

Analysis of the personal pensions market

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This report was commissioned by:

- **AJ Bell**
- **Freetrade**
- **Hargreaves Lansdown**
- **Interactive Investor**
- **J.P. Morgan Personal Investing**
- **Moneybox**
- **Monzo**
- **PensionBee**
- **Vanguard**

In the report, these firms are recognised as members of a platform-based personal pensions group convened to help produce this report to facilitate policy discussions.

Executive Summary

The United Kingdom's (UK) personal pensions market is a substantial and growing pillar of the wider pensions market. Households now hold more than £4.8 trillion in pension wealth, with defined contribution (DC) schemes accounting for an increasing share as defined benefit (DB) provision declines. Industry estimates suggest that almost £800 billion was held in DC personal pensions in 2022, out of around £1.4 trillion in total DC assets.

This report focuses on a distinct and fast-growing subset of the market: direct-to-consumer (D2C) platform-based personal pensions.

We estimate that assets under administration (AUA) in this subset of the market reached £139 billion in 2025, equivalent to around 5% of the UK's gross domestic product (GDP). **Our modelling shows that by 2055 this subset of the market should contribute £9.1 billion to the economy through higher productivity and £9.0 billion through higher pensioner incomes, a combined impact of £18.1 billion (0.36% of GDP) in today's terms.** This implies that the total impact of the broader personal pensions market could be between £86 billion and £104 billion by 2055 (1.7% and 2.1% of GDP), depending on how growth across the rest of the personal pensions market is projected.

For savers, D2C platform-based personal pensions are an important vehicle for choice, freedom and engagement with retirement savings. They also play an important role in supporting better retirement outcomes, especially for groups underserved by traditional workplace schemes. There are over 4 million self-employed people in the UK, yet only 20% contribute to a private pension. 55% are projected to reach retirement with no private savings beyond the State Pension. **D2C platform-based personal pensions provide flexibility, opportunities for consolidation and access to diversified investment.**

Our analysis comes at a pivotal moment. The Pension Schemes Bill, the drive towards consolidation and greater investment in the UK economy; the long-awaited Pensions Dashboard initiative, due to connect schemes by October 2026; and the new cross-regulatory Value for Money (VFM) framework together represent a once in a generation opportunity to reshape the pensions system. Pensions Dashboards, in particular, could transform engagement and accelerate consolidation. But increased visibility without a modern, efficient transfer system risks frustration among consumers, disengagement with their retirement savings, and altogether a missed economic opportunity.

A smooth and effective transfer experience between occupational and personal pension schemes helps consumers exercise the freedom and choice that is so central to the utility of D2C platform-based personal pensions. It is a critical mechanism for savers to pursue their retirement goals and wider financial objectives. This report shines a light on the pension transfer experience which is not fit for purpose and does not support all consumers in the best possible way. The report also identifies a series of changes which can be made to improve the experience of consumers choosing to engage with their pension.

Near-term quick wins

We observe that there are near-term quick wins, that build on existing good practice, regulatory expectations and guidance. These are well defined and achievable:

- Co-develop standardised due-diligence checklists
- Introduce clear regulatory expectations on transfer timelines
- Introduce a digital-first presumption for transfers
- Establish outcomes-focused regulatory expectations for transfers

Medium- to long-term opportunities

Alongside these, there are opportunities for more ambitious progress. We have identified medium- to long-term opportunities for voluntary industry coordination and legislative and regulatory rule changes:

- Co-develop common standards for displaying protected benefits
- Provide formal guidance on 'clean list' processes
- Amend the statutory deadline for transfers to 30 working days
- Mandate digital transfer journeys
- Commission competition work into digital pension transfer infrastructure
- Amend existing secondary legislation to reflect latest guidance on the use of flags
- Develop a cross-regulatory regime for pension transfers

We also reflect on the wider challenges facing the market and recommend that the Government require the Financial Conduct Authority (FCA) and The Pensions Regulator (TPR) to conduct a joint review on the preparedness of occupational pension schemes to support consumers to transfer and consolidate their pensions in a timely and effective manner. We also recommend that HM Treasury establish a Pensions Tax Roadmap to provide stability in pensions tax policy and reduce policy-driven consumer harm.

Taken together, we think there is a clear imperative for greater standardisation, digitisation and rationalisation. These reforms would unlock the full value of D2C platform-based personal pensions for savers and the wider UK economy.

Scale of the personal pensions market

D2C platform-based personal pensions and the broader pensions market

The Office for National Statistics (ONS) Wealth and Assets Survey estimates that, over the period 2020 to 2022, households held around £4.8 trillion in pension wealth.¹ As Figure 1 shows, these funds are held across both DB schemes, which promise a specified income in retirement, and DC schemes, where outcomes depend on accumulated contributions and investment returns. But outside the public sector, DB schemes are largely closed to new members, therefore analysis of pension markets often focus on DC schemes. In turn, these are split into occupational schemes, offered through workplaces (which are governed either by trustees under trust law or based on contracts between the member and provider), and personal pension schemes which are contract based.

Figure 1: The broader pensions market

Pension type		Regulator	Definition	
Defined Benefit (DB)				
Private sector	Occupational	TPR	Employer-sponsored DB scheme that provides a guaranteed retirement income. Closed to new members.	
Public sector	Occupational	TPR / DWP	Government-sponsored DB scheme that provides guaranteed retirement income to public sector workers.	
Defined Contribution (DC)				
Trust-based	Single trust	Occupational	TPR	Trust-based DC scheme established by a single employer for its workforce.
	Master trust	Occupational	TPR	Multi-employer trust-based DC scheme serving multiple, unconnected employers under a single trust structure.
Contract-based		Occupational	FCA	Workplace DC pension arranged by an employer but provided through individual contracts between employees and a pension provider.
		Personal pension	FCA	Individual DC pension arranged directly between a consumer and a provider, independent of an employer.

Private pension arrangements outside traditional occupational schemes represent a significant portion of pension wealth held in DC schemes. Looking just at schemes that are currently receiving contributions, the ONS reports that around £500 billion of assets are held in DC schemes, with 60% (£300 billion) held in occupational schemes and 40% (£200 billion) held in personal schemes.

¹ ONS: [Wealth and Assets Survey](#)

The £200 billion figure relates only to schemes actively receiving contributions during the survey period and therefore excludes preserved and in-payment personal pensions, which account for a substantial share of total personal pension assets. Although the ONS does not provide a comparable breakdown for these pots, it does report that all preserved DC entitlements (including both occupational and personal DC schemes) were worth over £500 billion over the period 2020 to 2022, while total in-payment entitlements (which includes DB as well as DC pots) were worth £1.7 trillion. Two separate industry estimates of total funds held in personal schemes reinforce the view that the personal pension sector holds significant quantities of savings. Both publications estimate that sums held in DC personal pensions schemes might have been worth almost £800 billion in 2022 (out of around £1.4 trillion DC assets in total).²

While there is significant uncertainty around the precise size of this figure, the personal pension market is likely to make a significant contribution to it. The FCA's 2024 'portfolio letter' to Self-Invested Personal Pension (SIPP) operators, based on supervisory data collected from regulated firms, reports that total AUA within SIPPs stand at approximately £567 billion. This covers around 5.3 million consumers (including £184 billion held by firms designated by the FCA as SIPP operators, £204 billion held by firms designated by the FCA as part of its platforms portfolio, and the remaining £179 billion held in other SIPPs). The FCA's figure differs from the industry estimate noted above as it also includes sums held in other non-occupational schemes, such as contract-based and legacy personal pension products, including group personal pensions and stakeholder schemes. There may also be other modelling and data-related issues.

