i>rules</i> in column (2), this will not apply to a <i>firm</i> until 2 April 2025.</u>	<u>From 2 April 2024 to 2 April 2025</u>	<u>2 April 2024</u>