

# Design standards and FCA consultation

Chris Curry, PDP

Gary Millar, PDP

Francesca Morphakis, FCA

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8 December 2022

We will record the session and publish on our website  
Please put any questions in the 'questions' box

# Agenda

1. Consultation overview
2. Design standards consultation
3. FCA regulatory framework: pensions dashboard service firms
4. Q&A
5. Next steps





# Design standards consultation overview

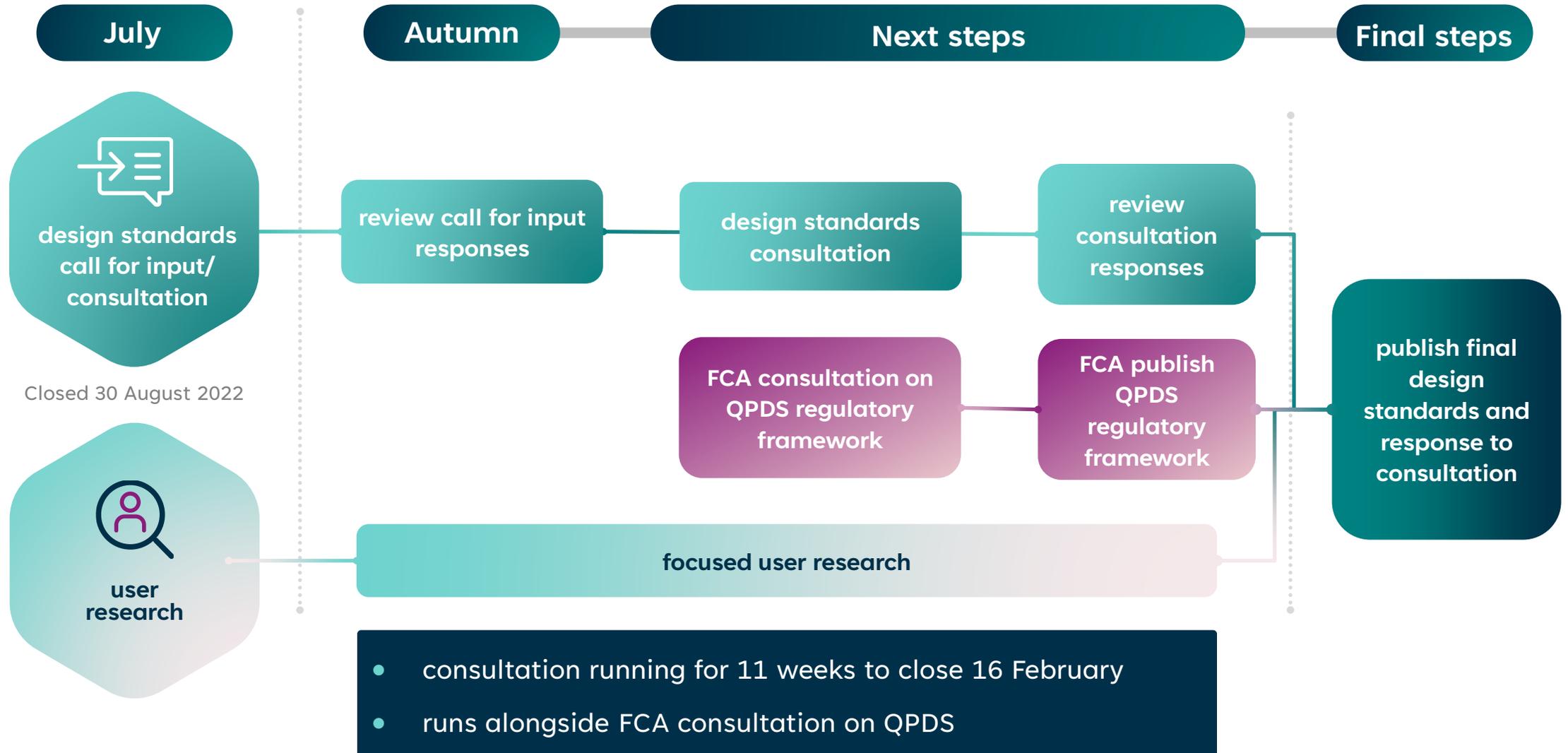
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# Design standards: what are they?