How we define the sector in our analysis

The precise subset of the personal pension market that the analysis in this report focuses on are D2C platform-based personal pensions. Specifically, we look at the AUA of 10 firms with assets that fit this definition (the 9 firms who contributed data to our study, plus an estimate of assets held by one large firm that did not contribute). Based on our analysis D2C platform-based personal pensions had AUA of £139 billion (5% of GDP) in 2025. This figure does not map perfectly to the sums provided by the FCA in its platform SIPP 'portfolio'. This reflects the fact that we incorporate some platform-based D2C personal pensions that are not strictly SIPPs, and because the FCA's figure includes some advised products that are not offered D2C. In 2024, sums held by firms designated as being within the FCA's platform SIPPs 'portfolio' were around twice the size of sums held in our subsector of D2C platform-based personal pensions. In 2022, sums held in the broader personal pensions sector were around eleven times the size of sums held in our subsector.³

These funds are differentiated from other products by the platform through which they can be accessed, the investment restrictions that apply, and the higher degree of direct consumer involvement they enable. Specifically, D2C platform-based personal pensions are personal pension products that individuals can contribute to directly, without involvement of an employer or financial adviser, through an investment platform. The platform provides the pension wrapper; tools for the consumer to make contributions, active fund or asset selections (or keep a default); portfolio management; and, access to their retirement savings.

² See, PensionBee, [Annual Report and Financial Statements, 2022](#). This figure represents a composite market sizing using FCA supervisory data and external DC market estimates (including PPI), with PensionBee's own calculations applied. See also, MacFarlanes, [UK pensions schemes: opportunities for private capital across defined benefit and defined contribution, 2025](#).

³ These are the latest years for which we have FCA figures and industry estimates. A few firms were unable to submit data for prior years, and where this was the case we have used simple assumptions to construct a historical time series of AUA.

History of the personal pensions market

Rapid growth in personal pensions reflects a gap in the traditional system

In 1989, then Chancellor Nigel Lawson established the personal pensions market. He was concerned with the limited consumer choice in the traditional pensions market. The Finance Act 1989 formally introduced SIPPs to address this.⁴ The Chancellor's stated objective was to allow members of personal pension schemes to exercise greater control over how their pension funds were invested.

This significant moment of reform marked a deliberate policy shift towards individual choice, flexibility and investment autonomy while not changing the fundamental purpose of a pension. When first introduced, SIPPs were predominantly advised products used by a niche segment of consumers. These were typically financially sophisticated individuals, business owners and high-net-worth individuals. They were initially flexible, bespoke but administratively complex. Costs were high, processes manual and consumer engagement required a high level of financial capability.

The initial policy intent to build an investment culture directly aligns with the current Government's objective. While the regulatory environment has become more complicated, making it harder for the Government to achieve its objective in the pensions market, the personal pensions market has since evolved to help consumers across the market engage with their pensions.

Platform-based products lowered complexity and standardised investment menus

Further pensions market reforms that introduced pension tax simplification came through the Finance Act 2004⁵ and were implemented in 2006. These reforms replaced multiple pension tax regimes with a single, simplified framework, significantly reducing complexity around contributions and transfers. Simplifying the tax treatment of pensions and creating a single set of allowable investments lowered barriers to entry to the SIPP market for both providers and consumers. This made personal pensions easier to administer, understand and more commercially viable at scale. More standardised personal pension products became available as an evolution of the original SIPP offering.

New internet technologies have enabled innovation in the pensions market. Online access to digital investment platforms fundamentally changed how personal pensions were delivered. Providers began to offer simple, streamlined platform-based SIPPs that limited investment options to mainstream, liquid assets and aligned pension administration with existing investment platforms.

⁴ Finance Act 1989

⁵ Finance Act 2004

These products required less or no adviser involvement, reducing operating costs and enabling execution-only and non-advised business models to develop. AJ Bell first offered its online SIPP platform in 1995 and Hargreaves Lansdown started offering SIPPs from 2002. Fidelity also entered the SIPP market shortly after in the mid-2000s.

The integration of pensions into digital platforms transformed SIPPs from more bespoke, labour-intensive offerings into scalable D2C offerings, appealing to a far broader segment of savers and driving growth within the market. Consumers were able to consolidate pensions easily in one place and easy-to-use apps made these products more engaging and attractive to savers.

Pension freedoms, introduced in 2015, increased the value of ongoing investment choice. Requirements to annuitise DC pensions savings were removed and greater flexibility in how pensions could be accessed in retirement was introduced. Consumers were able to better engage with how their pensions were being managed, rather than leaving them untouched once enrolled. Paired with increasing digital and investor confidence, and the proliferation of pots post automatic enrolment introduction, demand for platform-based personal pension products strengthened.

The growth of the market continued through the 2010s. PensionBee launched its personal pension offering in 2016, helping savers to combine their pensions online. In 2017, Interactive Investor relaunched their existing SIPP, offering a new digital online personal pension. In the same year, Vanguard launched its investor platform, then introduced its personal pension product in 2020. In 2018, other providers, including J.P. Morgan Personal Investing, Freetrade, Monzo and MoneyBox also began offering similar platform-based products, driving the growth of the market further.

In recent years, there has also been a breakthrough of new fintech personal pension providers, particularly in the non-advised market, influencing how these products are delivered and consumed. The competitive landscape has shifted beyond traditional pension providers, highlighting further market growth.

Recent reforms across the pensions landscape risk disengaging pension savers

After the current Government came into power in July 2024, it quickly prioritised reforming the UK's pension market by launching the Pension Investment Review. It subsequently introduced the Pensions Schemes Bill before Parliament. The Bill is now currently at Committee stage before the House of Lords. The Bill's main proposal is to consolidate the pensions market to create more "mega-funds" in workplace pensions by 2030. The Government has also launched the Pensions Commission to look at pension adequacy and long-term retirement outcomes.

As part of the reforms, the Government unveiled plans to consolidate small pension pots (under £1,000 initially), to address the challenge of small forgotten pots. This would create a duty for schemes to transfer small, inactive pensions to "authorised schemes" (likely large Master Trusts). While these plans are accepted by some pension providers, concerns have emerged with how the consolidation objective is being achieved.

