

AMPS ASSOCIATION OF MEMBER-DIRECTED PENSION SCHEMES

Andrew Roberts, Association of Member-Directed Pension Schemes,
c/o Barnett Waddingham LLP, Port of Liverpool Building, Pier Head, Liverpool, L3 1BW
Tel: 0151 235 6622 | Email: andrew.roberts@barnett-waddingham.co.uk

27 August 2013

Nick Poyntz-Wright
The Financial Conduct Authority
25 The North Colonnade
Canary Wharf
London
E14 5SH

Dear Mr Poyntz-Wright

I was pleased to learn of your appointment as director of long-term savings and pensions given your prior industry experience. You will be able to apply this to good effect in your new role.

I am enclosing copy correspondence prompted by the low level of engagement between the FCA and AMPS. Our view is that there could be a stronger relationship between the two and that both the FCA and consumers would gain from this, and we felt that no progress was being made via our usual route of regular meetings.

Our aim is simply to help formulate sensible regulatory policy affording appropriate levels of consumer protection. Recent consultations and policy statements have indicated to us that higher industry buy-in and better consumer outcomes could be achieved had we been approached earlier for our input prior.

Some current issues:

- The introduction of illustrations that allow providers to choose projection rates for investments is leaving customers confused and will compromise good outcomes;
- The reported instruction that a SIPP operator values an investment at £1 indicates a poor understanding of the wider issues surrounding pension valuations;
- The non-supportive nature of the regulator in working with SIPP operators to eradicate specific failings has led to operators being wary of reporting issues such as pension liberation to the FCA and instead approaching other authorities;
- The proposals for basing capital adequacy on the value of underlying assets continues to raise concern that there will be unfair burden on operators whilst not protecting consumers with toxic assets that may now be worthless;

- The trend for SIPP members to seek compensation from SIPP operators for poor investment performance, prompted by ambiguous comments from the FSA about who has ultimate responsibility for investment choice.

On the latter point, my understanding is that the SIPP operator is not responsible for the individual choice of investment by an individual member, but is answerable to the FCA (not the member) if it is allowing investments that could risk the ongoing operation of the business is all that is needed.

A clear statement could help provide clarity which would end up reducing wasted resources in the industry (which ultimately harms consumers).

Your appointment comes shortly before I step down in October as chairman of AMPS, having spent six years working with the AMPS committee. I write this letter therefore in the expectation that my successor, yet to be appointed, will be able to build on the foundations to create a stronger working relationship with the FCA for the greater good of all consumers of member-directed pension schemes in the United Kingdom.

In order to take matters further, I suggest that we establish liaison meetings every two months and to this end would be grateful if you could suggest some convenient dates in mid to late October which I can relay to the AMPS committee members.

Yours sincerely



Andrew Roberts
Chairman
Association of Member-Directed Pension Schemes

Enclosures: Correspondence between FCA and AMPS