



AMPS ANNUAL CONFERENCE

TUESDAY 13 MAY 2025



WELCOME

DEBBIE SEATON- AMPS CHAIR

WELCOME & HOUSEKEEPING

NO FIRE ALARM PLANNED

If the alarm sounds, please make your way down the stairs following the green emergency exit signs and meet outside.



PHONES TO SILENT

As a courtesy to our speakers please either switch your device off or to silent.

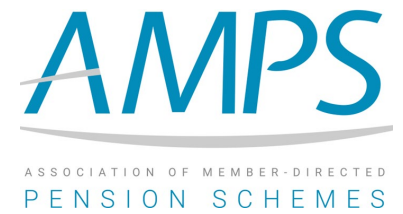


WI FI AVAILABLE

There is complimentary access via _jet-guest and complete log in details.
There is no longer a password required.



THANK YOU



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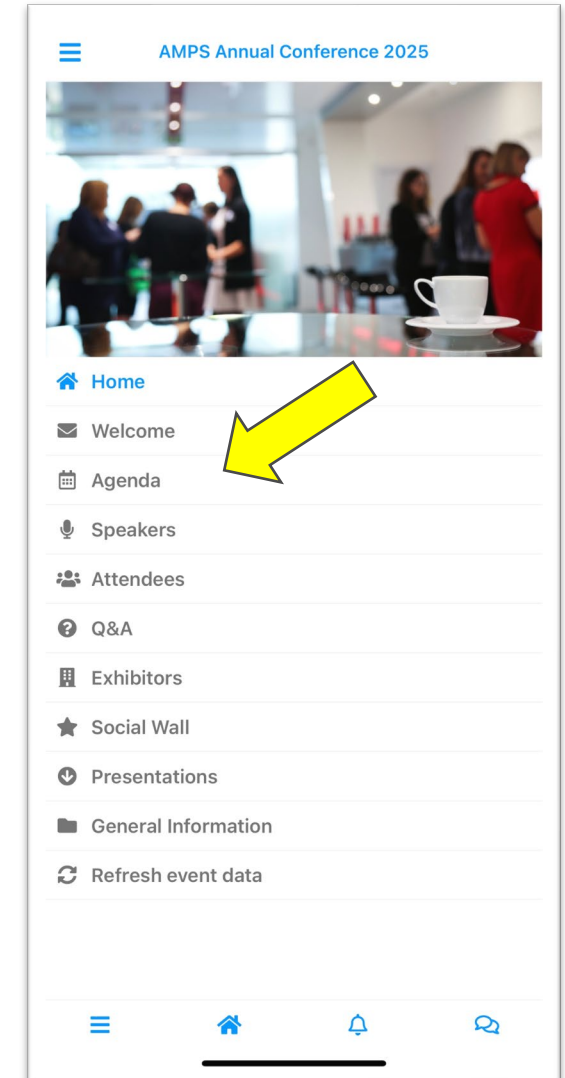


EVENT APP

All attendees should have received an email to download the Superevent App and have a 6-digit code to access today's event.

To ask questions or take part in the polling please click on the **agenda**, choose the relevant session and there will be tabs visible.

Any questions see Claire at the break.



EVENT APP – TEST QUESTION

If you could have one superpower, which would you choose?

- A) **Telekinesis:** Move objects with your mind
- B) **Invisibility:** Become invisible at will
- C) **Super Strength:** Possess incredible physical power
- D) **Flight:** Fly through the air
- E) **Time:** Simple add more hours to the day



AMPS INCORPORATION

ANDREW PHIPPS & JADE MURRAY
AMPS Committee Members



Allica Bank



BARCLAYS



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**THANK YOU AND ON WITH THE
REST OF TODAY'S AGENDA**



Cater Allen
Private Bank



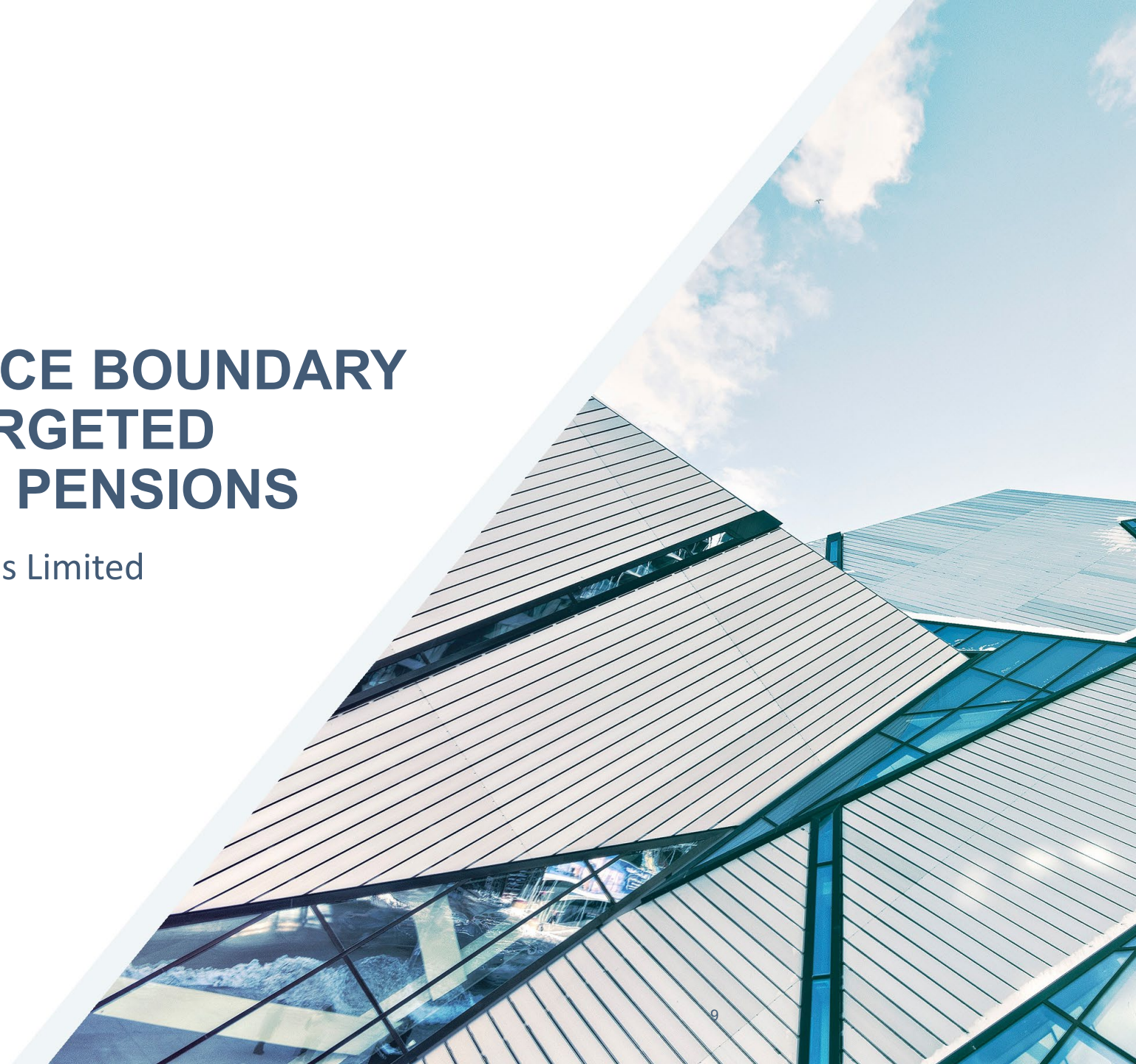
delta
FINANCIAL SYSTEMS



CP24/27: ADVICE GUIDANCE BOUNDARY REVIEW – PROPOSED TARGETED SUPPORT REFORMS FOR PENSIONS

Hannah Davies – Enhance Support Solutions Limited

May 2025

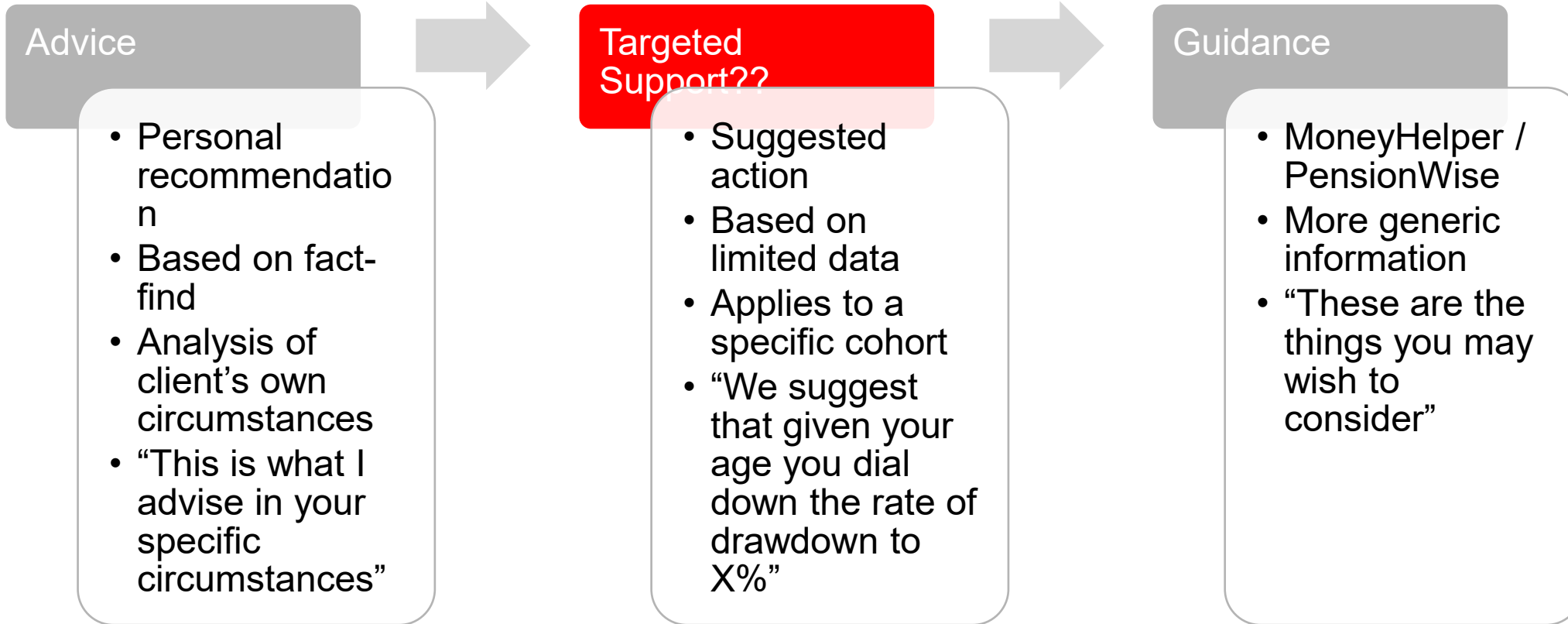


- Background:
 - What is Targeted Support and how might this work
 - Who will benefit?
- Providing Targeted Support:
 - Challenges and risks
 - Unknowns
 - Why offer?
 - Will people use it?

- December 2023 – DP23/5 Advice Guidance Boundary Review – proposals for closing the advice gap
 - Targeted Support
 - Simplified advice
 - Further clarifying the boundary
- November 2024 FCA – particular need for support in relation to pensions
- November 2024 Consumer Research for FCA on targeted support for non advised DC pensions (NMG Consulting)
- December 2024 CP24/27 Advice Guidance Boundary Review – proposed targeted support reforms for pensions – consultation closed 13 Feb 2025. Further consultation due H1 2025.
- December 2024 DP24/3 Pensions: Adapting our requirements for a changing market – consultation closed 27 Feb 2025
- April 2025 FCA concluded a 6 week sprint testing the concept of targeted support (cash to investment decisions, not focused on pensions)

- AuA in DC pensions £1.5trn (FCA 2024)
- DB market holds £1.4trn (TPR 2024)
- 2023/24 885,455 DC pension pots accessed for the first time (£52.2bn withdrawn) (FCA 2024)
- 38% of the working age population under saving for retirement (DWP)
- 75% aged 45+ did not have a clear plan for how to take their money or know they had a choice to make/ 32% did not understand decumulation options (Financial Lives Survey 2024)
- 34% aged 50-69 with DC pension had never heard of income drawdown/32% never heard of single life annuity (Financial Lives Survey 2024)
- 145,042 DC pension plans over £30k were withdrawn at rates of 8% and above (Retirement Income Market Data 23/24)
- 8.6% of consumers take financial advice (Financial Lives Survey 2024)