The reform seeks to simplify the existing pension landscape, but limits the flexibility and choice for consumers. A simplified system is in the interest of some consumers, however the pension reforms cannot lose sight of the savers who need autonomy and want choice over their investment products and the way they are served. There needs to be a system that is designed to suit all types of consumers. This echoes the exact concern that led to the creation of the personal pensions market in 1989.

The Pension Dashboard project, in progress for almost a decade now, is finally on the horizon. This will be a transformational step forward for consumers in giving them a view of their fragmented retirement savings in one place, and reuniting people with small and lost pots. It is widely expected that more people will consolidate their pensions once the Pensions Dashboards go live. The increased visibility of fragmented pots is expected to drive higher engagement, prompting many users to combine their retirement savings into a single, more manageable pot. Observing the way in which consumers choose to act and how they consolidate their pension pots, will be key to shaping any small pots framework alongside this, and whether it is necessary.

The current Pensions Minister, Torsten Bell, has said that the Government “anticipate[s] that there will still be 15 or so large providers in the 2030s”.⁶ This model may deliver on the Government’s stated objectives around delivering scale to improve investment in private assets, creating larger schemes which can also become asset owners. However, for the purposes of consumers interests, the broader pensions market must be considered. Personal pensions provide flexibility, portability and consumer-led choice that a highly consolidated occupational market cannot fully replicate. As consolidation progresses, the Government and regulators will also need to ensure that a vibrant personal pensions market continues to complement the occupational market. They should also consider how consumer choice could be built into the occupational market over time.

⁶ [Pension Schemes Bill \(Sixth sitting\)](#)

Consumers of D2C personal pensions products

D2C platforms play a vital role in supplying personal pensions to a wider subset of savers who are not well suited to the traditional pension market. They provide flexibility, choice and the opportunity to consolidate. These are important objectives for self-employed savers, those with multiple jobs, complex careers, or savers who just want more choice and to take greater ownership over their investment decisions. This all takes place within a regulated market, with platforms and the available investment options governed within the FCA framework, including the provision of a default option, in a similar manner to occupational pensions. By their very nature, they are designed for the customer and to help them better engage with their retirement savings. Providers are often able to serve their customers with more modern technology, provide better customer service, alongside tools and educational content in modern mediums.

D2C platform-based personal pensions are more standardised and less risky

The UK D2C personal pension market now accounts for a substantial and growing share of DC assets, and holds many hundreds of billions of in assets. Some segments of the market are complex, with a multitude of different products being offered. The portion of the market represented in our analysis, D2C platform-based personal pensions, is a less complex subset of the overall personal pension market worth around £100 billion.

The FCA acknowledges that when SIPPs are well run and offered to the appropriate consumers, they can greatly improve consumer choice.⁷ The FCA identifies concerns that some complex SIPP products are not governed effectively, with inadequate due diligence processes and no robust controls over pension scheme money and assets. The FCA observes SIPP products as falling into three broad categories:

- **Bespoke SIPPs** offer a high level of investment flexibility, allowing access to a wide range of standard and non-standard asset classes, either directly or via third-party providers.
- **Streamlined or 'simple' SIPPs** offer access to a wide range of standard investments such as listed securities and regulated funds and is typically through a single platform service provider.
- **'Ready-made' SIPPs** offer a limited range of pre-selected standard assets or portfolio.

It is important to make the distinction between these products, and the D2C platform based personal pensions that this analysis focuses on.

⁷ [DP24/3: Pensions: Adapting our requirements for a changing market](#)

The sector we are focused on is more in line with the streamlined and ready-made SIPPs, rather than the bespoke products. However, these distinctions are not always clear.

The D2C platform based personal pension subset provides standardised choice, digital access and scalability. This enables consumers to take greater control and active engagement, while limiting exposure to illiquid or complex assets. Platform-based products are governed effectively, and controls are put in place to ensure robust due diligence. The same regulatory concerns don't arise in this subset of the market compared to less standardised personal pensions market. These products balance choice and flexibility with sufficient consumer protection, distinguishing them from other product offerings.

D2C platform based personal pensions also operate within a robust FCA framework. Providers of these products are subject to the regulator's Conduct of Business Sourcebook (COBS), including its rules on client categorisation, disclosure, appropriateness and suitability where advice is provided, as well as detailed requirements for the operation of the platforms. Some firms, offering investments through model portfolios or default strategies, could also be required to comply with Product Governance (PROD) rules, including obligations to identify a target market, assess value and ensure distribution is consistent with consumer needs. Safeguarding and operational resilience requirements apply under the Client Assets sourcebook (CASS). The Systems and Controls sourcebook (SYSC) also includes rules around governance, oversight and risk management controls.

Since July 2023, all retail financial services firms have also been subject to the FCA's Consumer Duty, which imposes a higher standard of care, requiring firms to act to deliver good outcomes for retail consumers, including in relation to product design, price and value, consumer understanding and ongoing support. Taken together, these rules create a structured governance framework around both platforms and the funds they distribute.

More control and choice in both retirement outcomes and asset allocation

D2C platform-based personal pensions give individuals direct control over their retirement savings. Consumers can select, monitor and adjust their investment efficiently and easily within a pension wrapper using digital tools. Consumers are also often supported with suitable default options if they are less interested in making a proactive choice. This model aligns with broader shifts in consumer behaviour across retail investing, where individuals increasingly expect transparency, accessibility and autonomy. This directly aligns with the Government's objective to incentivise more of a retail investment culture. Initiatives such as the UK retail investment campaign commissioned by the Government, will highlight the benefits of investing and should encourage consumers to engage with their savings and, where they can, become investors.⁸ For engaged savers, platform-based pensions provide a way to align retirement savings more closely with personal preferences, risk appetite and broader financial planning.

Personal pensions invested through platforms offer access to a range of assets, including equities, funds, ETFs and bonds, and the ability to invest in multiple markets.

⁸ [Major Finance Firms Unite to Launch UK Retail Investment Campaign | Press Releases | The Investment Association](#)

Evidence also suggests that consumers use D2C platform-based personal pension products to invest their savings in a broad range of productive assets. It also suggests that they have a significant degree of home bias, investing proportionally more in the UK than would be implied by a geographically neutral investment strategy, thereby supporting domestic economic outcomes. We discuss this evidence, and how it has informed the assumptions underpinning our economic modelling, at length from page 17.