- regulations detail pensions information for dashboards to display
- also give the MaPS the responsibility to set design standards for how they display: **‘the way in which information is to be presented to users of pensions dashboard services’**
- all dashboards must comply
- MaPS' MoneyHelper
- pension providers and schemes all interested – it's their pension information being displayed
- sit alongside:
  - FCA Rules
  - DWP’s State Pension design standards

# Design standards process



# What are we consulting on and why?

## What is it about?

- draft design standards for consultation

## How long have I got to respond?

- consultation will run for 11 weeks, to 16 February

## How can I respond?

- [smartsurvey.co.uk/s/designstandardsconsultation/](https://smartsurvey.co.uk/s/designstandardsconsultation/)

## Who do we want to hear from?

### Primarily this consultation is aimed at:

- potential dashboards
- finance and consumer representative groups (pensions engagement, financial wellbeing, data protection and security)
- financial and technology (fintech) companies

### We are also keen to hear from:

- pensions providers and schemes
- the pensions and lifetime savings industries
- individuals from minority groups, under-represented or disadvantaged groups (including groups who represent them)

**The published standards/guidance documents are *drafts for consultation only*, and do not represent final policy positions or requirements.**



# Design standards consultation

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# Our approach

## Our approach

- a principles-based approach but we may be directive for consumer protection purposes
- if there is a tension between the needs of the user and those of the dashboard, we favour the user
- design standards are a minimum expectation
- design standards will not replicate existing legal or regulatory requirements
- across all dashboards:
  - users should have a broadly consistent dashboard experience
  - users should have a minimum level of consumer protection
- we will use guidance to set out good practice



## Design standards

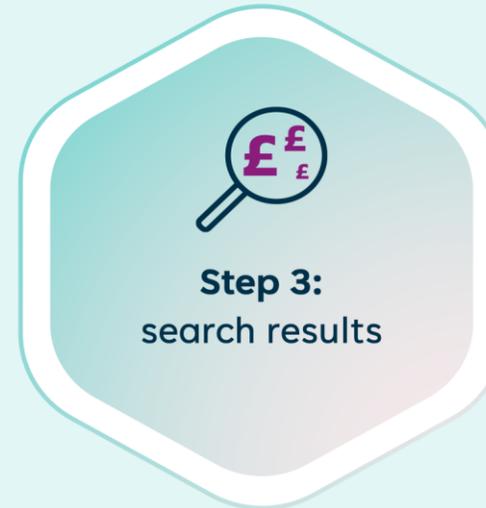
## Dashboard display

- pensions information must be presented in a clear and comprehensible (as well as neutral and logical) manner
- dashboards must be inclusive and accessible
- dashboards must undertake user-testing
- dashboards have scope to tailor their offering, for example positioning on a page, branding, colouring, font, headers and footers
- dashboards may present information in a way which enhances the user's experience without doing calculations.
- dashboards may (subject to consumer protections) may graphically illustrate income estimated over a period

# The user's journey

## Design standards

Our design standards focus on two of the three main steps when the user interfaces with the QPDS:



# The user's journey: design standards proposals

## Step 1:

### Arriving at a dashboard

1. Explaining the dashboard service
2. Handover to the CDA (for a pension find or authentication)

## Step 3:

### Search results

1. Display of view results: summary
2. Display of detailed pensions information
3. Updated pensions information
4. Links to: the CDA, service explanations, PDP's central user support service
5. Graphical representations

# Step 1: arriving at the dashboard

- when a user arrives at the dashboard:
  - explain what a dashboard is
  - there's no storing of the pension information once session has finished
- before sending to CDA for find search, the dashboard must:
  - explain the CDA is a separate service run by MaPS
  - who MaPS is and what it does
  - what will happen as part of the CDA find process (including ID verification)



# Step 3: search results

Two sequential stages for the *initial* presentation of pensions information on a dashboard:

- summary of pensions information
- providing more detailed pensions information

After this initial display, dashboards can provide alternative display options – but still must be neutral and logical



# Purpose of the summary

- display the **key** information all within the same page + gateway to more information **before** giving user presentation options
- entry per found pension
- detailing what must be included in the summary
- here is an example:

Type	Pension provider or scheme	Estimated retirement income (ERI) value*	Date payable **	Reasons for not displaying pensions value in summary	Indication of when pensions value should be / should have been available	User action recommended ***	Link to detailed pension information ****
a) possible match							

# Summary: the rules



## Rules:

- list or tabular form
- entry per request
- the **State Pension** displayed **first**
- income: annual format

## Grouped together:

- possible matches
- same pension scheme (but not pension provider)
- where there is a pensions link
- same employer

## Display methodologies:

- **alphabetical**
- **chronological** (payable date or when service began)
- **ERI value** (largest to smallest or vice versa)

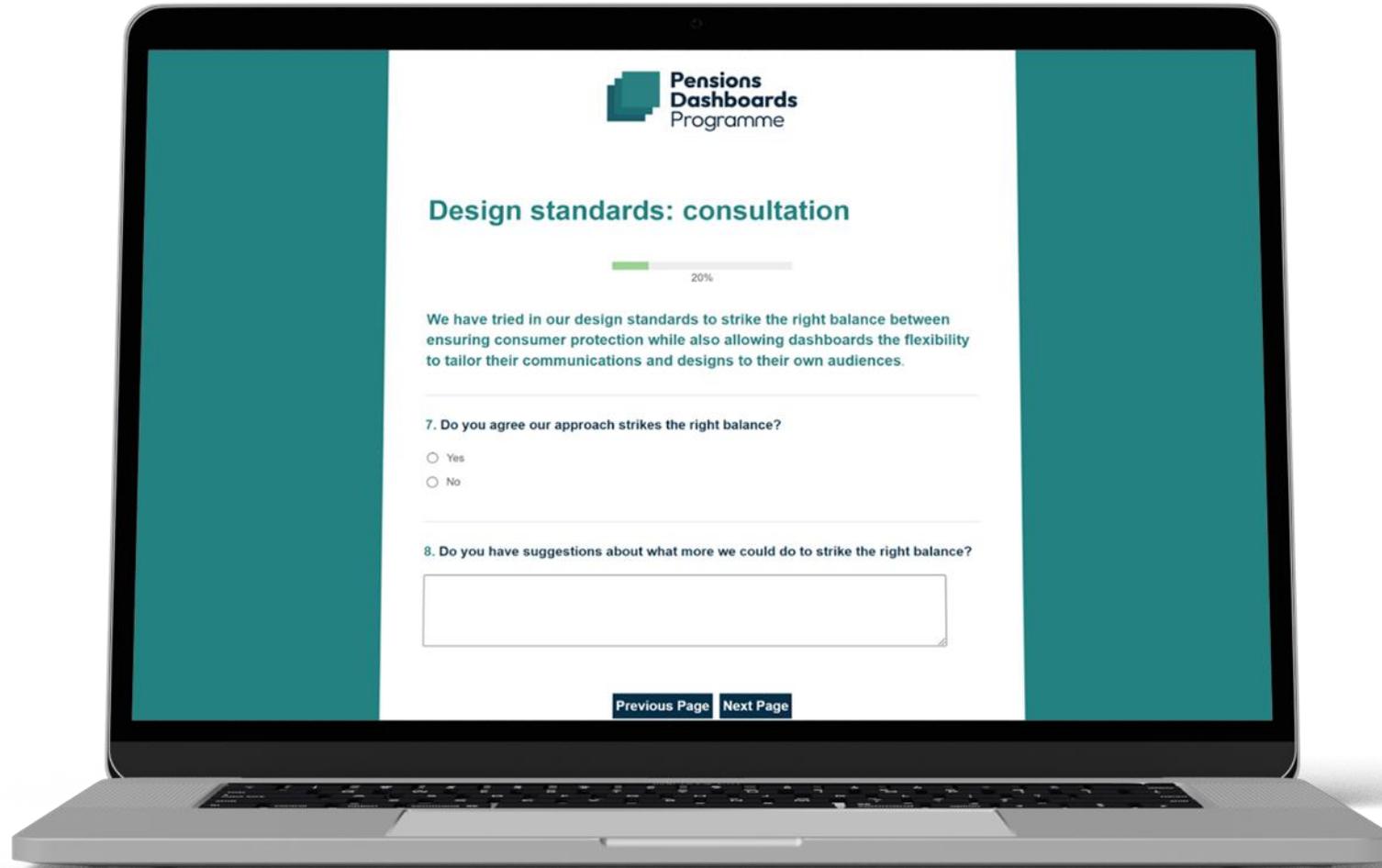
# Other display requirements and options