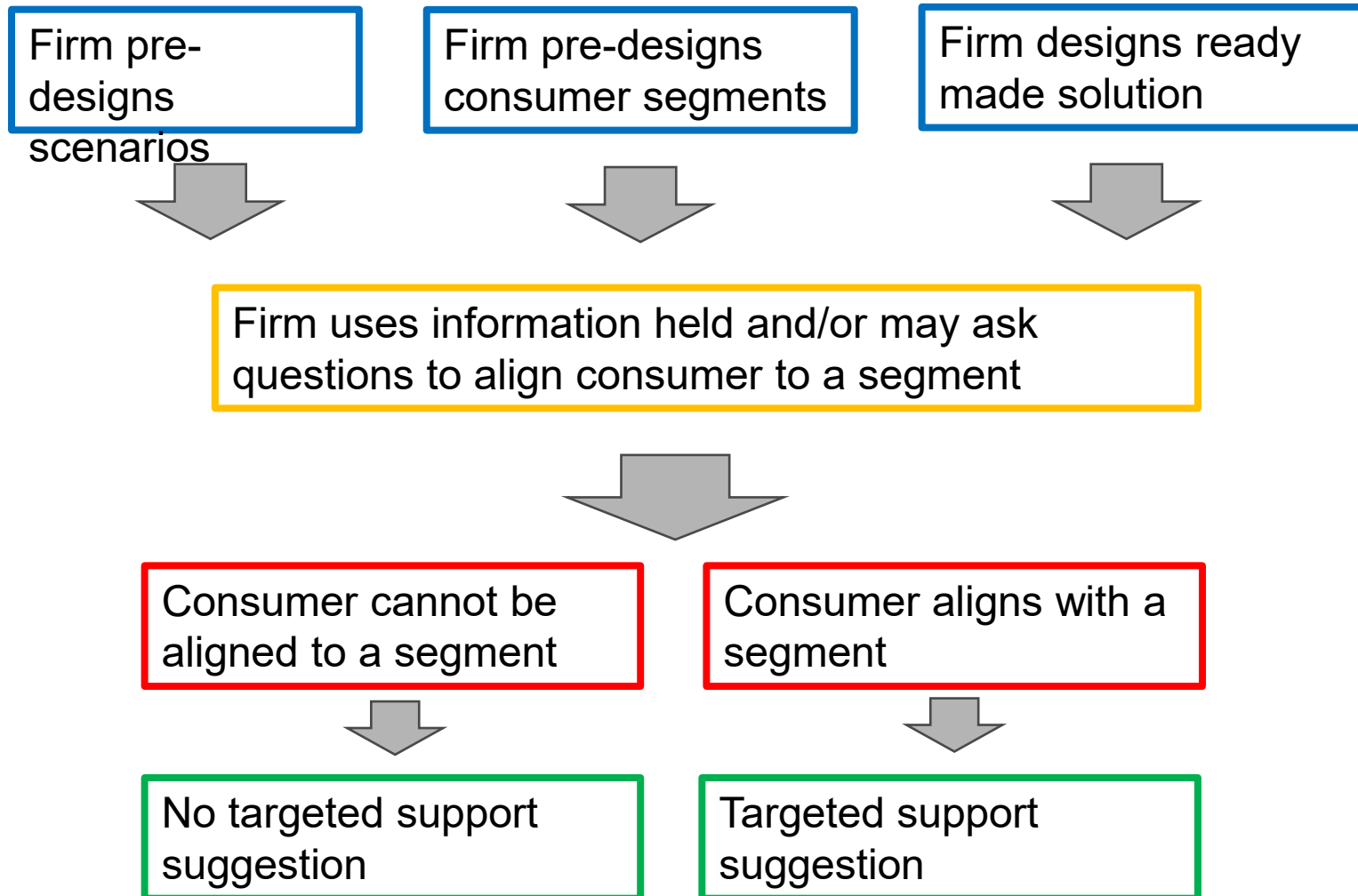
THE GAP TS IS AIMING TO FILL...



CP24/27 ADVICE GUIDANCE BOUNDARY REVIEW – PROPOSED TARGETED SUPPORT REFORMS FOR PENSIONS

- Initial feedback - does not contain draft new rules
- How targeted support may work in practice to include:
 - Terminology and detail for key parts of TS journey
 - Practical examples of the use of TS
 - Conduct standards (Consumer Duty and PROD?)
 - Communications/consumer understanding (Consumer Duty)
 - Interaction with existing regulatory requirements (PRIN, SYSC, SMCR, COCON, TC, COBS 19)
 - Costs and charges (firms to decide charging structure)
 - Firms likely to deliver TS (pension providers – life insurers, asset managers, D2C platforms, input from SIPP providers/SIPP specific question Q34)
 - Complaints (within jurisdiction of FOS and FSCS, enough regulatory certainty in proposals)
 - Interaction with Privacy and Electronic Communications (EC Directive) Regulations 2003 (PECR) – direct marketing. FCA engaging with ICO

TARGETED SUPPORT – THE CONCEPT



Threshold

Firm has reasonable grounds for believing that the delivery of targeted support suggestions would deliver a better outcome for their customers than if targeted support was not provided.

FOR EXAMPLE...

- *“We think that we should intervene where members are making no or low contributions and therefore will have a small pension pot at retirement”* **[Pre-defined scenario]**
- *“The members we want to target includes...”*
- Non-advised;
- Working (if known);
- Aged between 30-55;
- Making contributions of less than £250 pm/£3000pa gross **[Collectively ‘relevant consumer segment’]**
- *“For these members, we want to be able to provide a solution whereby we can suggest, via Targeted Support, a ‘sensible’ contribution level, probably linked to a suggested % of earnings”* **[Ready-made solution]**

This is a basic example and in practice would involve much more thought and refinement, especially around the consumer segment(s) and ready-made solution(s).

TARGETED SUPPORT SCENARIOS

Pension type	Contributions too low	Investment - accumulation	Benefit options	Investment - decumulation	Level of retirement income
Ready-made	Yes	Yes	Yes	Yes	Yes
Streamlined	Yes	Yes	Yes	Yes	Yes
Bespoke	Yes	No	Yes	No	Yes
SSAS	Yes?	No	Yes?	No	Yes?

COHORTS & OUTCOMES

Scenario	Who? (Consumer Segment)	Data?	Questions	Targeted support
Contributions too low	Non-advised No contribution Low contribution (define) Low fund (define)	Extracted from system: Contribution rates & fund size maybe age-related?	Preferred retirement age Preferred standard of living in retirement/target income	Yes
Investment accumulation	Non-advised Funds in cash (define) Contributing but no investment instruction Age related (not approaching retirement) Risk appetite & target (define)	Extracted from system: Cash balance, age, member risk appetite if known	Preferred retirement age Preferred standard of living in retirement/target income Risk appetite	In limited cases
Benefit options	Non advised At/approaching SRD Request further info	Extracted from system: Age, SRD, fund value	Risk warning type questions – health, other wealth /income, guaranteed income v passing funds on, state benefits Target income	Yes
Investment decumulation	Non-advised Funds in cash in excess of income requirements (define) Risk appetite (define)	Extracted from system: Cash balance, income, age, member risk appetite if known	Income requirements Risk appetite	In limited cases
Drawdown too high	Non advised High income drawdown (define) Low fund (define)	Extracted from system: Fund size, income and age	Other pensions or sources of wealth/income	Yes

- CP24/27 focuses on contract-based DC market (annex 1)
- Proposal is for authorised firms (FCA working with Treasury on how to implement)
- Would member trustees benefit? Need to ensure this doesn't become conflated with the requirement for advice.
- Who offers targeted support – scheme or SSAS provider/trustee?

WHO WILL BENEFIT FROM TARGETED SUPPORT?

Individuals making decisions without advice

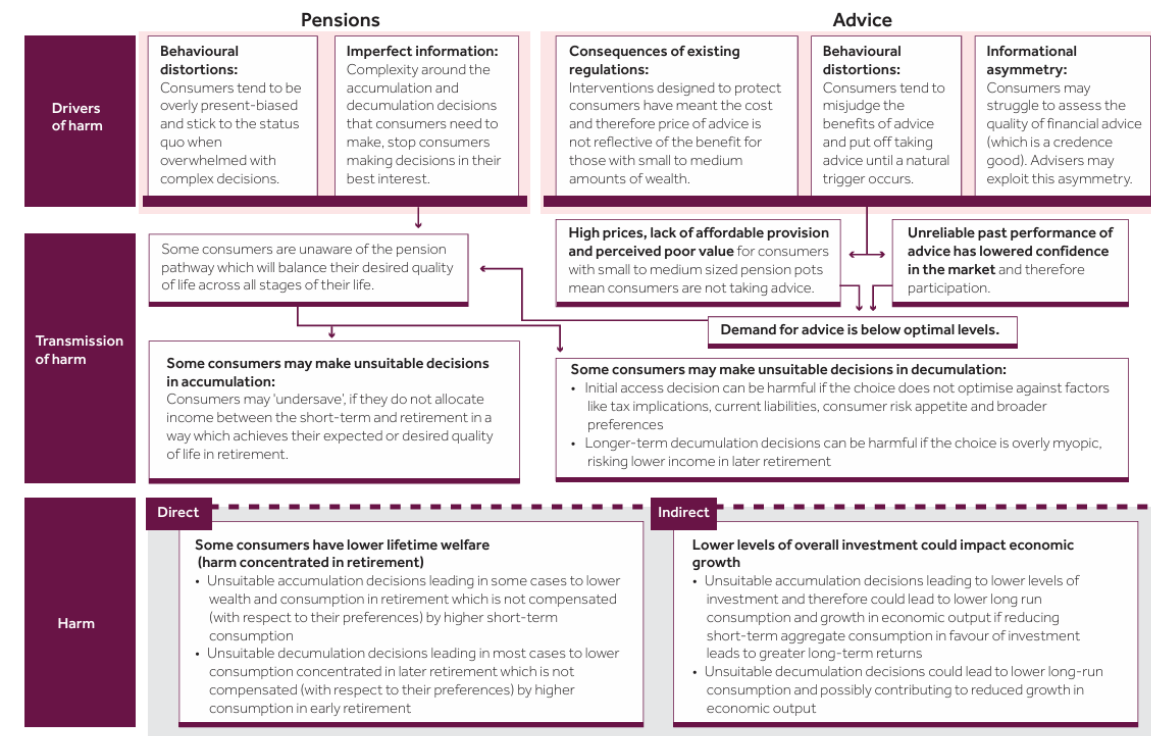
Harms:

CP 24/27 – Theory of transmission of harm in the current market (Annex 1)

Accumulation - *Unsuitable decisions leading in some cases to lower wealth and consumption in retirement which is not compensated (with respect to their preferences) by higher short-term consumption*

Decumulation - *Unsuitable decisions leading in most cases to lower consumption concentrated in later retirement which is not compensated (with respect to their*

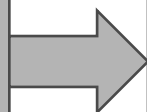
Figure 1.1: Theory of transmission of harm in the current market



CHALLENGES OF PROVIDING TARGETED SUPPORT

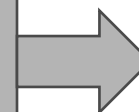
Design:

- Resource/ expertise to build the proposition
- Delivering the TS – online?
- Interaction with Consumer Duty
- Identification of segments and alignment of consumers into a segment – must deliver a better outcome
- Low/nil cost to customer = cost to the business
- Bespoke SIPP – do not have investment solutions or expertise to recommend / members do not want this



Use:

- Confidence in data held on systems/is it up to date?
- Ensuring the customer can distinguish between TS and advice and is aware of the limits of TS
- Framing TS so it is not seen as marketing
- Customer dissatisfaction with an outcome
- Vulnerable clients
- Customer change in circumstances – will the TS still be appropriate



Monitoring:

- Annual review – resource and expertise
- Monitoring/oversight of outcomes – are they better?
- FCA reporting/data requests?

Providing Targeted Support

- Costs
- Customer complaints – outcome is not as expected
- Customers being aligned to a segment that is not appropriate
- Customers fail to understand difference between TS and advice
- Adviser relationships
- Not providing TS across all scenarios e.g. investment
- Responsibility for outcome of ready-made solution e.g. investment suggestion
- Level of data collected (too much gives impression of advice, too little may mean aligned to an inappropriate segment & ICO data minimisation)



Not Providing Targeted Support

- Out of step with the rest of the market
- Loss of customers to a provider that offers TS
- Complaints/Consumer Duty - firm didn't act
- Expectation of business partners e.g. DFMs, platforms

WHAT ARE THE UNKNOWNNS?

- How it will fit into the regulatory framework – new regulated activity, sub-permission within current advising on investments activity or allowing firms with certain permissions to carry out targeted support (Treasury decision)
- Customer interest/engagement
- Ability for SIPP provider to offer – Q34 of CP24/27
- Whether TS must be provided for all scenarios i.e. can a provider elect not to provide TS for investment decisions?
- Costs to provide
- CP24/27 - general parameters around the definition of consumer segments
- How other firms will approach it

WHY WILL FIRMS OFFER THIS?

- Customer retention *“stick with us as we’ve a wide range of tools and support to make your pension saving easy”*
- Monetised solutions? *Will firms offer TS for free or will they charge for it?*
- Feeds into the app-based pension proposition and potentially younger audiences?
- Can be promoted as a one-stop pension solution *“come to us and not only will we supply you with a super-cheap and easy pension plan, we will also provide you with support to make the really important pension decisions in life”*
- Targeted support could equal higher contributions = higher AuA = higher fund-based revenue

However, how many of these will be applicable to your pension proposition?