Consumers tend to be self-employed, financially literate and engaged

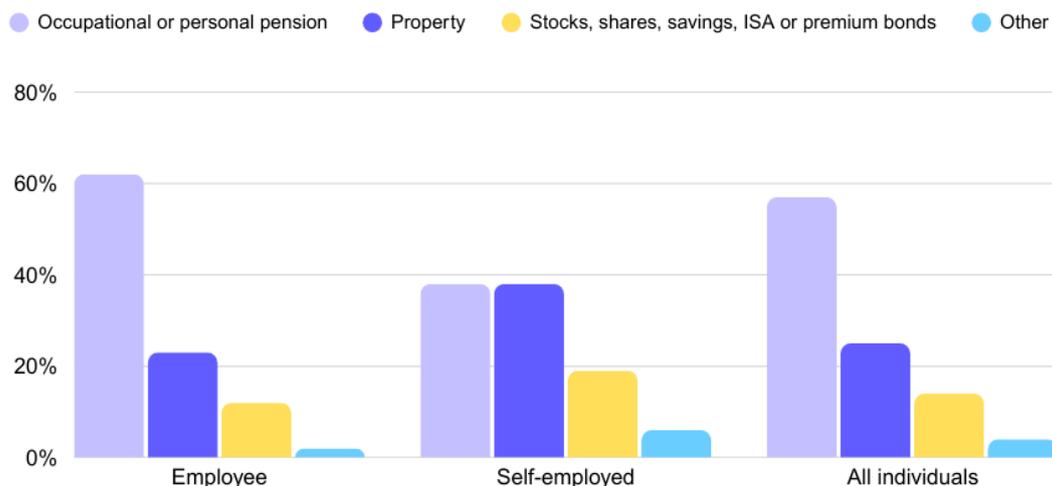
Platform-based personal pensions play a particularly important role for self-employed savers who are shut-out of the auto-enrolment system and therefore do not have access to workplace pensions. The population of self-employed workers across the UK stands at around 4 million which has grown from around 3 million in 2000.⁹

Self-employed workers seek flexible forms of saving compared to employees largely due to their less reliable and more intermittent source of income. The FCA's Financial Lives Survey found that in 2024, 9% of adults had a non-workplace DC pension.¹⁰ This portion increased to 26% for self-employed adults, suggesting that they are more likely to hold a personal pension.

Self-employed savers also tend to be wealthier. Out of the portion of self-employed adults contributing to a pension in 2024, 38% were on a salary upwards of £50k, and only 10% of those with a salary below £15k were contributing.

There is also evidence that suggests personal pension holders tend to be engaged with their pension products. The Financial Lives Survey found that in 2024, 77% of non-workplace pension holders who switched provider (in the previous 3 years) shopped around prior to switching to understand the different products, fees, and terms and conditions.

Figure 2: Opinion on safest way to save for retirement (%)



⁹ ONS: [UK Self-employment jobs](#)

¹⁰ FCA Financial Lives 2024 survey - Pensions: Selected findings

Out of all UK adults who consolidated their DC pensions in 2024, only 32% considered fees and charges and 21% considered investment choices. The survey also found that at 46%, self-employed (the segment of consumers more likely to hold personal pensions) are most likely to be highly engaged with their DC pension, compared to only 24% of all UK adults.

Data from the ONS Wealth and Assets Survey (see Figure 2) shows that many self-employed savers tend to take a more diversified approach to their retirement savings, heavily relying on property, alternative savings or investments rather than pension products. This reflects the risk that consumers with limited pension choices will instead choose to invest in other, potentially more riskier and illiquid assets. Platform-based personal pensions provide an accessible and flexible option for this group, allowing them to integrate pension saving alongside other investment choices.

How the sector supports adequate retirement outcomes

The overall outlook for retirement adequacy

Analysis for Hargreaves Lansdown by Oxford Economics shows that while 79% of households are on track to achieve an adequate retirement income under a relatively modest Living Pension benchmark (an income threshold developed by the Living Wage Foundation to reflect the amount needed in retirement to meet essential everyday costs, based on household type and housing tenure) many will fall short of their own expectations.¹¹ This reflects the fact that the proportion of households on track drops further when assessed against more demanding adequacy measures: to 28% when assessed against the Pension and Lifetime Saving Association's 'moderate' benchmark and to just 16% when assessed against their 'comfortable' standard.

These headline averages also mask significant variation across groups: only 8% of the lowest-income households are on track for a moderate retirement income based on their pension savings, compared to 68% of the highest-income households, and just 15% of renters are on track versus 47% of homeowners. This suggests an overall backdrop in which many households meet a basic threshold, but with significant variation between the groups. Also, fewer households are on course to achieve the level of income in retirement that would allow for financial security and greater freedom, pointing to a more fragile overall picture than headline numbers alone might imply.

Growth in the D2C platform-based personal pensions market supports pension savers' ability to maintain standards of living through retirement. It plays an important role in allowing more people to build meaningful private pension wealth alongside the state pension, reducing reliance on state income and services for those in retirement, raising the overall standard of living for pensioners. As discussed in further detail below, our analysis provides an indication of the potential aggregate scale of this effect through the £9.0 billion annual direct support to pensioner incomes in retirement (and total £18.1 billion additional economy-wide income available for consumption in retirement) that we estimate the sector will provide by 2055.

Safeguarding adequate retirement outcomes for particular groups

It is important to recognise that the D2C platform-based personal pensions market also fills gaps in coverage and supports additional voluntary savings, thereby complementing automatic enrolment workplace pensions and the advised market. These products specifically reduce barriers to entry for groups that are unable to access or are unlikely to engage with the traditional advised market. For some groups, earlier and more consistent participation increases total lifetime contributions and allows savers to benefit more fully from compound returns, improving overall retirement outcomes.

¹¹ Hargreaves Lansdown, [Pension Adequacy](#) – June 2025, 2025.

The D2C platform-based personal pensions sector therefore plays a dual role: it mitigates what would otherwise be even poorer retirement outcomes for some workers, and it represents a credible and scalable route to improving pension adequacy for these groups going forward. These groups include:

- **The self-employed.** There are over 4 million self-employed individuals in the UK. The IFS has noted that the share of self-employed workers earning over £10,000 who contribute to a private pension has been around 20% since the early 2010s, compared with over 80% among employees.¹² On current trends, the IFS projects that around 55% of the self-employed will reach retirement with no private pension savings beyond the State Pension.
- **Other savers** whose circumstances are poorly served by standard workplace pension design over their working lives. These include individuals with multiple small pension pots or complex pension histories, people with variable or lumpy income beyond the self-employed (such as those with bonus-heavy or irregular earnings), and those seeking to bridge the period between stopping work and reaching state pension age. For instance, there are an estimated 20 million deferred pension pots worth under £10,000 (including around 12 million worth under £1,000) and over 3 million lost pots, implying that large numbers of workers accumulate multiple pensions over their working lives.¹³

The D2C platform-based personal pensions sector also plays an important role for some workers as they approach retirement. Workplace DC schemes are primarily designed for accumulation and often offer limited or no in-scheme options for flexible decumulation.¹⁴ In practice, D2C platform-based personal pensions therefore act as a delivery vehicle for drawdown and partial withdrawals, enabling retirees to combine tax-free cash, ad hoc income and ongoing investment in a way that reflects how people actually retire. So, the flexibility provided by D2C platform-based personal pensions enables phased withdrawals and ongoing investment, supporting more stable retirement income paths and reducing individual risk in later life, relative to what would occur in the sector's absence. For many individuals, the relevant counterfactual is not a higher-performing workplace pension, but the absence of a usable retirement income product altogether or a full cash-out at retirement.