- **more detailed pensions information**
- **updating pensions information**
- **links to:** the CDA, service explanations, PDP's central user support service
- **graphical representations**

# Consultation questions

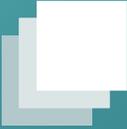
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# FCA regulatory framework: pensions dashboard service (PDS) firms

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 **Pensions  
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# FCA regulatory framework: pensions dashboard service (PDS) firms

**PDP webinar**

**8 December 2022**

# Agenda

1. Context
2. The general framework
3. PDS-specific conduct proposals
4. Next steps

# 1. Context

# The FCA's role in the pensions dashboards initiative

We are supporting the Government-led pensions dashboards initiative.

The Government intends to make us responsible for regulating commercial operators of PDSs. This means that a firm wishing to operate and make a PDS available must:

- be or become FCA authorised
- obtain the regulatory permission to undertake this new activity
- comply with our requirements for PDS firms

We are currently consulting on the proposed regulatory framework for PDS firms. The consultation closes on **16 Feb 2023**.

The proposals are distinct from the rules for FCA regulated pension providers that we finalised in Nov 2022 (Policy Statement 22/12).

# The potential harms

Without a robust regulatory framework in place, consumers using pensions dashboards would be vulnerable to harms.

1. Harms that already exist, but where easy access to information about all a consumer's pensions could amplify the incidence and impact of those harms:
  - PDS users may become a target for investment scams
  - PDS users may take irreversible action based on dashboard data alone without understanding the limitations of that information and without advice or guidance.
2. Harms inherent in permitting commercial parties to offer dashboards:
  - Dashboard operators may have commercial incentives to exploit a) consumer trust, b) information asymmetry and c) consumer biases, to encourage activity that may not be in the dashboard user's best interest.

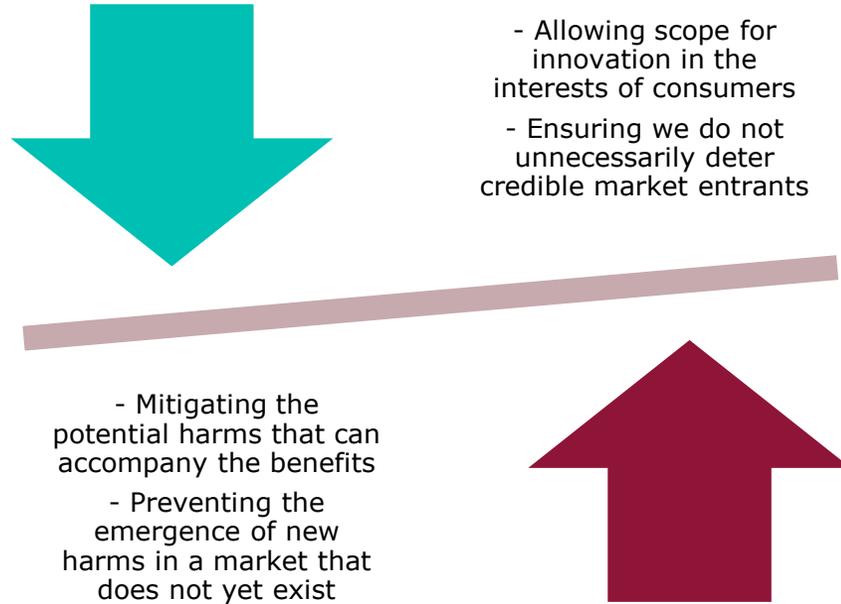
# Outcomes

## Key outcomes we want to see from our proposals include:

- the scrutiny of our authorisations and permissions process affords consumers trust and confidence in using a PDS offered by an FCA authorised operator
- users are aware of where and how they can access additional information, impartial guidance and financial advice
- PDS firms offer consumers engaging ways of continuing their pensions journey in an environment that is not misleading and does not expose them to sales pressure or scams
- Users are made aware if, and how they are paying for post-view services, including where the payment takes the form of personal and/or pensions data
- Users have minimal cause for complaint, but also a clear and easy route to redress should things go wrong

# It's a balancing act

Our proposed framework strikes a balance between ...