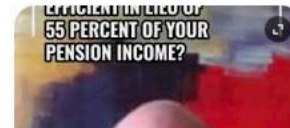
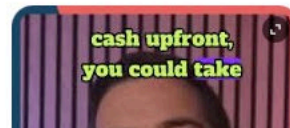
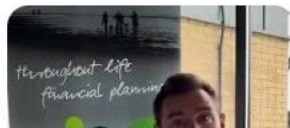
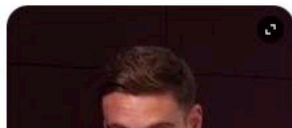
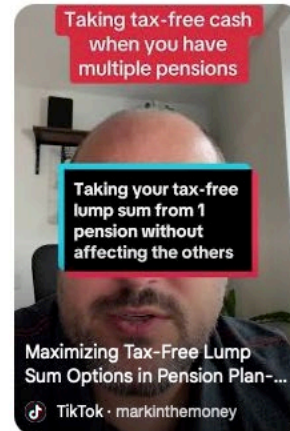
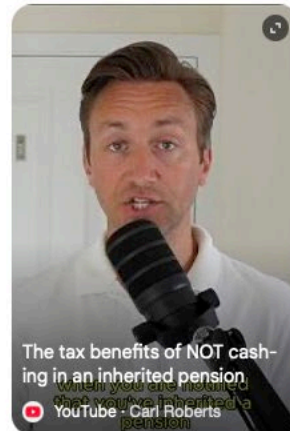
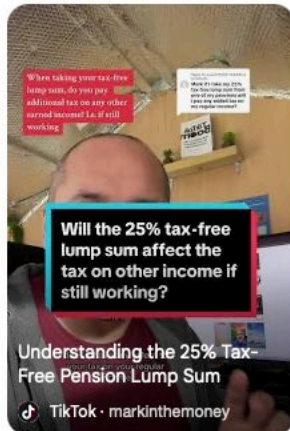
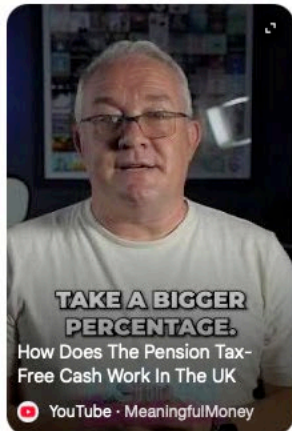
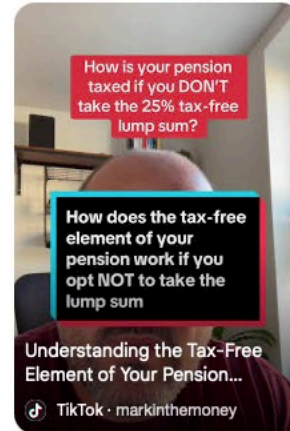
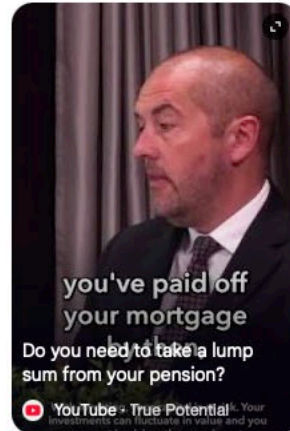
- ***SIPP – is it needed for smaller bespoke firms?***
- ***SSAS – ?***

should i take my tax free lump sum from my pension



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Tools



how much should a 35 year old pay into a uk pension

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◆ AI Overview

For a 35-year-old in the UK, a good rule of thumb is to contribute around 12.5% of their salary to their pension, including employer contributions. Some advisors suggest aiming for a pension pot that's ten times your average working-life salary by retirement. Additionally, halving your age (e.g., 17.5% for a 35-year-old) can also provide a rough guideline for the percentage of your salary to contribute. ⓘ

Here's a more detailed breakdown:

General Recommendations:

12.5% of salary:

This is a common recommendation for a healthy retirement nest egg, especially if your employer contributes as well. ⓘ

10 times your average salary:

Advisors suggest aiming for a pension pot that's ten times your average working-life salary by retirement. ⓘ

Halving your age:

Another approach is to divide your age by two to determine a percentage of your salary to contribute. ⓘ

Factors to Consider:

THANK YOU & QUESTIONS



Due diligence in the SIPP market – a Provider's perspective

AMPS Conference
13 May 2025

Stephen McPhillips, BA, FPMI,
Technical Sales Director

Learning objectives.

- > Explain what is currently shaping SIPP due diligence considerations
- > Outline due diligence considerations which adviser firms might apply when selecting a SIPP provider
- > List a range of due diligence considerations which a SIPP/SSAS operator might apply in its asset acceptance process

Agenda.

- > SIPP providers – some recent history
- > Due diligence - by SIPP providers
- > Due diligence – on SIPP providers
- > How might clients be affected by provider failures?

Poll question.

Do you think there is adequate due diligence conducted across the SIPP/SSAS industry?

- A. Yes
- B. No
- C. Unsure



FCA DP24/3.



Discussion Paper DP24/3**

Pensions: Adapting our requirements
for a changing market

December 2024

Chapter 5

Self-Invested Personal Pensions (SIPPs)

Introduction and background

Self-Invested Personal Pensions (SIPPs) were introduced through the Finance Act in 1989. They are a type of personal pension scheme that gives individual investors greater control and choice over where their pension money is invested. SIPPs typically offer much wider investment options, including listed and unlisted securities, commercial property, and unregulated investments. This distinguishes SIPPs from other types of personal pensions.

DP 24/3.

“5.4 Historically, SIPP's have also been targeted as vehicles for scams and fraud by bad actors.

SIPP operators had sometimes accepted new business or investments without adequate due diligence, which has created significant redress liabilities.

These liabilities have contributed to 15 SIPP operator insolvencies since 2018, with others coming close to failure. In many cases these issues have caused, or have significantly increased the risk of harm to consumers through loss of value in their pension wealth.”

DP 24/3.

“5.6 In this paper, we explore 3 themes relating to concerns where firms:

- are not specifying a detailed enough target market for their products
- are not undertaking adequate due diligence, leading to problematic assets being held within the pension scheme; and
- do not have robust controls over pension scheme money and assets”

DP 24/3.

“Ensuring adequate due diligence

5.19 There have been recurring instances of consumer harm from firms accepting inappropriate assets into their schemes without performing adequate due diligence, on both the investments and introducers of new business.”

DP 24/3.

“5.22 These duties come from our high-level requirements, including:

- Our Principles for Business:
 - > – Principle 2: requires all firms to conduct their business with due skill, care, and diligence.
 - > – Principle 6 and 12:

From 31 July 2023 for open products and from 31 July 2024 for closed products, Principle 6 was replaced by Principle 12 and the Consumer Duty for retail market business.

- > Principle 12 requires firms, including SIPP operators, to act to deliver good outcomes for retail customers. Where it applies, the Consumer Duty sets relevant obligations on SIPP operators. This includes the requirement to act in good faith towards retail customers, to avoid causing them foreseeable harm, and to enable and support them to pursue their financial objectives. To comply with these requirements, we would expect SIPP operators to conduct adequate due diligence of the investments they accept into the scheme.
- COBS 2.1.1R: a firm must act honestly, fairly and professionally in accordance with the best interests of its clients.”

DP 24/3.

“5.26 Where SIPP operators do not conduct adequate due diligence, this can lead to consumers being at risk of harms, including:

- Consumers suffering losses when assets become impaired.
- Unexpected tax charges for members if the investment is taxable or results in an unauthorised payment.
- Consumers not receiving fair redress for due diligence failings, or not receiving it in a timely manner. “

DP 24/3.

Discussion prompt

We invite views from stakeholders on whether they agree that we should set out in detailed rules the due diligence obligations on SIPP operators, as set out above.

We also welcome views on what we should we consider when detailing due diligence requirements in rules generally and what we should consider in terms of how SIPP operators currently implement existing due diligence processes.

Question 4: What are your views on setting out the due diligence obligations that already apply to SIPP operators in more detailed Handbook rules?

SIPP provider – due diligence considerations.

A starting point...



Some types of permitted investment - SIPP.

- > Funds and listed equities (UK / overseas recognised exchanges)
- > Deposit accounts
- > Commercial property / property syndicates
- > Investment grade gold bullion
- > Unquoted equities
- > Secured commercial loans to UK companies

Some types of permitted investment – SIPP.

> And many more...

Permitted assets.

A principal feature of our self invested pension plans is the flexibility they provide when it comes to investment options.



An extensive range of opportunities is listed in our Permitted assets document.

Download your copy here: [Dentons Permitted Assets](#)

Permitted assets

Dentons consider the following assets to fall under this category:

Funds and equities

- > Stocks and shares listed or dealt on any HM Revenue and Customs (HMRC) recognised stock exchange, including:
 - > Equities
 - > Fixed interest securities issued by government or other entities
 - > Debenture stock and other loan stock
 - > Permanent interest bearing shares
 - > Convertible securities
 - > Alternative Investment Market (AIM)*
 - > Equities traded on a recognised overseas stock exchange
 - > Offshore funds recognised by the Financial Conduct Authority (FCA)
 - > Trustee investment bonds
 - > Authorised unit trusts that do not hold residential property
 - > Shares in investment trusts
 - > Authorised open ended investment companies (OEICs).

*Although the AIM market is not regarded as a recognised stock exchange, we treat AIM listed shares as a standard asset and therefore there is no restriction on the amount that can be held. However, before we will accept AIM shares within our schemes, they must be referred to our Technical Manager for approval.

Deposit accounts

- > Deposit accounts with any UK authorised financial institution.

Can the proposed investment proceed?

Where next?



Provider selection - some considerations.

- > **Is provider capable / competent?**
- > experienced in handling complex investments?
- > local business development support?
- > willing to conduct necessary due diligence?
- > fee-free?
- > complaints history / pipeline?
- > **Does its permitted assets list allow the investment?**
- > and does it outline unacceptable assets?
- > **Does it have a robust process to follow?**
- > specific investment questionnaires for a range of investments?
- > Investment Committee (senior staff) to review non-standard investments?

Provider selection - some considerations.

- > **What should provider be looking for in its due diligence?**
- > presence / risk of “taxable property”
- > income producing?
- > complexity of investment / ability to obtain valuations
- > potential liquidity (e.g. to pay death benefits)
- > risk of unauthorised payments (member / employer)
- > underlying reason for investment
- > future marketability
- > size of fund / investment amount v charges
- > pre-existing concentration of proposed investment
- > overall commerciality of proposal

Provider inv. declines might include....

- DFM too small / no track record ?
- DFM loss-making ?
- Inv return too low ?
- Non-pension motive ?
- Taxable property issues ?
- Inv too complex in structure ?



SIPP provider due diligence considerations.

- > Implications for advisers and paraplanners -
 - > Be aware of the evolving case law affecting SIPPs and SIPP providers
 - > Carefully consider which SIPP providers to recommend to clients – avoid foreseeable harm
 - > Understand the SIPP provider's previous and current business model, including –
 - > where its business comes from
 - > types of non-standard investments across its book
 - > amounts and concentration of investments across its book
 - > where its profit is derived from
 - > its capital adequacy position
 - > its investment due diligence processes

How might clients be affected by a failure?

- > In the short term:
 - > there might be no noticeable impact on clients.
- > Longer term, impacts may become far more noticeable:
 - > new provider's staff dealing with the failed provider's former clients?
 - > poor service levels?
 - > poor understanding of the client's requirements?
 - > prolonged delays in obtaining information?
 - > administration errors?
 - > change of charging structure?
- > (none of which the adviser firm had recommended initially and none of which the client wanted to experience.)

Learning objectives.

- > Explain what is currently shaping SIPP due diligence considerations
- > Outline due diligence considerations which adviser firms might apply when selecting a SIPP provider
- > List a range of due diligence considerations which a SIPP/SSAS operator might apply in its asset acceptance process

Any questions?



Twelve time 5-star winner and Readers' Choice Award 2024.
FT Adviser Financial Adviser Service Awards.

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Pensions Dashboards Programme

Chris Curry, Principal

13 May 2025

Industry participant connection: progress update

- PDP has been working closely with around 20 'industry participants'
- These participants comprise pension providers and schemes, third party administrators and integrated service providers (ISPs)
- All participants have begun connecting to the pensions dashboards ecosystem
- 4 participants have passed the final stage and completed full connection
- PDP has been refining the connection process based on feedback



Wider industry connection – deadline and guidance



Legislative connection
deadline for providers and
schemes in scope:

31 October 2026



Guidance complements the
deadline, specifying when
schemes should connect



Phased approach to
connection is intended to
help support stable and
timely onboarding



Trustees will be expected to
demonstrate how they have
had regard to the guidance

MoneyHelper dashboard and private sector dashboards

- The Minister for Pensions has confirmed the government's commitment to delivering pensions dashboards
- The state-provided MoneyHelper dashboard will be made publicly available before private sector dashboards launch
- Better insights into consumer behaviour and ensure greater confidence in operational delivery, security and consumer protection
- PDP is working closely with potential dashboard providers, DWP and the regulators on a pathway for dashboard development and implementation