¹² IFS, [Private pensions for the self-employed: challenges and options for reform](#), 2024.

¹³ IFS, [Small pension pots: problems and potential policy responses](#), 2025.

¹⁴ Even once the requirement in the Pension Schemes Bill for DC providers to offer a drawdown product enters law, it appears likely that SIPP providers will continue to offer a more flexible drawdown option than the average default offering from workplace DC providers.

The economic significance of the D2C platform-based personal pensions market

The D2C platform-based personal pension market enables individuals to save systematically during their working lives. By investing those savings to generate returns over time, the market allocates funds into a variety of productive assets including equities, fixed income (corporate and government bonds), investment trusts, and property. We have modelled the potential future size of two channels by which this supports the economy and living standards:¹⁵

- 1. Higher economy-wide productivity.** Increased economic activity through the increase in investment in the UK's productive capital stock. We estimate that by 2055 this increases GDP by £9.1 billion in today's prices (0.18% of GDP).
- 2. Higher pensioner living standards.** Increased economic activity through the accumulation of retirement income available for consumption. We estimate that by 2055 this increases retirement incomes by £9.0 billion in today's prices (also 0.18% of GDP).

As we discuss below, the combined impact from these two channels is therefore around £18.1 billion in today's terms by 2055. Given the larger value of assets held in the broader personal pensions sector, its impact on the economy will be larger still. Given the eleven times larger volume of assets held in the broader personal pensions sector in 2022, our modelling assumptions would imply an impact of between £86 billion in 2055 (if all future growth in the D2C platform-based personal pensions subsector simply displaces other personal pensions investments) and £104 billion (if all future growth in the FCA's platforms portfolio is additional, but there is no further growth from other personal pension schemes).

The sector is likely to continue growing in importance over the next 20 years

The sector has experienced significant growth in the number and value of pension pots. Therefore basing our analysis of its future importance on its current membership and asset holdings would fail to capture the all-but-certain rapid growth in its future importance in supporting growth and incomes and consumption. We have therefore projected future growth that takes these trends into account.

Our estimates of the total additional economy-wide income available for consumption in retirement assumes that the AUA of the D2C platform-based personal pensions rises from £139 billion in 2025 to £499 billion (in cash terms) in 2055 (equivalent to £286 billion in real 2026 terms). This represents a nominal growth rate of 6% until 2030. This 6% growth assumption assumes that some of the strength seen in recent years continues into the future, as schemes attract new members, and existing members pay in to their pots.

Beyond this baseline, there are a number of structural factors that could support sustained growth over the medium to long term.

¹⁵ There is significant uncertainty around these figures. These relate not just to the future evolution of determinants but also several of the assumptions that we have made. Several key parameters were informed by members' submissions as well as wider evidence, and it is possible that different providers provided statistics on slightly different bases. However, we believe that our overall conclusion – that the D2C PBPP sector will make a growing contribution to productivity and living standards over the coming years – is robust to plausible alternate assumptions.

These include technological innovation in the unvested SIPP market, which is lowering barriers to entry and improving engagement; persistent under-provision among the self-employed, representing a sizeable untapped market; and policy-driven catalysts such as the rollout of the Pensions Dashboards, which may encourage greater consolidation and additional saving. Over the longer term, potential adoption of a ‘pot for life’ model could further increase flows onto platform-based arrangements.

Nonetheless, 6% is lower than the average growth rate in the total assets held by the firms in our sample of 14% over the four years to 2025, and we assume that growth slows further over the 2030s, so that assets administered by the sector remain a constant share of the economy from 2040 onwards. This reflects a conservative estimate to represent a longer-term outlook of the market as it begins to mature, wage growth slows towards historical levels, and members increasingly withdraw from, as well as pay into, their pots. This is broadly consistent with the views of members who supplied us with data and one commonly cited piece of industry analysis.¹⁶

By investing in productive UK assets, the sector will increasingly support growth

By investing households’ savings, the D2C platform-based personal pension market plays an important role in financing capital expenditures made in the UK. On average, we assume 20% of D2C platform-based personal pension assets are invested in UK-based assets, including both private sector equities and bonds, and UK government bonds. This assumption, which is informed by evidence provided by members, is in line with a Department for Work and Pensions (DWP) estimate for the workplace DC sector, which finds that 20% of its investments are made in the UK.¹⁷ Analysis by the pensions policy institute (PPI), also concludes that the individual and workplace DC sectors might invest similar proportions of their assets in the UK (although the degree of ‘home bias’ in this study is higher, at 27%, likely reflecting methodological differences)¹⁸. Our scenario assumes that this parameter will remain the same in the future, as total assets grow considerably, so that the stock of UK-invested assets rises from around £29 billion in 2025 to around £57 billion in 2055 in 2026 prices.¹⁹

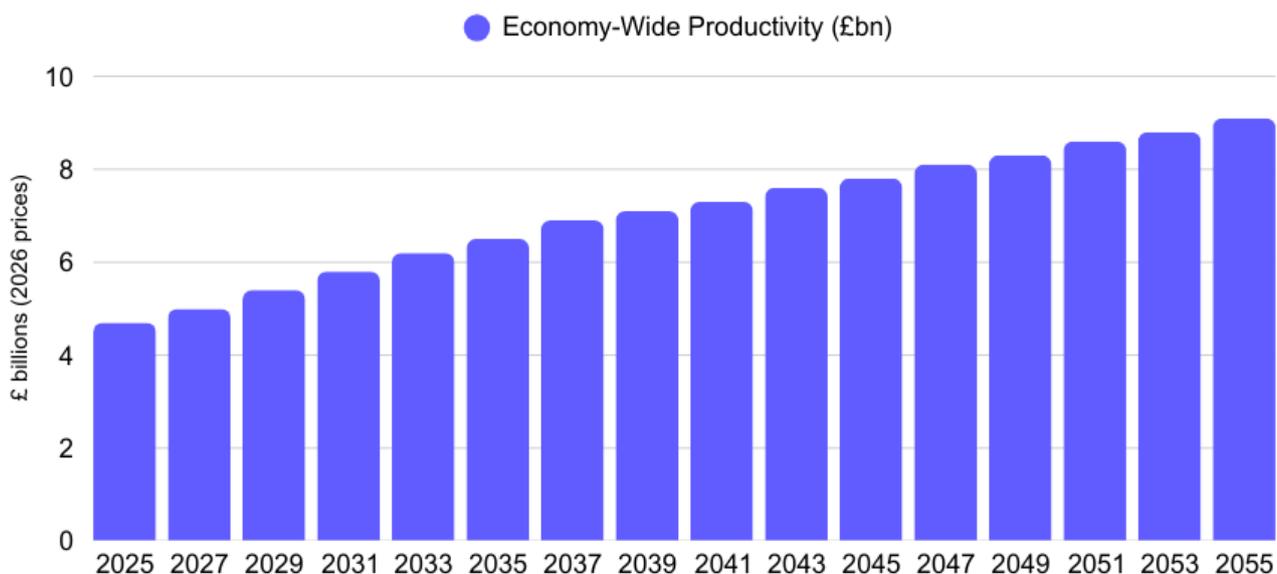
The composition of assets also affects the economic impact of investment. Some asset classes – particularly listed equities – have more immediate and direct links to capital formation, business expansion and productivity growth. In recent government work on productive finance, productive investment is typically characterised by exposure to growth-oriented assets such as equities, private markets and infrastructure, rather than low-risk fixed income. On this basis, traditional DB pension portfolios, which are heavily weighted towards gilts and bonds, perform less well, while DC schemes, with higher and more flexible equity allocations, score more strongly. For instance, although DWP finds that around 60% of the private DB sector’s investments are made in the UK, listed equity investments make up only 1% of its investments. In contrast, the PPI analysis suggests that 4% of all individual DC sector investments are made in UK-listed equities. This figure corresponds to 8% of the sector’s listed equity investments, around twice the UK’s share of global equity markets (a proxy for what a geographically neutral investment portfolio would look like).