... in a manner compatible with the Government's stated objectives for the dashboards initiative, including:

- Increased consumer awareness of their pensions
- Greater understanding of estimated retirement income
- Reconnecting savers with lost pension pots
- Increased levels of engagement (with more people taking advantage of guidance and financial advice)

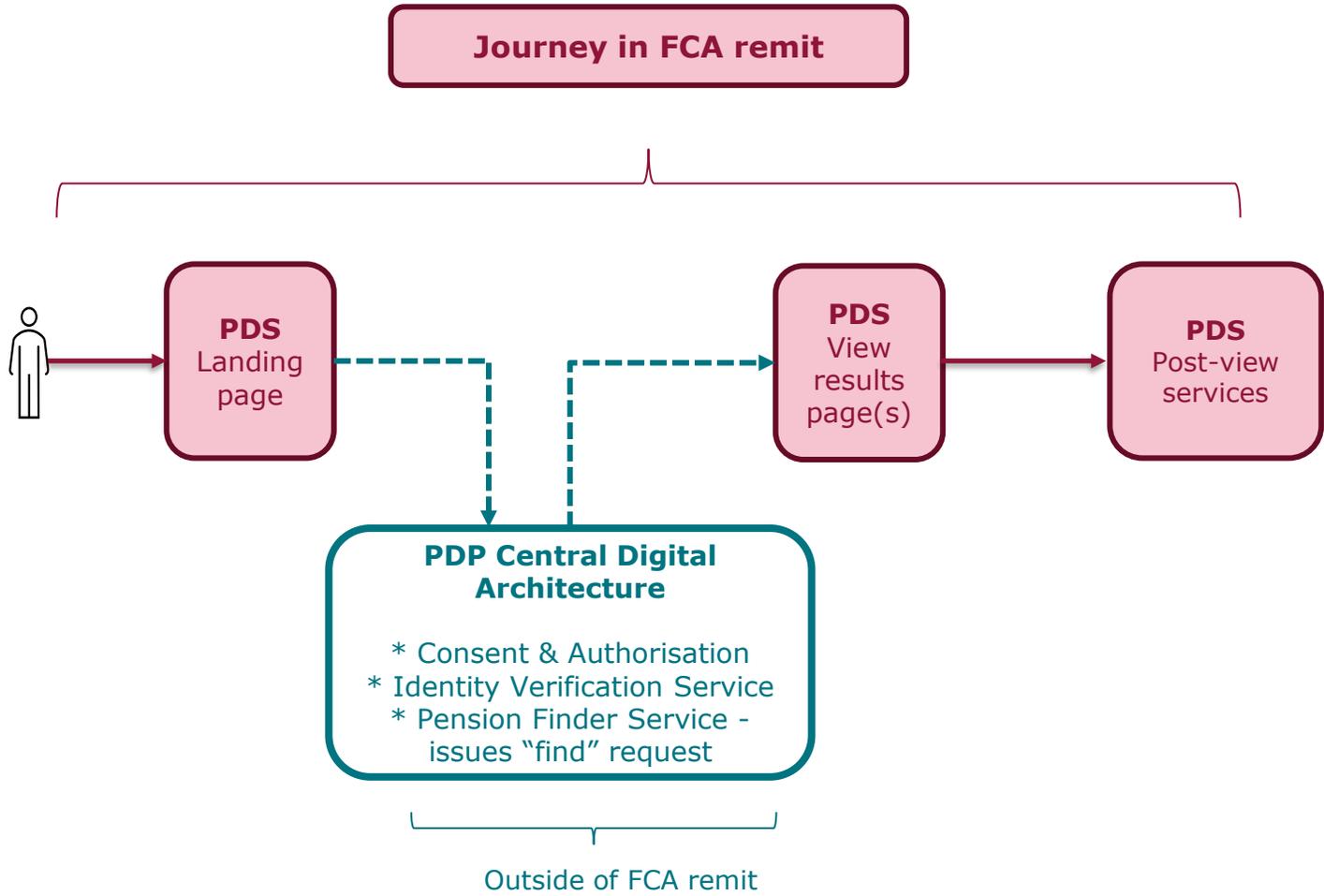
# Scope of our framework

A PDS firm must...