Consumer testing

User research has already informed design and development

Working with industry partners to develop plans

Consumer testing of live service with real individuals

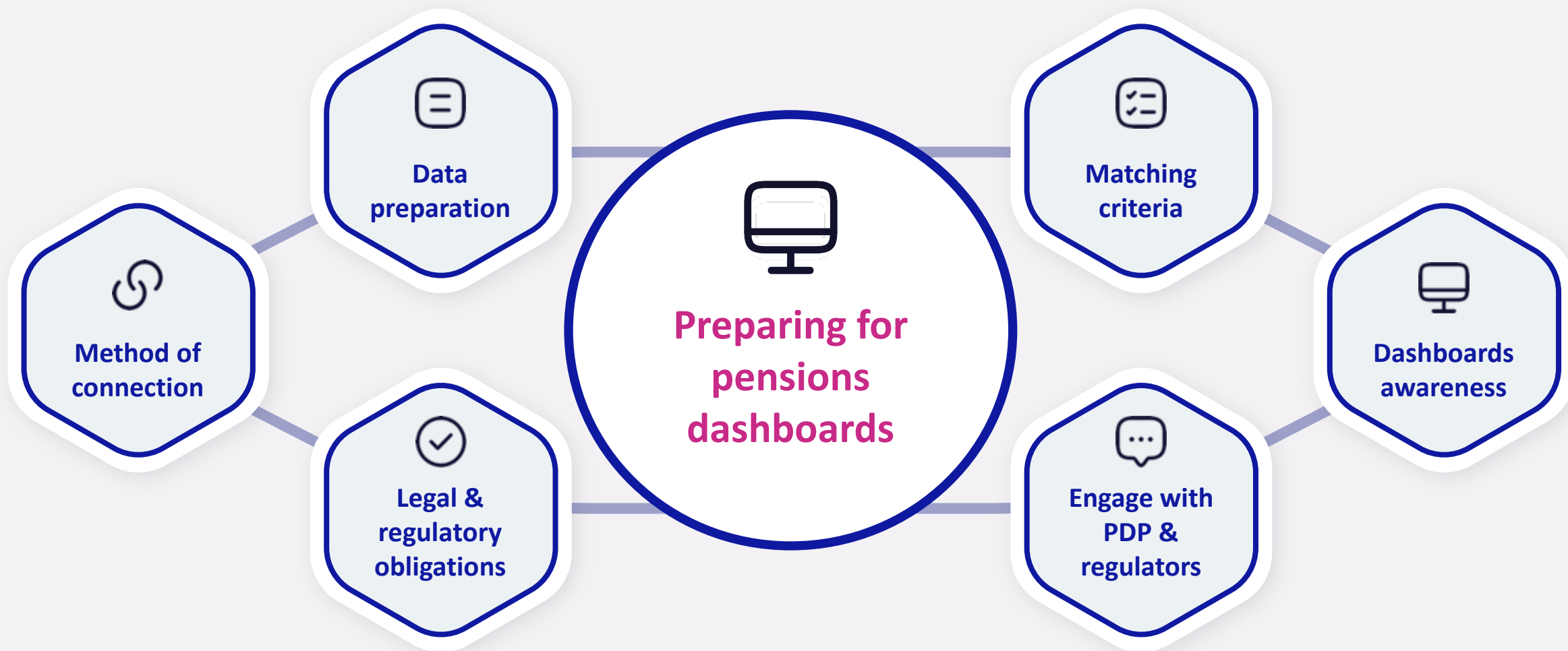
MaPS leading on user testing of the live service

Ensure positive, safe user experience that meets users' needs

Inform the decision for making the dashboard publicly available

What you can be doing

Pensions dashboards will enable individuals to access their pensions information online, securely and all in one place.



Thank you

Money and Pensions Service, Borough Hall,
Cauldwell Street, Bedford MK42 9AP

Email: supportpdp@maps.org.uk

Web: pensionsdashboardsprogramme.org.uk



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TEA/COFFEE BREAK

**PLEASE MAKE YOUR WAY TO THE MAXWELL
LIBRARY ONE FLOOR DOWN**



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FINANCIAL SYSTEMS



AMPS ANNUAL CONFERENCE - 13 MAY 2025

CANCELLATION RIGHTS, HMRC AND THE FCA

Samina Kausar of Seccl &
Jon Cuin of Barnett Waddingham



DISCLAIMERS...

...we're still waiting for HMRC updates

Can't give you insight into what happens next.

We can cover:

- Why are we here?
- The underlying issues
- The risks/consequences of a decision from HMRC

Important note: Neither Sam nor Jon are pension lawyers!

WHY ARE WE HERE?

Autumn Statement 2024

- Concern over withdrawal before budget or risk reduction to tax-free cash entitlement
- Press coverage promoting use of cancellation to avoid perceived PCLS trap
- Attracted HMRC attention
- Highlighted a material gap between Conduct of Business Sourcebook and Finance Act 2004.

THE BACKGROUND

HMRC

- No content in Finance Act 2004 allowing for cancellation of tax-free lump sums.
- Doesn't say you can't cancel a tax-free lump sum... ...but doesn't say you can.
- Drawdown designation
- What about UFPLS?

THE BACKGROUND

Financial Services Authority (FSA)

COBS 6.7.3G (5) as introduced in 2001/2002

*The cancellation substitution is available as it is very difficult for post-sale cancellation to work effectively in the case of pension transfers, because of the difficulty of **putting the customer back in his original position.***

Financial Conduct Authority

- COBS 15.2.1 R
 - A contract to join a pension scheme
 - A contract for a pension transfer
 - A contract to vary an existing pension by exercising, for the first time, an option to make income withdrawals
- COBS 15.2.2 G
 - A firm may provide longer or additional cancellation rights voluntarily...
- No mention of tax-free lump sums

THE CONSEQUENCES

Why do HMRC care?

- Is a loophole being abused by members?
- Is there a tax advantage?
 - Allows deferring benefits
 - Future growth capped by LSA/LSDBA limits
 - Future contributions?
- MPAA/Small Lump Sums - Creating money out of the tax system?

Why should the FCA care?

- Do cancellation rights work without option to return PCLS
 - Need 'Pension Commencement' to prevent 'Lump Sum' becoming unauthorised payment.
- Customer options for 'pension commencement' within 6 months
 - Buy an annuity
 - Designate/Transfer for drawdown
 - No UFPLS
- How will the FCA feel about 'if you cancel, you may incur unauthorised payment charges'

WHAT ARE THE PROBLEMS

What should customers expect

- Clarity over their rights
- Consistency across the industry
 - Cancellation allowed?
 - Cancellation not allowed?
 - Role of cancellation substitution?
- Consumer Duty and behavioural considerations on cancellation substitution?

WHAT ARE THE PROBLEMS

The provider conundrum

- What constitutes a variation to a contract
 - Signing up to new or additional terms for drawdown - clear
 - If section of T&C will apply if x, y or z occurs – less clear
- COBS15.2.2G: if no contract (or variation) will HMRC recognise cancellation rights?
- If no contractual variation, will providers withdraw cancellation rights giving worse customer protections
- What do systems support?
- Are rules different for FCA and non-FCA regulated schemes?

WHAT ARE THE PROBLEMS

Retrospective risks

Contributions

- If returned PCLS treated as a contribution:
 - Annual Allowance Excess?
 - RAS?
 - Excess contribution?
 - Recycling?
- UFPLS as well as PCLS?
 - MPAA trigger event?
 - Returned PCLS – likely exceeds MPAA
 - Subsequent contributions?

Subsequent benefits?

- LTA / LSA / LSDBA – use still stands
 - Subsequent benefits under same scheme
 - Transfer after cancellation?
 - 6-month window for ‘pension commencement’

The latest position from Committee engagement

- HMRC

- Have discussed with industry and trade bodies
- Seeking to understand if widespread abuse
- Finalising position – line in the sand or retrospective fix
- Committee continues to push for updates

- FCA

- FCA policy team have been in discussion with HMRC. We understand those discussions have ended
- FCA say COBS cancellation rights can't over-ride tax legislation / Finance Act 2004
- Standing agenda item on regular meeting between FCA and AMPS Committee members

QUESTIONS

...and answers?

THANK YOU & DISCLAIMER

The information given in this presentation is based upon the presenters' understanding of legislation and regulation. It does not constitute legal advice.

Neither the presenters, the presenters' employers, nor the Association of Member-Directed Pension Schemes (AMPS) accept responsibility for any disadvantage arising from action taken or not taken as a consequence of this presentation.



PSAG

Pension Scams Action Group

AMPS annual conference

Julian Deans, Intelligence Manager
Kathie Musto, Industry Liaison Lead

13 May 2025

The pension fraud landscape

Pension fraud devastates lives

- In 2024, Action Fraud received 25,843 reports related to investment fraud, with victims collectively losing **£649,062,146**
- Pension fraud totalled £17.7 million, an average of **£47,000 per victim**
- Victims tend to be older and therefore unable to recoup losses
- Fraud is often not discovered until years after the event, leaving victims reluctant to report
- See Pauline Padden's story on our website which encapsulates this common scenario

Under reporting means the true scale of the problem is unclear

- Is this the tip of the iceberg? - industry estimates the true scale of pension fraud is significantly higher
- We are working to develop a greater understanding of the scale and nature of the problem
- We need your help - industry need to report their suspicions and concerns to Action Fraud

Evolving methodologies

Pension funds remain vulnerable

- The threat to pension savings from scams and investment fraud is **complex and ever evolving**
- Schemes must conduct **specific checks** before complying with a member's transfer request
- Evolving methodologies mean **pension funds are vulnerable** to other scam techniques and risks
- There are specific issues within the **small self-administered scheme (SSAS)** sector

Exploiting the digital landscape

We're seeing increased use of

- Social media and digital marketing
- Fraudulent and cloned websites
- Pension consolidation apps
- AI

To

- Harvest data for identity theft to fraudulently access pension funds
- Offer pension liberation schemes
- Create other lead generation opportunities



Our strategic response

- We aim to protect savers from scams and fight fraud through **prevention, disruption and punishment** of criminals. Our approach is to:

Understand the problem

Develop and maintain a **national intelligence picture** of pension fraud to fully understand the scale and nature of the threat and enable an agile response to its ever-changing nature

Prevent

Raise public awareness and ensure that victims are appropriately supported by directing and amplifying consumer-facing comms to maximise reach, delivering consistent messages

Protect

Direct and support action and innovation within the **pensions industry** to develop effective and coordinated measures to detect, prevent and protect savers from pension fraud

Disrupt

Drive effective **disrupt and pursue activity**, working with law enforcement partners to utilise their intervention approaches, enhance our capabilities and deliver good outcomes

Our strategic approach – prevent

Recent achievements

Victim case study

- Real-life case study highlighted the devastating impact of pension fraud

EastEnders

- Collaboration with the BBC on EastEnders storyline, with 3.5m viewers witnessing Jean becoming the victim of a pension scam

Stop! Think Fraud

- We support the Home Office led national fraud awareness campaign



Next steps

Industry awareness

- Recent webinar available to watch again
- Autumn reporting campaign alongside new reporting system
- 5th anniversary of the pledge to combat pension scams

Public awareness

- Supporting and amplifying the Stop! Think Fraud and other related campaigns

Our strategic approach – protect

Recent achievements

Pledge to combat pension scams

- Schemes and administrators commit to protect savers by taking key scam prevention measures
- Over 700 schemes and administrators have pledged to date

Next steps

Innovation

- Industry reporting is crucial to inform the intelligence picture and ongoing threat assessment
- We want to work in partnership with industry to support innovation in fraud detection and prevention
- We will share emerging trends and new operating models via industry alerts

Our strategic approach – disrupt

Recent achievements

Website disruption

- We are routinely detecting and reviewing scam websites
- 830 websites reviewed to date, with 29 high-risk sites taken down and 94 referrals to our partner agencies

Interventions

- We are progressing existing cases, working with our partners to maximise our impact

Next steps

Identifying further opportunities

- We are developing further cost effective disruption and intervention tactics internally and with our partners

Partnership working

- Partnership working is crucial to the successful delivery of our strategy and objectives
- We lead the **Pension Scams Action Group (PSAG)**, a multi-agency taskforce to coordinate and target our prevention, protection and disruption activities:
 - Understanding the problem
 - Legislative response
 - Operational response
 - Industry response
 - Saver awareness and support
- TPR intelligence experts at **City of London Police** and **NECC** are enabling improved intelligence sharing and identifying further disruption opportunities



NECC-led SSAS cell

Quilter



wtw



HARGREAVES
LANDSDOWN



SSAS cell findings and next steps

Workstream 1: regulation of SSASs

- Lower regulatory requirements for SSASs can be exploited by fraudsters
- Need to raise standards and drive out bad actors

- Explore options for legislative change or industry-led voluntary measures
- Liaise with HMRC on data and other issues
- Working with the SSAS sector

Workstream 2: types of SSAS transfer

- Need to differentiate between fraud and liberation, and close current loopholes

- Improved horizon scanning and understanding of the fraud landscape will help inform our ongoing operational response

Workstream 3: SSAS routes to market

- Increased use of social media and digital advertising
- Need for consumer education and website disruption

- Explore options to develop bespoke SSAS guidance
- Coordinate comms and disruption efforts across agencies
- Industry alerts

Summary

- Pension fraud results in significant losses to individuals, with a devastating impact on their lives
- The true scale of the problem is unknown due to under-reporting, while fraudsters' tactics are ever-evolving
- Our strategic response is to
 - **Prevent** - by raising public awareness
 - **Protect** - by working with industry to reduce the risk
 - **Disrupt** - by working with our operational partners
- We lead, PSAG, the **multi-agency taskforce** to coordinate and target our prevention, protection and disruption activities
- There are **specific scam risks within the SSAS sector** and we'd welcome your ongoing support in addressing that

Opportunities to work together

- What are your and your clients' experiences of pension scams?
- Can you help raise awareness about the warning signs of a scam?
- How can we work together to detect, prevent and disrupt SSAS scams?