¹⁶ For instance, John Moret, of MoretoSIPPs, has been quoted as predicting that the overall SIPP sector will grow from £500 billion to £750 billion by 2030, with almost all the future growth achieved in the “streamlined” SIPP sector, which corresponds more closely to our D2C platform-based personal pensions, than the “complex” SIPP sector. Streamlined SIPPs are designed to be simpler and lower risk, with a limited and well understood universe to invest in. Complex SIPPs by contrast allow a much wider range of investments, with more non-standard and illiquid assets, which present higher risk and greater administrative expertise. In fact, Moret predicts that the number of complex SIPPs will halve over the next five years due to regulatory overheads. Most pension products in our analysis correspond to streamlined.

Members' data submissions were also broadly consistent with a view that personal pensions are relatively likely to invest in productive and UK-based assets. For this reason, our modelling approach assumes that the responsiveness of GDP to an additional unit of investment is the same as to a unit of productive business investment, rather than the lower responsiveness that might be appropriate for DB-dominated portfolios.

Capital intensity (i.e., the measure of investment per worker) is a key driver of productivity growth. In economic terms, a larger capital stock will provide a flow of services to the economy over time, supporting future economic growth. The growth rates described above translate to about £4 billion a year (0.08% of GDP) extra investment in steady state. This translates into a 0.54% increase in the capital stock, and a boost to GDP of £9.1 billion (0.18% of GDP) in 2055. This channel reflects how D2C platform-based personal pension funds invested into productive domestic investment channels, such as equity finance for firms, corporate bonds, and property, as well as growth-supporting investments in the public sector. This long-term financing expands the economy's productive capacity, as the additional funds available allow firms to invest in technology, innovation and other efficiency means. This process, which is known as 'capital deepening', raises productivity and GDP, supporting higher wages and profits across the economy.

Figure 3: D2C platform-based personal pensions contribution to economy-wide productivity



¹⁷ See DWP, [Pension fund investment and the UK economy: analysing the trends of UK pension fund investment and the implications for UK economic growth](#), November 2024. These figures are larger than lending to UK business, as they capture lending to fund public sector capital investments. We include the growth benefits of this investment in our modelling, given the strong evidence that public sector capital investment supports economy-wide economic growth. See, for instance, Suresh et al., [Public investment and potential output](#), OBR, 2024.

¹⁸ See Pensions policy institute, [Pension scheme assets – how is asset allocation changing and why?](#), 2025.

¹⁹ In nominal terms, the value of these assets grows to £100 billion by 2055. This additional nominal growth helps protect members' asset-holdings from being eroded in real terms by inflation. We focus on real terms figures in our economic analysis in order to assess the underlying assets' ability to contribute to the UK economy, rather than how price changes affect their nominal value.

The sector will also play an increasing role in supporting incomes and consumption

The sector's ability to support pensioner incomes in retirement depends on the performance of investments made both in the UK and abroad. Investing in a diversified range of assets allows savers to benefit from compound growth and exposure to higher-return markets, while protecting them against the risk of significant fluctuations of the value of investments that are made in any particular market.

Our income projections are based on the proportion of these global asset holdings that are in-payment, which we define as those that are drawn down on a regular basis (excluding transfers). Data provided by members suggests that only a quarter of pots are currently regularly paying out. But since many D2C platform-based personal pension products were first offered by providers relatively recently, we expect the portion of in-payment assets will grow over the next 15 years and beyond as pension holders reach the normal minimum retirement age. In our analysis, we therefore assume the portion of in-payment assets rises from around 25% to around 35% by 2055 (based on the proportion of all pension pots that are in-payment reported in the ONS Wealth and Asset Survey).

When defined in this way, the real value in 2026 prices of pension pots that will be providing income to pensioners in each period is on course to almost triple from £36 billion in 2025 to £101 billion in 2055. Again, our economic analysis focuses on real terms to capture how these pots improve pensioner living standards. Their nominal value is higher still, capturing the significant extent to which the sector prevents its members' savings being eroded by inflation.

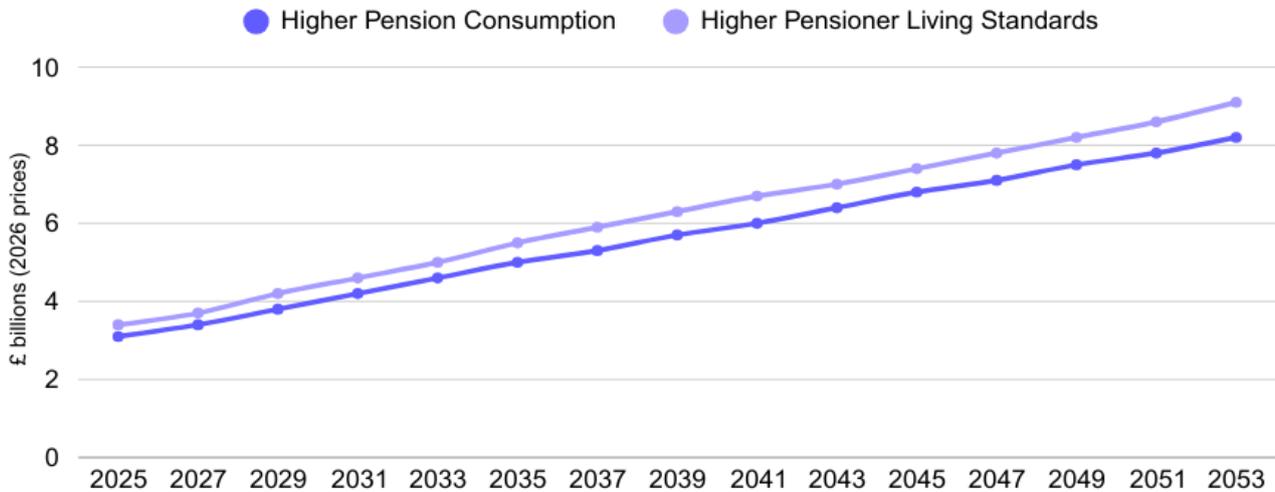
Based on information submitted by members for in-payment assets, we assume that regular withdrawals are equal to 4.5% of these funds in each period. We double this figure to obtain an assumption for the total share of in-payment assets withdrawn each period, to capture the likelihood that a majority of pensioners will withdraw figures approaching the maximum tax-free lump sum upfront (and a significant further proportion of members may make large lump sum withdrawals beyond that point).²⁰