- Meet MaPS standards:
- Technical
  - Security
  - Service
  - Operational
  - Data
  - Design
  - Reporting

- Obtain FCA:
- **authorisation** (if not already authorised)
  - **permission** for new regulated activity

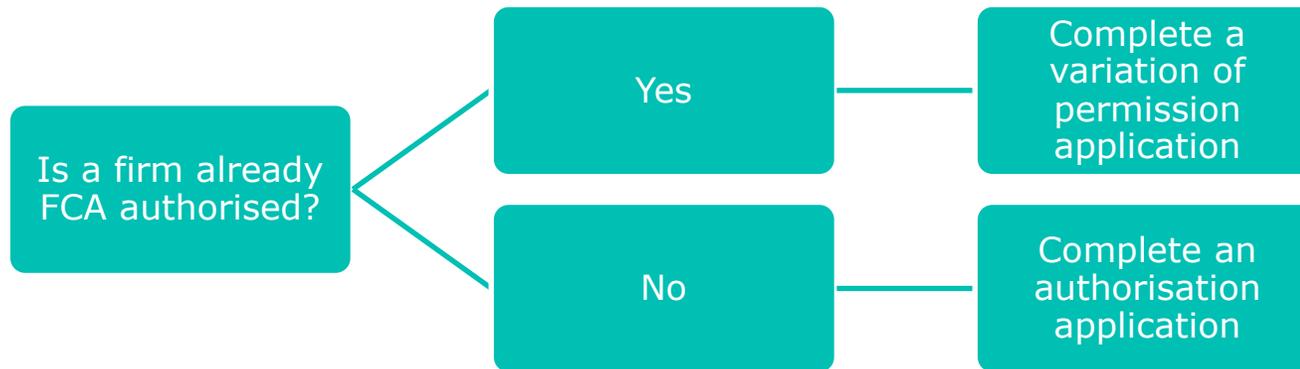
Market entry



## **2. The general framework**

# General framework – part 1

- Firms wanting to operate a PDS will need to be or become FCA authorised and obtain the new regulatory permission for the dashboard activity.
- We intend to open the gateway for PDS firms in **Summer 2023**, shortly after we publish final rules.



Firms should start preparing their applications in good time before they intend to start operating a PDS.

We have included draft authorisation and variation of permission forms and guidance notes in our consultation paper so firms can begin to thoroughly consider the steps they need to take in order to be ready to apply.

# General framework – part 2

High level standards and regulatory guides apply to PDS firms because they apply to all authorised firms

Sourcebook requirements	High-level outline
<b>Principles for Business (PRIN)</b>	The fundamental obligations with which firms must always comply.
<b>Threshold Conditions (COND)</b>	The minimum conditions (set out in FMSA) which a firm is required to satisfy, and continue to satisfy, to be given and to retain its permissions.  COND sets out our guidance on the threshold conditions.
<b>General Provisions (GEN)</b>	Standards that apply to firms in their interactions with us, including statutory disclosure statements and use of the FCA name or logo.
<b>Supervision (SUP)</b>	General guidance about how we advance our operational objectives in discharging our general functions. Sets out the relationship between the FCA and authorised firms.
<b>Enforcement Guide (EG)</b>	Sets out our approach to exercising the main enforcement powers derived from FSMA and other legislation.
<b>Decision Procedure &amp; Penalties (DEPP)</b>	Outlines the procedures we must follow for taking decisions in relation to enforcement action and setting penalties for firms.

# General framework – part 3

Our consultation sets out how we propose the following sourcebooks should apply to PDS firms