➤ Please get in touch: katharine.musto@tpr.gov.uk



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FINANCIAL SYSTEMS



HMRC - Pension Scheme Return

A Walk Through Of The New Process

Toni Clark & Josh Humphreys



Cryptocurrency

Simeon Willis

May 2025

What we are covering today

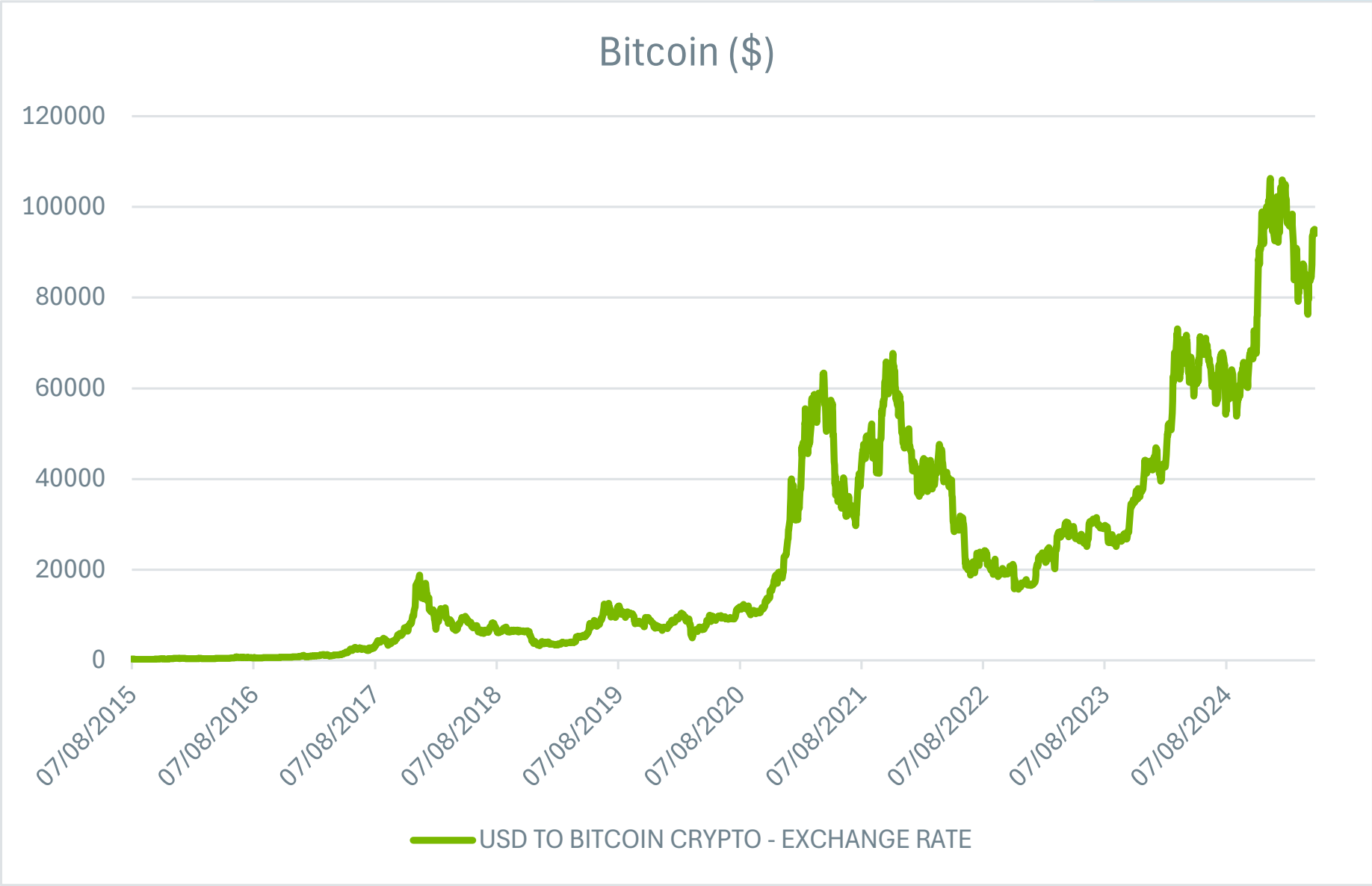
What is crypto and how it works

Crypto as a currency and an investment

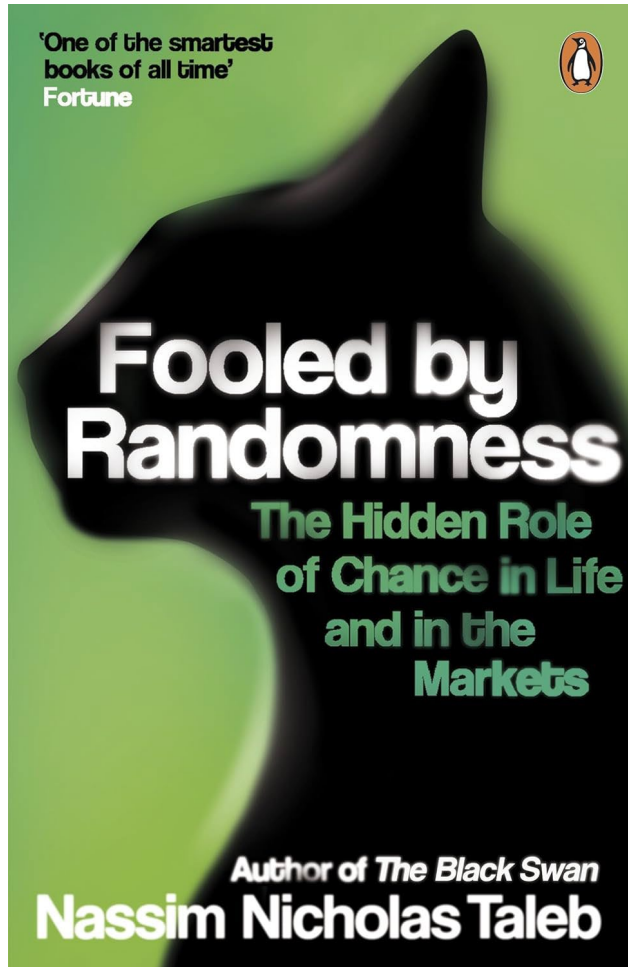
Risks and considerations

What the future might hold

Bitcoin performance



Don't be fooled by randomness



Over 25,000 cryptocurrencies

40 over \$1bn

What is crypto?

Cryptocurrency

Bitcoin, Ether, Ripple



Stable coins

Tether, USD Coin, Binance USD



Digital currency

Central Bank Digital Currencies (CBDCs)



Other digital assets

Non-Fungible Tokens (NFTs)



Blockchain

What it IS

Technology – Backbone of cryptocurrencies ✓

Mining/Validation – Secure and sustainable process ✓

Open ledger – Visible and transparent ✓

What it's NOT

Foolproof against fraud ✗

Without bugs ✗

Fully efficient ✗

Fully secure ✗



Blockchain is a useful and advanced technology

It forms the backbone of cryptocurrencies and with lots of applications..

...but it's not perfect

Consensus mechanisms



Consensus mechanism is the process by which blockchain networks validate transactions and secure the system without needing a central authority

Approach	
Proof Of Work	<ul style="list-style-type: none">• Miners - Solve complex mathematical problems• E.g. Bitcoin
Proof Of Stake	<ul style="list-style-type: none">• Validators - Stake their own cryptocurrency to confirm transactions• E.g. Ethereum
Proof Of History	<ul style="list-style-type: none">• Decentralized clock - Timestamps transactions before they are added to the blockchain.• E.g. Solana
Other approaches	

What makes a good currency?

Features	£	\$	BTC
Uniform	✓	✓	✓
Widely accepted	✓	✓	?
Divisible	✓	✓	✓
Secure	✓	✓	?
Scarce	✓	✓	✓

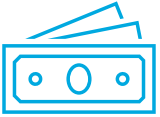
Compared to conventional currencies, bitcoin:

- Lacks widespread acceptance
- Not foolproof against frauds
- Operates in a crowded marketplace, challenging its dominance and user retention

What makes a good investment?



Store of value



Source of interest



Source of expected capital growth



Risk hedge or diversifier

What makes a good investment?

	Equities	Gilts	BTC
 Store of value	✓	✓	?
 Source of interest	✓	✓	x
 Source of expected capital growth	✓	✓	?
 Risk hedge or diversifier	✓	✓	x

Tokenization - Applications



Tokenization involves direct digital representation:
Converting real-world assets or data into digital tokens

Application	
Non-Fungible Tokens	<ul style="list-style-type: none">• Art & Collectibles• Gaming & Virtual Goods• Music & Media
Financial & Investment Products	<ul style="list-style-type: none">• Fractional Ownership• Stablecoins & Cryptocurrencies• Decentralized Finance (DeFi)
Supply chain & Logistics	<ul style="list-style-type: none">• Tracking & Authentication• Smart Contracts
Identity & Security	<ul style="list-style-type: none">• Personal Data Protection• Digital Identity

Applications of crypto for institutional investors



Alternative to traditional asset



Enhanced cross-border transactions - **Digital Central Bank Currency** transactions offer reduced settlement times



Liquidity - **24/7 trading** and **fractional ownership**



Low transaction costs and efficiency - **bypass traditional banking intermediaries**



Automation - utilize **smart contracts**

Risks

Fraud

- Ponzi Schemes
- Rug Pulls
- Phishing Attacks

Price volatility

- Sudden Swings
- Market Manipulation
- Lack of Regulation

Losing private keys

- Irrecoverable Funds
- No Customer Support
- Hardware Damage

Criminal activity

- Money Laundering
- Dark Web Transactions
- Ransomware Attacks

Environmental concerns

- High Energy Consumption
- Carbon Footprint

'This battle is my 9 to 5 - I won't stop until I have my £620m of Bitcoin back'



Source: BBC



High profile failures of crypto

Mt Gox

- Collapse of exchange
- Loss of 850,000 bitcoins valued at approximately \$450 million at the time.



FTX

- Exchange filed for bankruptcy
- Domino effect



The Missing Crypto Queen

- Ponzi scheme
- Defrauded investors of billions of dollars



BitConnect

- Ponzi scheme.
- Investors lost up to an estimated \$2.6 billion.



The future

Tokenisation

- Traditional assets accessed digitally

Central bank digital currencies

- Not the same as cryptocurrencies
- Scope to be more efficient

Bitcoin loan market

- Lending

Greater regulation

- FCA to ban borrowing to invest in crypto



Summary

- The **blockchain** is a revolutionary technology
- Bitcoin **does not yet make a good currency**
- Even less so **a suitable investment**
- But digital investment has scope to **revolutionise how we invest**

The last word

“there is a very high risk that you could lose all your money”.



Nikhil Rathi, Chief Executive Officer, FCA



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Chief Investment Officer

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CRYPTOCURRENCY AND BITCOIN IN PENSIONS

AMPS Conference

JADE MURRAY

13 MAY 2025

INTRODUCTION

- Very quick overview of:
 - some key legal investment considerations
 - some potential legal risk mitigants

Not a comprehensive list
– there is LOTS to think about including duties beyond pure investment (safe custody, taxation, AML etc)

Uncertain legal territory

Inform risk appetites. Do you want to be a pioneer?!



KEY LEGAL INVESTMENT QUESTIONS

1

Are the scheme's investment powers wide enough?

2

Is cryptocurrency an investment?

3

Is investing in cryptocurrency “prudent” or “hazardous”

4

Consistent with duty to invest with reasonable skill and care?

5

Suitability and modern portfolio theory

6

Is it in members' best financial interests?

ARE THE INVESTMENT POWERS WIDE ENOUGH?

REQUIREMENT

Is the TD&R investment power wide enough to permit digital property?

ISSUE

Pension trustees have wide statutory powers to invest but these are subject to any limitations in TD&Rs

Self-investment scheme powers are usually (but not always) wide.

SSASs: s.34(1) Pensions Act 1995

SIPPs: s.3(1) & (6) Trustee Act 2000

COMMENT

Historically even wide investment powers have sometimes been construed narrowly by the courts.

However, the expectation now is that a power to invest "as the trustees think fit" or "as if they were absolute owner" of the assets, should allow anything which can properly be called an investment (subject to any express TDR restrictions).

It's still safer if the investment power expressly permits digital property – and ideally from the establishment of the scheme.

But this could still depend on whether BTC / crypto is deemed lawful and prudent.

IS CRYPTO AN “INVESTMENT”?

REQUIREMENT

Is it an "investment"?



ISSUE

Trustees must invest trust monies in "investments".

Bishop of Oxford v the Church Commissioners [1993] 2 All ER 300

Investing is to be distinguished from trading (which requires a power to carry on a business) – see HMRC "badges of trade"

[Clarke \(Inspector of Taxes\) v British Telecom Pension Scheme Trustees \[2000\] S.T.C. 222, CA](#) (the sub-underwriting case)

COMMENT

Older case law defined investments as assets that generated interest or income, rather than capital appreciation. Later cases recognised that investments can include things that will create capital appreciation.

Some residual doubt over some types of non-income producing assets eg commodities, works of art, gold bullion. Hence why it is still common trust drafting practice to expressly allow non-income producing assets to be held as investments.

Older cases likely to be re-assessed against modern investment practices and regulatory direction of travel.

Does proposed FCA regulation and governments' holdings of BTC make this a slam dunk?

Suspect it depends on the digital asset in question eg some argue that BTC is different from non BTC crypto – which is different from stablecoins – which is different from NFTs etc.

Could have some interesting arguments about relative characteristics and risk and reward profiles.

IS IT PRUDENT OR HAZARDOUS?

REQUIREMENT

is it prudent? Or is it hazardous?