Based on these assumptions, we assume that the annual contribution to real pensioner living standards made by the D2C platform-based personal pensions sector grows from £3.3 billion in 2025 (0.10% of GDP) to £9.0 billion a year in 2055 (0.18% of GDP).

To capture the effect this channel has on consumption and GDP, we assume pensioners ultimately spend 90% of this additional pension income (a long-run marginal propensity to consume of 0.9). This is anchored in UK national accounts evidence that households typically spend the large majority of their resources: the ONS household saving ratio was 10% in 2024, implying an average propensity to consume of around 90% (since saving is the residual after consumption). This results in real consumption supported by the D2C platform-based personal pensions sector rising from £2.9 billion (0.09% of GDP) in 2025 to £8.1 billion (0.16% of GDP) in 2055.

²⁰ This 9% figure, which reflects both regular and lump-sum withdrawals, is significantly lower than the figure implied by available members' submissions in 2024, when significant uncertainty around the 2024 Autumn Budget led to a larger than usual number of withdrawals occurring. We assume this partly reflected funds being transferred between investment vehicles rather than genuine changes in aggregate saving.

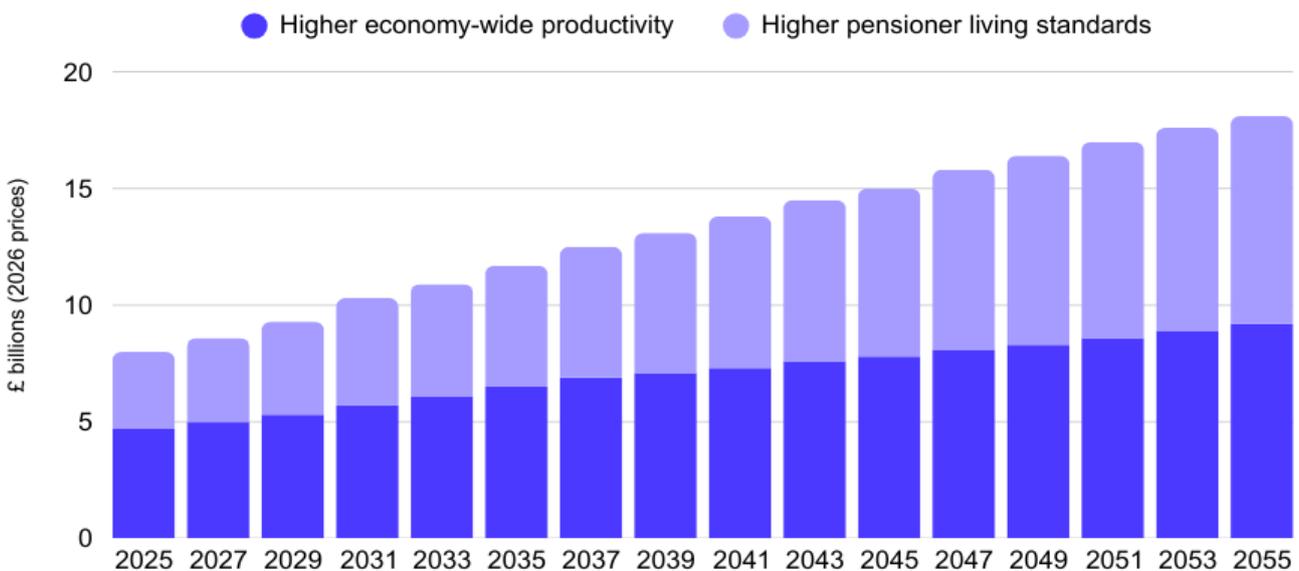
Figure 4: Higher pensioner living standards and consumption for D2C platform-based personal pensions



The combined effects on productivity and pensioner incomes are significant

To provide an aggregate measure of the sector’s growing contribution to the UK economy, we simply combine the two channels described above to show the total extra UK economy-wide income available for consumption in retirement as a result of investments made through D2C platform-based personal pensions. On this basis, the sector contributed £8.0 billion (0.25% of GDP) in 2025 (in 2026 prices). This rises to £18.1 billion by 2055 (0.36% of GDP), highlighting the sector’s significant current and future contributions to the economy.²¹

Figure 5: Extra economy-wide income available for consumption in retirement from D2C platform-based personal pensions



²¹ This concept of economy-wide income available for consumption in retirement is used to highlight the additional economic value generated by the D2C platform-based personal pensions sector. The first channel (greater UK investment) is a direct contribution to GDP. The second partly represents changes in the profiles of incomes and consumption, as the accumulation of pensions savings available to drawdown raises the capacity to finance consumption in retirement, while being partly financed by foregone consumption (setting aside money into a pensions pot) during a pensioner’s working life.

These estimates are calculated for the D2C platform-based personal pension subset of the market, which we estimate stood at £139 billion in 2025. The value of assets held in all personal pensions is likely to significantly exceed this figure. As described above, available estimates suggest that the total size of the personal pensions market was eleven times larger than the D2C platform-based personal pension subsector in 2022. Under the conservative assumption that all future growth in D2C platform-based personal pension assets over the next 30 years will simply displace other personal pensions investments, this 11:1 ratio would imply that the impact on productivity and pensioner living standards of the personal pensions sector would stand at around £86 billion in today's terms by 2055. Under the alternate assumption that the slightly broader definition of schemes designated as within the FCA's platforms portfolio will grow in line with our assumptions for the D2C platform-based personal pension subsector between 2022 and 2055 (but that there will be no growth in other personal pension assets), its impact would rise to £104 billion.

Challenges and recommendations

Despite the clear benefits that the D2C platform-based personal pensions sector delivers to savers and the wider economy, several structural and regulatory frictions continue to constrain its effectiveness.

In particular, weakness in the current pension transfer system risks undermining consumer engagement at a pivotal moment for pension reform. This section explores how the pension transfer system is being held back by a combination of the following factors:

- Misaligned regulatory incentives
- Inconsistent regulatory expectations
- Incorrect application of pension scam legislation
- Sludge in the pension transfer journey

We consider the range of poor consumer outcomes that flow from these systemic issues.