Sourcebook	High-level outline of our proposals
<b>Systems &amp; Controls (SYSC)</b>	PDS firms must have good organisational systems, controls and governance arrangements in place, including effective cyber security and resilience controls given the digital nature of the activity. Those in charge of a PDS firm should take responsibility for how it carries on its business, including acting in a way that enables us to monitor its business properly and to conduct its affairs responsibly.
<b>Senior Managers &amp; Certification</b>	Those in the most senior positions have the skills, knowledge and capability required to do the job and are accountable for their actions. Unhealthy cultures and poor standards of personal conduct can create a significant risk of harm relating to poor governance.
<b>Complaints and redress (DISP)</b>	PDS firms must handle complaints about their PDS activity in accordance with our complaint handling rules. PDS complaints will fall under the Financial Ombudsman Service’s compulsory jurisdiction.
<b>Compensation (COMP)</b>	No FSCS cover as a consumer should not lose money in event that PDS firm becomes insolvent.
<b>Prudential</b>	Our requirements primarily seek to ensure the firm has adequate financial resources to exit the market in an orderly fashion and to meet the costs of any harms it causes. For example, redress liabilities (such as, if data is misused or lost, perhaps because of a data leak).
<b>Conduct of business (COBS)</b>	Some general requirements in COBS (such as, to act honestly, fairly and professionally, in accordance with the client’s best interests and rules on conflicts of interest) have been mirrored in PDCOB, the new conduct of business sourcebook for PDS firms.
<b>Fees (FEES)</b>	3 distinct regulatory fees (authorisation application, change of permissions and annual) for firms operating PDSs.

## **3. PDS-specific conduct rules**

# Communications and disclosures

- PDS firms must ensure communications with users are fair, clear and not misleading.
- PDS firms must consider obligations under the Consumer Duty, and particularly the consumer understanding outcome. This includes equipping customers to make effective, timely and informed decisions, and meeting customers' information needs without overloading customers with too much information

## We propose firms must display disclosures and warnings:

Communication	Description
The PDS firm and dashboard service	<ul style="list-style-type: none"> <li>• Communicate information about the PDS firm and the nature of its PDS.</li> <li>• Disclose charges for any additional services.</li> </ul>
View data	<p>Communicate the limitations of view data, including that:</p> <ul style="list-style-type: none"> <li>• figures are indicative/estimated and not guaranteed;</li> <li>• assumptions have been used to calculate figures;</li> <li>• figures may change and be influenced by factors such as contributions and retirement age;</li> <li>• view data is supplied for illustrative purposes;</li> <li>• view data is not live data;</li> <li>• more up-to-date figures may be available from the provider/administrator;</li> <li>• figures are before tax;</li> <li>• some pensions may not be displayed on a PDS.</li> </ul>
Decision-making	Discourage consumers from making financial decisions based only on view data.
Further sources of information or support	Signpost to information, support and guidance. As a minimum, to MoneyHelper and the provider/administrator of the user's pension(s).

# Permission, responsibilities and third parties

## Regulated activity

Drafting is matter for HMT but will likely:

- require that a single firm be authorised and bear regulatory responsibility for both operating a PDS and making a PDS available to consumers
- not preclude the authorised firm from involving third parties to bring a pensions dashboard service to market

## Outsourcing

PDS firms that enter outsourcing arrangements shall remain responsible for the compliance of outsourced operations. They should:

- effectively manage the service providers to reduce the risk of operational disruption and harm to their customers
- have sufficient oversight arrangements in place
- identify and manage the operational risks throughout the lifespan of the arrangement.

## Arrangements through which PDS firms can make legitimate PDS accessible to third parties' customers, members or employees (examples could include third-party hosting, syndication, white labelling, and licensing)

- The PDS firm will be responsible for complying with all regulatory responsibilities, including the actions of the third party.
- The PDS firm must ensure the third party is a suitable and reputable entity and there must be an enforceable, written agreement between the firm and third party. The terms of the agreement, for example, must state that the pensions dashboard supplied to the third party cannot be edited or altered by that third party and that the third party cannot charge a customer for using services connected to the PDS.
- No other part of the third party's website or similar must be visible alongside the PDS on the user's screen.
- Disclosures help a customer to understand that it is the PDS firm operating and making the PDS available – and not the third party – and that complaints should be directed to the PDS firm.

# Data export proposals

A PDS firm may choose to offer:

- a) *No data export functionality*
- b) *Data export to consumer only*
- c) *Data export to consumer and data export to PDS (or firm in the same group with permission to give investment advice)\**

## What?

- All view data exported (plus contextual information and warnings in consumer copy), except for the pension reference (which must be only part exported)
- Proportionate data warnings, e.g., if a user is downloading a data file on a shared computer

## When and how?

- Cannot be exported without the user's agreement (agreement cannot be a pre-condition for viewing data or bundled with other consents)
- PDS firms must clearly explain how and why the data will be processed, so consumers can make informed decision about whether to agree to export
- The Consumer Duty and General Data Protection Regulations (GDPR) will apply in respect of whether/how exported data may be used by PDS firm

\* Distinct from 'delegated access' – under DWP regulations, a PDS firm may choose to offer consumers the ability to delegate access to MaPS guidance specialists and/or financial advisors with the relevant permissions for investment/pensions advice.