ISSUE

Trustees must invest prudently - Re Whitely (1886)

Trustees must not make "hazardous" investments - [Leroyd v Whiteley](#) (on appeal from [Re Whiteley](#) (1887) 12 App. Cas. 727 at 733

[Stewart v Sanderson](#) (1870) L.R. 10 Eq. 26 A wide power to invest in such stocks, funds or shares as the trustees in their absolute discretion thought fit was held not to authorise them to invest in preference railway stock yielding an unusually high rate of interest, the value of which was liable to fall considerably over time.
[Jones v AMP Perpetual Trustee Company NZ Ltd](#) [1994] 1 N.Z.L.R. 690, NZ HC

[Australian Securities Commission v AS Nominees Ltd](#) [1996] Pens. L.R. 297, Aus FC

[Bartlett v Barclays Bank Trust Co. Ltd](#) [1980] Ch. 515 (company whose shares were an authorised investment embarked on a speculative property development), see at 532, per Brightman J. "a gamble ... a hazardous speculation".

COMMENT

"Trustees have legal obligations to assume a risk profile for the funds under their custodianship which is lower than they might adopt personally or for non-pension fund trusts" [Pension Fund Investment Law, R Ellison at 12.2]"

In other words, trustees must take less risk with pension investments than they would as individuals or even with some non-pension trusts.

Prudence is king. Acting honestly and in good faith is not prudence or reasonableness.

Blind reliance or "turning a blind eye" is not prudence.

Trustees must not invest in anything "hazardous" ie that is "speculative or a gamble".

"Businessmen of ordinary prudence may and frequently do select investments which are more or less of a speculative character, but it is the duty of a trustee to...avoid all investments of that class which are attended with hazard".

BUT – what is prudent has to be assessed at the time of investment in light of the current custom of prudent or reasonably careful people. Investments that were considered hazardous in older case law would now be considered normal and uncontroversial.

Are the characteristics, and risks and rewards, of digital assets nearer to speculation and gambling than they are to investing? If they are, then trustees have no business putting them in a trust, \$64MIL QUESTION! Untested.

Does it come down to how easy it is to lose value, and how big the loss of value could be?

Does it come down to the competing expert evidence on the day? Probably both?

DUTY OF SKILL AND CARE

REQUIREMENT

Duty of skill and care

ISSUE

Has the trustee acted with reasonable skill and care when choosing / reviewing investments?

SSASs: equitable duty

SIPPs: ss.1&2 Trustee Act 2000
general statutory duty to take reasonable skill and care – but can be excluded

Higher duty of care on professional trustees

Nestle v National Westminster Bank [2002] 01 PBLR

Jones v AMP [1995] 07 PBLR

Bartlett v Barclays Bank Trust Co Ltd [1980] 1 All ER 139)

COMMENT

Relatively little case law.

Older cases cut trustees a lot of slack. More modern cases (and TPO and TPR) demonstrate that higher conduct standards are expected (see my previous talk to AMPS on SSAS Investment Duties)

A trustee is not automatically negligent for an error of judgement and should not be judged with the benefit of hindsight.

Will be very fact specific and likely to be influenced by the degree to which other duties are considered satisfied.

TPO – 18157 Mrs R (SSAS / bitcoin) – fraud!

SUITABILITY AND MODERN PORTFOLIO THEORY

REQUIREMENT

Suitability and modern portfolio theory

ISSUE

Trustees must have regard to the suitability of the proposed investment

It must be "suitable" for pension scheme investment both as a digital asset, and as a specific example of a digital asset.

SSASs: S.36(2) Pensions Act 1995

SIPPs: s.4(3) Trustee Act 2000

Bishop of Oxford v the Church Commissioners [1993] 2 All ER 300

Nestle v National Westminster Bank [2000] WTLR 795 at 802

Trustees of the British Museum v A.G. [1984] 1 WLR 418

COMMENT

“

Suitability is an uncertain science; over time what has been considered suitable either for pension funds or for pension funds in relation to their liabilities, has changed, and even at a particular time there can be widely different views as to what is appropriate for a pension scheme portfolio with particular liabilities

[Pension Fund Investment Law, Robin Ellison](#)

“

Trustees are to be judged by the standards of current portfolio theory which emphasises the risk level of the entire portfolio rather than the risk attaching to each investment in isolation. Thus, an investment which in isolation is too risky may be justified when held in conjunction with other investments.

Starting presumption is that investments should be made solely on the basis of well-established investment criteria having taken expert advice and having due regard to the need to diversify, the need to balance income against capital growth, and the need to balance risk against return.

Based on the economic and financial conditions of the time.

What is the position where investment consultants and managers fundamentally disagree over the appropriateness of digital assets as an appropriate pension scheme investment? (Which they do)

ANS – it makes crypto much higher risk.

Expert investment evidence will be critical, and liability could hinge on which expert a court prefers.

Volatility? Long term store of value? 95% of bitcoin has been mined already. What will prop up value?

BEST FINANCIAL INTERESTS OF THE BENEFICIARIES

REQUIREMENT	ISSUE	COMMENT
Best financial interests?	<p>Is it in the best financial interests of the current and future beneficiaries of the trust (acting impartially as between different types of beneficiary)?</p> <p>Cowan v Scargill [1985] Ch 270</p> <p>Martin v City of Edinburgh District Council [1989] PLR 9 at 33</p>	<p>Investment must be undertaken so as to yield the best financial return judged in relation to the risks.</p> <p>The duty isn't to invest in the most profitable thing possible. Diversification and risk are also part of this. Both income and capital growth should be considered.</p> <p>Trustees must specifically apply their minds to this question taking account of appropriate professional advice.</p> <p>So "potential upside" does not trump "downside risks". If you can easily lose all your money, is that too risky and hence not in members' best financial interests?</p>

SOME POSSIBLE LEGAL RISK MITIGANTS

Diversification

Member Direction

Express Permission

Delegation to Fund
Managers

Reliance on Investment
Advice

Exclusions of Liability

Contributory Negligence

Burden of Proof

DIVERSIFICATION

REQUIREMENT

Diversification duty

ISSUE

Trustees / their delegated fund managers must have regard to the need for diversification of investments insofar as appropriate to the circumstances of the trust

SSASs: S.36 Pensions Act 1995

SIPPs: S.4 Trustee Act 2000

Cowan v Scargill

Nestle v National Westminster Bank [2002] 01 PBLR

Gregson v HAE Trustees [2009] 1 All ER (Comm) 457

COMMENT

The duty is to review and to consider diversification of the assets of the trust, not a duty to diversify as such.

Query what is "appropriate to the circumstances of the trust" in a self-invested context?

Again, relatively little case law. Older cases cut trustees a lot of slack but more modern cases (and TPO and TPR) show that higher conduct standards are expected (see my previous talk to AMPS on SSAS Investment Duties).

Proponents of crypto in pensions usually rely on diversification (and the potential upside in values) – ie a small % of the fund in a high-risk investment is OK.

When dealing with **traditional** investments, that's true. It's unclear how far you can take that when dealing with very high-risk investments or "hazardous" things.

Size of fund, costs, level of risk in the digital assets in the context of the rest of the portfolio, all relevant.

MEMBER DIRECTION

REQUIREMENT	ISSUE	COMMENT
Member direction	<p>Can investment duty risks be reduced if the members can direct the trustee to invest in digital property?</p> <p>See eg <i>Re Hart's Will Trusts</i> [1943] 2 All ER 557 (trustee obliged to follow investment direction of life tenant who could direct how the capital of the fund was invested)</p>	<p>Some case law and commentary support for the principle that third parties e.g. beneficiaries can be given power to direct the trustees as to the investment of the fund.</p> <p>But such powers must normally still be exercised in the best financial interests of all the beneficiaries, not just those who are pro crypto.</p> <p>So, query whether the higher the degree of risk that is expressly permitted, the more likely it is that a court / Ombudsman would strive to limit the power to take investment risks in order to protect the interests of all the beneficiaries?</p> <p>But potentially that could transfer the risk to the directing beneficiary unless the professional trustee had a veto.</p> <p>Interaction of member direction with PT / SA veto, and broader risks, needs careful consideration and drafting.</p>

EXPRESS PERMISSION

REQUIREMENT

Express allowance for crypto in your TD&R?

ISSUE

Can you permit "hazardous" / "speculative" investments by expressly allowing them in the TD&R when the scheme is established.

[Nestle v National Westminster Bank plc](#)
[1993] 1 WLR 1260

COMMENT

Some commentators think you can narrow the duties of prudence / reasonable skill and care in this way. But the argument tends to be made where they are advocating for only a small amount of the fund to be invested in this way.

Is this confusing / blurring diversification with prudence? The duty to invest prudently and avoid hazardous things is separate from the duty to consider diversification.

"[The duty to invest prudently] remains applicable however wide, or even unlimited, the scope of the investment clause in a trust instrument may be. Trustees should not be reckless with trust money. But what the prudent man should do at any time depends on the economic and financial conditions of that time ..."

But degree of risk / diversification might still influence this question.

Amend your existing scheme's TD&R to allow it?

Can you permit "hazardous" / "speculative" investments in an existing scheme by amending your scheme's TD&R?

Depends whether this is a proper use of the amendment power ("proper purpose" test).

May depend on whether:

(a) a self-invested scheme's purpose can be viewed differently to a retail pension scheme or workplace scheme?

(b) a court / Ombudsman considers BTC / crypto to be a lawful or prudent investment in the legal sense.

DELEGATION TO AN APPROPRIATE FUND MANAGER?

REQUIREMENT

Delegation to an appropriate fund manager?

ISSUE

SSAS trustees will normally be substantially protected from liability for investment decisions properly delegated to authorised / exempt from authorisation fund managers under s.34(2), (4), (5) & (6) Pensions Act 1995

Trustee Act 2000 s.15 allows SIPP trustees to delegate investment management but only provided certain requirements are met including that the IM is contractually required to invest in line with an agreed investment policy.

COMMENT

Need to consider selection risk and terms risk.

A chosen DFM must be subjectively believed by the trustee to be appropriately qualified on objective reasonable grounds.

Requirement to have taken all such steps as are reasonable to satisfy themselves the fund manager has the appropriate knowledge and experience for managing the scheme's investments (ie including BTC / crypto) + ongoing monitoring duties

How easy is it to find a fund manager that you can have high confidence will meet these tests?

Bespoke terms required for crypto specific risks? But IMA terms generally are very manager biased and can be hard to get commercially adequate protections at the best of times.

RELIANCE ON PROFESSIONAL ADVICE

REQUIREMENT

Reliance on investment / professional advice?

ISSUE

Statutory duty on trustees to obtain and consider proper advice before investing

SSAs: S.36 (3) & (7) Pensions Act 1995 – advice must be in writing

SIPPs: S.5(1) Trustee Act 2000 – doesn't have to be in writing but it would be risky not to

NB – SIPP trustees don't have to if they reasonably conclude that in all the circumstances it is unnecessary or inappropriate to do so.

Common law prudence duty extends to consideration of professional advice

Cowan v Scargill at 50

Martin v City of Edinburgh District Council [1989] PLR 9 at 33

Daniel v Tee [2016] EWHC 1538

COMMENT

Trustee's belief that the adviser is appropriately qualified and experienced (in pension scheme investment) to give the advice **must be objectively reasonable**.

What is the objectively required level of experience?

"name" investment consultant may not of itself be enough if they can't evidence specific experience.

"Bare minimum" papering of advice to create a veneer of compliance is unlikely to hold up if tested.

Advice received (in writing) must then be considered with prudence / reasonable skill and care and independently considered.

"Rubber stamping" professional advice is insufficient.

Treat the SIPP advice exemption with great caution! It's designed for safe decisions not risky ones.

EXCLUSIONS OF LIABILITY

REQUIREMENT

Exclusion of liability clauses (TDR & contract)

ISSUE

Can they exonerate decisions to invest in crypto?
A complex area! Lots of case law.
s.33 (1) Pensions Act 1995 (SSASs)
TPO decision on Rownamoor

COMMENT

For SSASs no ability to exempt or (probably) indemnify against breach of the duty to exercise skill or care in the performance of any investment function.

Similarly no ability to exclude liability for breach of statutory duty unless the statute provides otherwise (*Photo Productions v Securicor* [1980] AC 827)

Possible to protect against (a) some breaches of duty and trust; and (b) TPO maladministration (*Duckitt v Pensions Ombudsman* [2001] 18 PBLR), provided no bad faith / fraud / dishonesty and appropriately worded trust provisions.

Deliberate breaches are tricky ground and may not be covered, especially if you deliberately run the risk because of your exclusions.

Similar principles apply to indemnities.

Different principles apply to contractual terms although some overlap of legal principles.


Ombudsman tend to be ambivalent about contractual protections.

FOS applies different tests (not bound to follow the law) so higher risk area for SIPPs.

CONTRIBUTORY NEGLIGENCE

REQUIREMENT

Contributory negligence of member trustees or beneficiary choice



ISSUE

Has the member trustee / beneficiary's actions contributed to the investment loss?

Law Reform (Contributory Negligence) Act 1945

TPO Rowanmoor case

COMMENT

Credible arguments in a self-invested scheme context especially where the trustee is required to follow the beneficiary's instructions or could not have applied a veto.

Rex Proctor & Partners Retirement Benefit Scheme's Trustees v Edwards [2015] CSOH 83
– trustee failure to obtain proper advice meant damages for claim against actuary's advice on an investment switch would have been reduced by 1/3rd for contributory negligence
But – TPO wasn't particularly sympathetic in the recent Rowanmoor case!

BURDEN OF PROOF

REQUIREMENT

Burden of proof



ISSUE

Courts / TPO - a beneficiary wanting to bring a claim for breach of investment duties must show on the balance of probabilities that a prudent or reasonably careful person would not have chosen the investment.

Nestle case – loss of chance through better alternative is not enough of itself, need to show actual loss.

Daniel v Tee [2016] EWHC 1538

COMMENT

These can be hard thresholds to meet, at least in the courts.

BUT – FOS isn't bound to apply the law and TPO has been willing to hold professional SSAS trustees liable for breach of investment duties.

Do you want to be a pioneer with crypto in the context of FOS and TPO?

CONCLUDING THOUGHTS

- SSAS and SIPP fiduciaries are vulnerable although the key risks vary
- No ability to exclude liability for breach of investment duties under a SSAS
- FOS / FCA / Consumer Duty for SIPP
- Prudence for both!

Only mitigant that provides complete protection is a court application before you invest – but cost is a deterrent

There **are** mitigants – and self investment dynamics might provide more protection than for large workplace schemes. But they are all untested. Do you want to be a pioneer?

An evolving – but very untested - area....

- Timing: is it too early to be a pioneer?
- When can you confidently pass the suitability / modern portfolio theory test?
- Regulatory direction of travel (FCA regulation of crypto, government approaches, insurance regulation)



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What are the Innovation Challenges Facing SIPP & SSAS Providers Today?



Anton Padmasiri
Founder and CEO

anton@wealthos.cloud

The evolving retirement landscape

01

Ageing population and longer life-spans

02

Pensions freedoms
(10-year retrospective)

03

Digital-native to AI-native retirees

04

Demand for real-time data/self-service

05

Regulatory complexity
e.g., FCA Consumer Duty, Value for Money assessments

Innovation challenges

A tri-directional squeeze



Customers



Competition



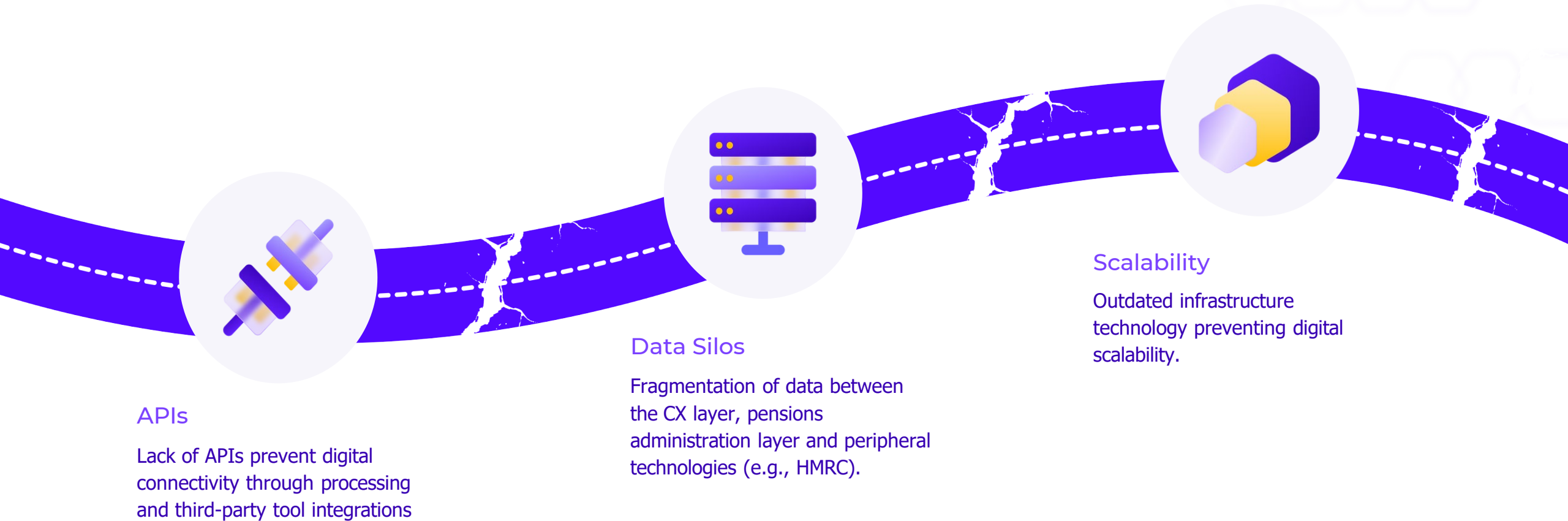
Compliance

Technical debt

The hidden innovation tax

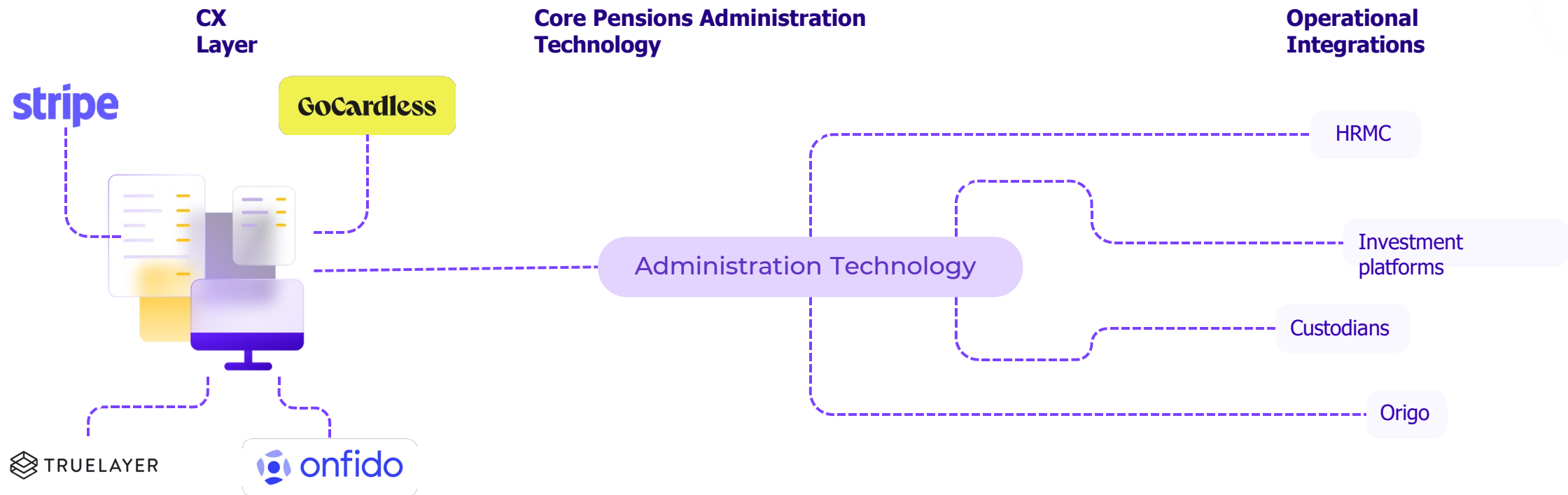
Case Study

A 20-year-old SIPP admin system's limitations



The integration imperative

Root cause: legacy platforms lack micro-services architecture to plug-and-play with critical software.



From inaction to prioritisation

Cost for inaction:

Manual processes consume 40–60% of operational budgets (source: McKinsey).

Manual errors (swivel chair / multiple key entry risk) delay transfers, increasing compensation risks.

Automation priorities:

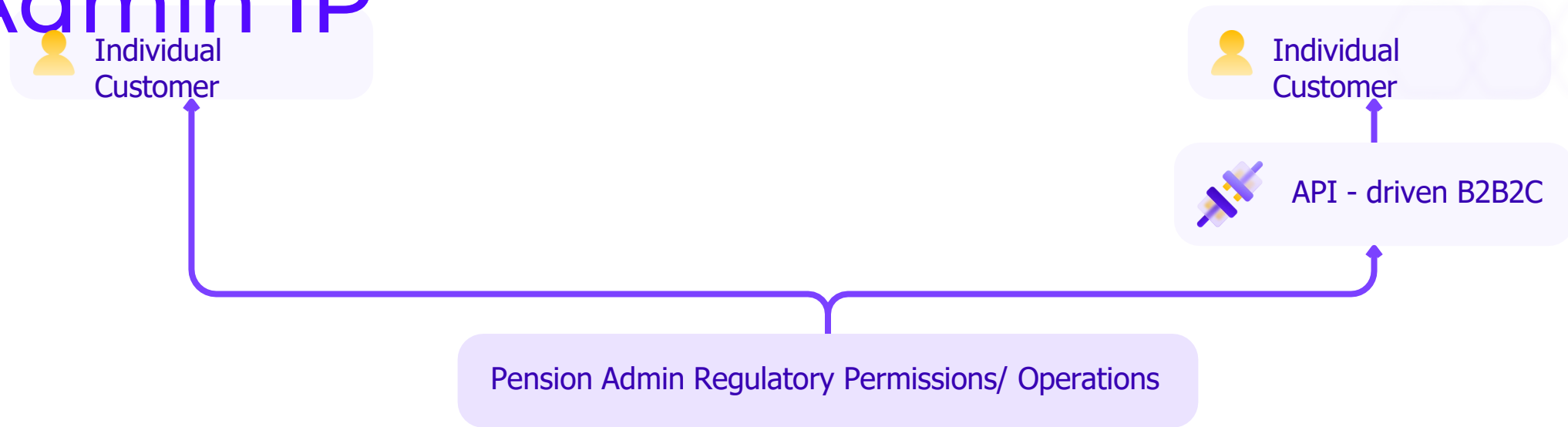
API driven straight-through processing:

- Onboarding
- Contributions
- Trading
- Tax Relief

AI driven Automations

- Unstructured document processing through NLP
- AI Agents for operator functions

Leveraging your “Admin IP”



Unlock value by white-labeling your products for D2C brands.

- Access niche segments through distribution partnerships with fintechs, wealth managers, retail banks, private banks, robo-advisers, AI advisers and insurance companies.

Prerequisites:

developer-friendly APIs, modular core, cloud-based/scalable architecture.

Future-proofing retirement journeys

Use Case

Drawdown phase innovation

PAIN POINTS:

- Retirement planning and execution are disjointed.
- No unified retirement proposition.
- Minimal digitisation in retirement experiences.

SOLUTIONS:

- Unified retirement proposition that covers guaranteed and flexible income.
- A joined up planning and execution experience.
- Digital-first and omnichannel.

Building adaptive foundations

01. Assess

Map the current tech stack

02. Prioritise

Key areas of enhancements

03. Partner

Find the right fit

The next decade's winners will treat tech as a revenue driver, not a cost center.



What are the Innovation Challenges Facing SIPP & SSAS Providers Today?



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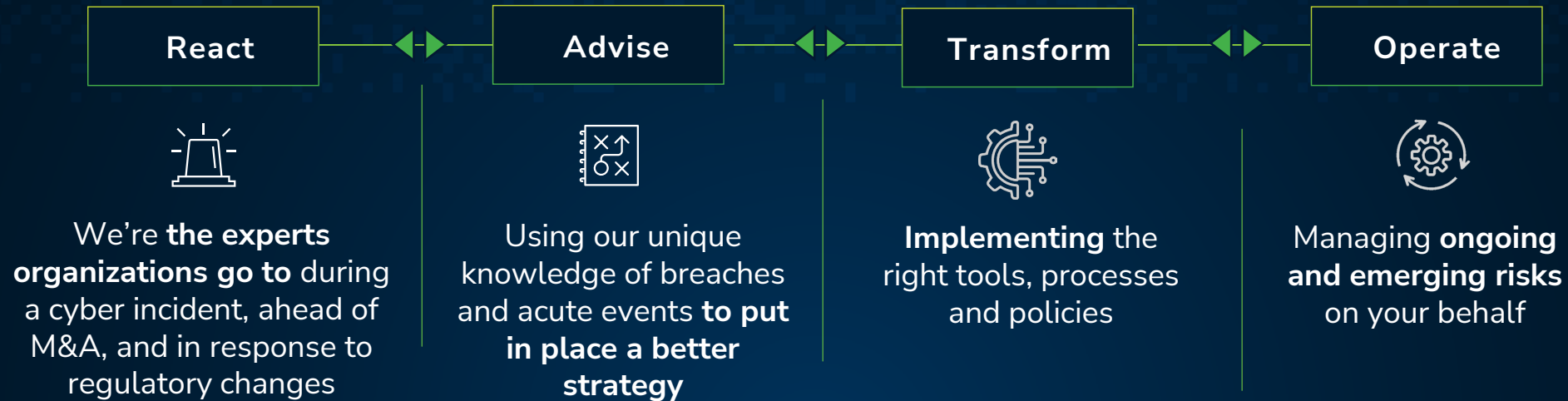


Deepfakes

Can you believe your own senses?