# Post-view services (PVSs)

These might take the form of tools, calculators or modellers, but innovative alternatives might also emerge.

We propose that:

- PVSs should support consumers' engagement with pensions
- PVSs cannot be accessed by users before or instead of "view" results
- the purpose of PVSs must be clearly disclosed, easily understood and not misleading

We propose parameters within which firms can develop PVSs (for example, a PVS must be a service and not a product) to facilitate innovation in the interests of consumers.

In authorisation/variation of permission applications, we propose to ask firms to evidence their assessment of whether their PVS(s) constitute other regulated activities.

Some PVSs may stray into 'making arrangements with a view to transactions in investments'. This could be the case if the PVS could be seen as part of the overall arrangements for a customer to transfer a pension after the PDS journey. We are proposing a new limited making arrangements permission so a firm with this limited permission could provide its PVS – but the firm would not be able to carry out any transaction in investments without holding the full 'making arrangements' permission.

Applicants could consider using FCA's Innovation Pathways service to better understand regulatory obligations that would apply to a PVS they wish to offer their customers.

# Marketing proposals

## Promotion of PDS - no restrictions

- No restrictions on promoting that dashboards exist, and that they offer 'find and view'.
- If a firm promotes an activity which is subject to the financial promotions regime (such as consolidation) when promoting its PDS, the whole advert will have to comply with our financial promotions regime.

## On PDS – heavily restricted

- Only financial promotions for FCA regulated (investment) advice which comply with our financial promotions regime allowed on a dashboard.
- No product marketing on a dashboard.
- Compliant marketing can appear anywhere in the PDS space.
- Third parties banned from placing marketing on a dashboard (such as online advertising services like GoogleAds).

## Beyond PDS

- Empower the user to limit their dashboard 'footprint', to prevent them becoming target of advertising after leaving a PDS.

# Scam prevention

## **Pension and investment scams:**

*Proposals:* Require PDS firms to:

- Display key ScamSmart messages on appropriate screens (and in consumer copy file) to empower consumers to identify and avoid scams.
- Display warnings targeted at the particular risk of screen sharing.
- Only export partial pension reference (so that data set in isolation cannot be used to initiate transactions).

*Existing mitigations:*

- Due diligence regulations (Nov 21) help minimise risk of consumers transferring existing pensions into a scam scheme.
- Any member requesting a transfer from a DB scheme (>£30,000) to a DC scheme must receive advice from an FCA regulated pension transfer adviser before they can proceed.

## **Personal data scams:**

*FCA steps:*

- Proactive scanning by our Clone team - could lead us to close down clones & publish clone alerts.
- Continued efforts of ScamSmart campaigns to promote awareness.

## **4. Next steps**

# An overview of timings





FCA Head Office  
12 Endeavour Square  
London  
E20 1JN

[www.fca.org.uk](http://www.fca.org.uk)



# Q&A



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# Next steps

## Read the updated standards

[pensionsdashboardsprogramme.org.uk/standards/](https://pensionsdashboardsprogramme.org.uk/standards/)

## Respond to the design standards consultation

[pensionsdashboardsprogramme.org.uk/standards/design-standards-consultation](https://pensionsdashboardsprogramme.org.uk/standards/design-standards-consultation)

## Respond to the FCA regulatory framework for PDS firms consultation

[www.fca.org.uk/publications/consultation-papers/cp22-25-proposed-regulatory-framework-pensions-dashboard-service-firms](https://www.fca.org.uk/publications/consultation-papers/cp22-25-proposed-regulatory-framework-pensions-dashboard-service-firms)

# Stay in touch



@pensions-dashboards-programme



@PensionsDboards

Money and Pensions Service,  
120 Holborn, London EC1N 2TD

[infopdp@maps.org.uk](mailto:infopdp@maps.org.uk)

[pensionsdashboardsprogramme.org.uk](http://pensionsdashboardsprogramme.org.uk)



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