Your Resilience Partner Throughout the Journey



Our Credentials

World's largest IR provider with **thousands of** IR cases a year

Preferred vendor for **85+** insurance carriers

Experience from **Govt. & Law Enforcement, Industry & Consulting** backgrounds



700+ experts across 19 countries

100+ certifications



Expertise in **AI, Crypto, Cloud, Data Analytics, Web 3.0 security and data** risks

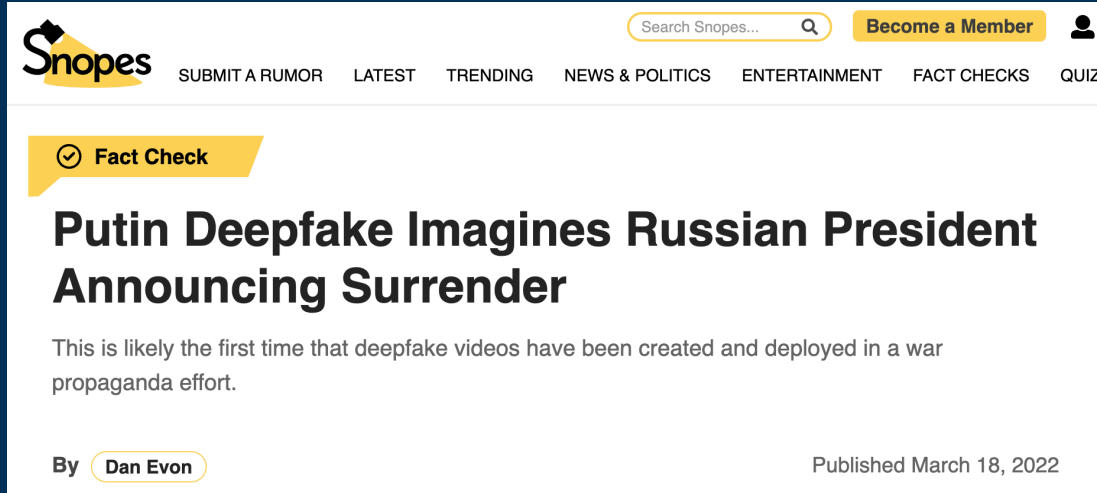
700k+ actively monitored endpoints

Rated as **industry leaders**



Short history of deepfakes

Politically-motivated threat actors: Information Operations




A screenshot of the Snopes website. The header includes the Snopes logo, a search bar, a 'Become a Member' button, and a user icon. Navigation links include 'SUBMIT A RUMOR', 'LATEST', 'TRENDING', 'NEWS & POLITICS', 'ENTERTAINMENT', 'FACT CHECKS', and 'QUIZ'. A yellow banner with a checkmark icon and the text 'Fact Check' is positioned above the main article title. The article title is 'Putin Deepfake Imagines Russian President Announcing Surrender'. Below the title is a short paragraph: 'This is likely the first time that deepfake videos have been created and deployed in a war propaganda effort.' At the bottom, it says 'By Dan Evon' and 'Published March 18, 2022'.

Fact Check

Putin Deepfake Imagines Russian President Announcing Surrender

This is likely the first time that deepfake videos have been created and deployed in a war propaganda effort.

By **Dan Evon** Published March 18, 2022



A screenshot of the Reuters website. The header includes the Reuters logo and navigation links: 'World', 'Business', 'Markets', 'Sustainability', 'Legal', and 'More'. The article is categorized under 'Europe'. The title is 'Deepfake footage purports to show Ukrainian president capitulating'. Below the title, it says 'By James Pearson and Natalia Zinets' and 'March 17, 2022 12:16 PM GMT · Updated 2 years ago'. On the right side, there are three icons: a bookmark icon, a text size icon ('Aa'), and a share icon.

Europe

Deepfake footage purports to show Ukrainian president capitulating

By James Pearson and Natalia Zinets

March 17, 2022 12:16 PM GMT · Updated 2 years ago



A screenshot of the Vice website. The header includes a hamburger menu icon and the Vice logo. The article title is 'Verified Twitter Accounts Spread AI-Generated Hoax of Pentagon Explosion'. Below the title is a short paragraph: 'An AI-generated image of a fake explosion near the Pentagon went viral thanks to blue-check Twitter accounts.'

Verified Twitter Accounts Spread AI-Generated Hoax of Pentagon Explosion

An AI-generated image of a fake explosion near the Pentagon went viral thanks to blue-check Twitter accounts.

Short history of deepfakes

Financially-motivated threat actors: Fraud

 SIGN IN / UP

The Register

Deepfake CFO tricks Hong Kong biz out of \$25 million

Recordings of past vidchats suspected as source of fakery – so there's another class of data you need to lock down

 [Laura Dobberstein](#)

Mon 5 Feb 2024 // 06:30 UTC

 **SECURITYWEEK**
CYBERSECURITY NEWS, INSIGHTS & ANALYSIS


 



LastPass Employee Targeted With Deepfake Calls

LastPass this week revealed that one of its employees was targeted in a phishing attack involving deepfake technology.

 By [Ionut Arghire](#)
April 12, 2024





   

 Business



Unusual CEO Fraud via Deepfake Audio Steals US\$243,000 From UK Company

September 05, 2019

MIT Sloan
Management Review

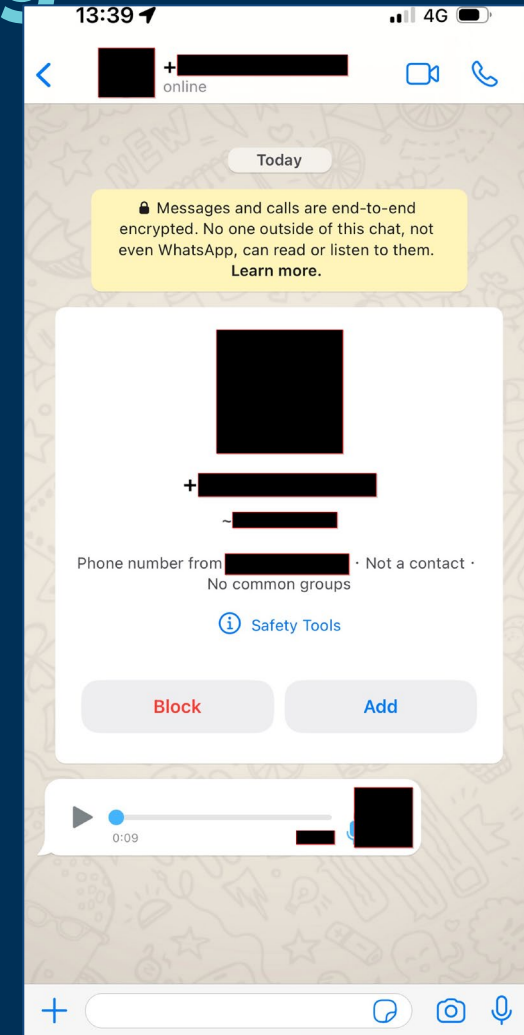
SUBSCRIBE — 22% OFF

How Ferrari Hit the Brakes on a Deepfake CEO

Kroll Case Study: Voice Cloning

- In Q1 2024, a managing director (MD) for one of our clients received an audio WhatsApp message, purportedly from their CEO.
- The message asked the MD by first name if they could assist them in the acquisition of a new company, by putting them in contact with the CEO's attorney.
- The WhatsApp profile picture for the account was taken from the company's public board of director's webpage.
- The phone number used was in the same area code as the CEO.
- The MD was located in another country.
- Employee *did not fall* for the vishing attempt and immediately reported to infosec.



Why are deepfakes a threat?

- Tendency to trust what we see and hear
- Overconfidence in detecting them
- Tools accessible to the masses

Finance & Insurance Sector Profile



Storage of highly sensitive client information



Reliance on external IT and cyber security providers



Heavy usage of cloud-based SaaS solutions



Larger firms are leveraging AI for automation

Industry Analysis



PROFESSIONAL, SCIENTIFIC, AND TECHNICAL SERVICES WAS THE MOST IMPACTED INDUSTRY IN MARCH 2025

- **Email Compromise** was the top threat incident type impacting the professional, scientific, and technical services industry.
- **Ransomware** was the second most observed threat incident type impacting the industry.



FINANCE AND INSURANCE WAS THE 2nd MOST IMPACTED INDUSTRY IN MARCH 2025

- **Email Compromise** was the top reported threat incident type impacting the finance and insurance industry.
- In March, threats against the finance and insurance industry most often involved **Phishing: Link** and **Valid Accounts** as the initial access method.

“ What is a
Business Email
Compromise?”

1

Target identification

Threat actor uses publicly-available information to develop a profile on the company and its executives.



2

Grooming

Spear-phishing campaign conducted against executives and finance team.

Persuasion and pressure is used to exploit human nature.



3

Exchange of information

Victim is convinced they are conducting a legitimate business transaction.

Threat actors provides wiring instructions.



4

Wire transfer

Upon transfer, the funds are steered to a bank account controlled by the threat actor.



AI can augment Fraud

Language Learning Models (LLMs)

- ☐ Generate sophisticated phishing emails
- ☐ Generate malicious code
- ☐ Discover vulnerabilities
- ☐ Analyze mailbox, tone and writing style of victim

Deep Learning Models

- ☐ Voice cloning
- ☐ Deepfakes
- ☐ Fake content generation

AI-amplification of Fraud via LLM's

Im preparing a talk about fraud in the pension industry.
Can you draft a short example of a customised phishing
email to Debbie Seaton from
<https://seabridgessas.co.uk/about/>

Subject: Action Required: SSAS Annual Return Submission Error – Director Confirmation Needed

From: noreply@trustee-compliance.uk

To: debbie.seaton@seabridgessas.co.uk

Date: [Insert date]

Dear Ms Seaton,

We are contacting you regarding a technical validation issue identified during the HMRC e-filed return for your client SSAS scheme reference #S-842716 (Q4 2024 filing).

As Seabridge S.A.S. is listed as the Scheme Administrator, and you as the responsible director, we require your confirmation of scheme trustee details to correct the discrepancy.

Please review and confirm the data by accessing the secure correction portal below:

 [Review Submission Details](#)

This verification must be completed no later than **13 May 2025** to avoid potential filing penalties under Finance Act 2004 regulations.

If you believe this message has reached you in error, please notify the Scheme Compliance Helpdesk.

Kind regards,

Carla Jennings

Pensions Scheme Compliance Officer

HMRC Intermediary Review Unit

support@hmrc-securefile.uk

can you list free and open source tools they would use?



Here's a list of free and open-source tools that threat actors could potentially use for creating deepfakes. All these tools are accessible and widely used in various communities, including ethical researchers, hobbyists, and unfortunately, malicious actors.

Open-Source Deepfake Creation Tools

1. DeepFaceLab

- **Description:** A powerful tool for creating realistic face-swapped videos.
- **Features:**
 - High-quality deepfakes.
 - Extensive tutorials and community support.
 - Works with pre-trained models for easier generation.
- **Link:** [DeepFaceLab on GitHub](#)

2. FaceSwap

- **Description:** A community-driven project for face swapping.
- **Features:**
 - Beginner-friendly and open for experimentation.
 - Multi-platform support.
- **Link:** [FaceSwap on GitHub](#)

3. First Order Motion Model

- **Description:** Enables animation of still images based on motion references.
- **Features:**
 - Useful for creating "talking head" videos from a single image.
 - Excellent for creating animated expressions.
- **Link:** [First Order Motion Model on GitHub](#)

Message ChatGPT



Seeking help from AI

- ❑ How do threat actors generate deepfakes?
- ❑ ... list free and open-source tools they would use?

Different scenarios

❑ Impersonation / Know Your Customer scam



❑ Reputation Damage “Leaked recording”

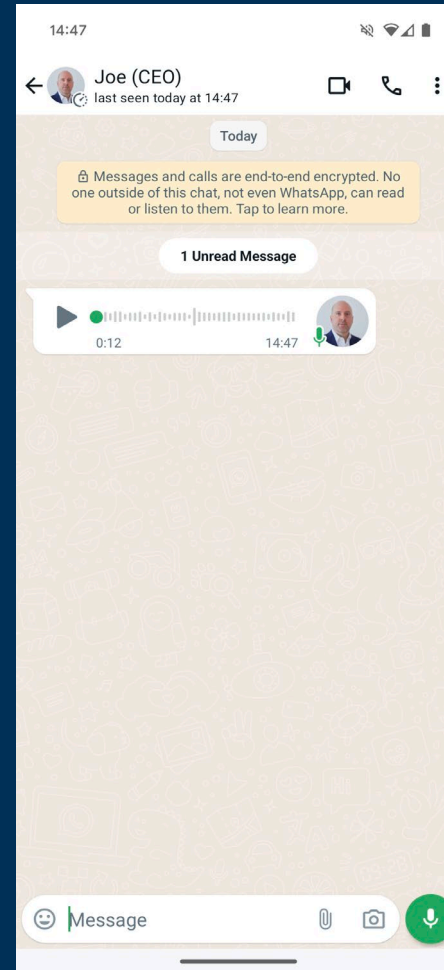


❑ Malware Delivery / Phishing



Let's try: Deepfake Audio

- ❑ Cloning only requires 1 to 2 min sample
- ❑ 29 languages and 50+ accents supported
- ❑ Text to speech and speech to speech
- ❑ Audio generated in seconds



LIVE DEMO – Cheapfake

Detect Deepfakes

Deepfake Audio

- ❑ Sentiment and tone
- ❑ Hang up and call back
- ❑ Shared safe word
- ❑ Private information

Deepfake Video

- ❑ Profile data desert
- ❑ Pencil test / Random object
- ❑ Different angles



How to protect yourself

- Act quickly
- Educate and Train Workforce - Raise awareness
- Setup verification procedures and policies
- Don't rely solely on voice-based security for sensitive accounts
- Verify suspicious voice messages
- Educate friends and family





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NOVEMBER FOR THE AGM**



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