The report also considers opportunities for the Government to align its approach to the D2C platform-based personal pensions market with its wider objectives around adequacy and retirement outcomes, and pensions taxation.

Below the paper sets out recommendations for Government, regulators and industry to tackle these challenges.

We believe there are achievable near-term opportunities to build on existing good practice, regulatory expectations and guidance. We have also identified medium- to long-term opportunities to achieve more ambitious progress by advocating for voluntary industry coordination and legislative / regulatory changes. We have identified three themes around which the following recommendations on transfers and consolidation coalesce: standardisation, digitalisation and rationalisation. Alongside these, the report also makes recommendations on adequacy and retirement outcomes, and taxation.

The current transfers experience is not fit for purpose

For customers, transfers are the critical mechanism for consolidating their retirement savings, equipping them to pursue their financial objectives. As discussed above, engaged savers may seek to transfer out of a workplace pension or consolidate a series of pots to closely align their retirement planning with their preferences, risk appetite and wider financial objectives. Functionally, transfers help customers exercise the freedom and choice that is so central to the utility of D2C platform-based personal pensions. The transfer mechanism also underpins the growth of the D2C platform-based personal pensions market.

In the wider context, the upcoming final connection deadline for Pensions Dashboard in October 2026 and the eventual launch of the ecosystem will be an important moment in the pensions market. Customers will be equipped with the necessary information about their pensions to make informed decisions and engage better with their retirement planning. This presents a once-in-a-generation opportunity to drive engagement with pensions and consequently improve retirement outcomes, boost confidence in financial decision-making and ensure savers understand the complex options that are available to them. Consumers must be empowered to act, especially around consolidating their savings. A fit for purpose transfer experience will be key to this.

Today's transfer experience can be dogged by long delays, excessive due diligence processes and fragmented practices across providers. Taken together, these create unnecessary friction, discourage consumer engagement and ultimately prevent savers from exercising the freedom and choice that D2C platform-based personal pensions are intended to offer. The current transfer experience is not adequate to take advantage of the opportunity which the Pensions Dashboard initiative represents.

Members have identified a range of experiences in the transfers process which we believe typify the key challenges that have a direct impact on customers' experiences of the transfer process.



One major FCA-regulated financial services firm and personal pension provider described an experience of being refused entry onto a ceding scheme's clean list by a third-party administrator. The same third-party administrator also provides the firm's own workplace pension. We know other firms face similar challenges too.



Providers described experiences where red flags were used to penalise engaging firms using cash incentives, while ceding schemes operated their own voucher-based incentives.



One provider identified examples where transfers have been rejected because the ceding firm was holding an old address for the customer or where forms were not completed and returned quickly enough. Another member shared an experience where they were told that the ceding firm would not engage without a policy number, even when provided with all other personal details. These are just a couple of examples of the challenges that many firms face.



Providers described situations where ceding schemes would apply amber flags for 'overseas investments' while also offering the same funds which they took issue with.

Misaligned regulatory incentives

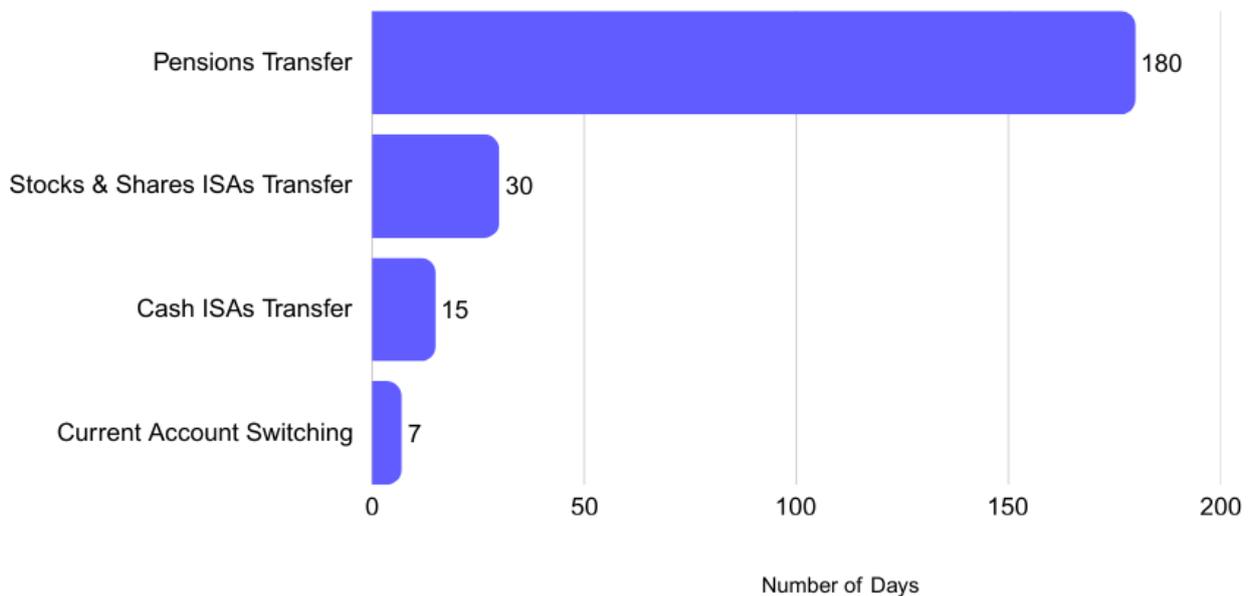
The current transfer experience is being shaped as much by commercial incentives as by the formal rules. Occupational pension schemes and unregulated third-party administrators face significantly weak incentives to prioritise timely and consumer-focused transfers out.

Ceding schemes enjoy the commercial benefit of retaining members, for instance by sustaining per-member administration revenues or ongoing fees linked to assets under management. There is also loose accountability around service levels within the statutory deadline. Schemes can allow transfer requests to drift, consumers to become frustrated and disengaged, and for an overall inadequate system to persist.

This primarily occurs because of the loose accountability over transfer timelines. In 2015, the Pension Schemes Act 1993 was amended to bring the statutory deadline for pension transfers down to 6 months from 12 months, as it was initially set. While the deadline has halved, this can still be extended beyond the 6 months, subject to the provisions set out in regulations.

Today, the 6-month deadline is completely out of step with other parts of the UK's modern financial services system and is mis-aligned with consumer expectations. For example, consumers transferring their cash or stocks & shares ISAs from one provider to another can expect timelines of up to 15 and 30 working days, respectively. The current account switching process, which leads the market, can take up to 7 working days.

Figure 6: Transfer and switching deadlines for other products



Pension transfers can take weeks and even several months. Members have shared experiences of occupational pension schemes allowing transfer processes to drift significantly within the 6-month statutory deadline. One provider observed that in 2025, its quickest transfer-in time from schemes under a particular Master Trust was 54 days and the average transfer-in time was 119 days. This extended outer bound legitimises slow operational practice on the part of occupational pension schemes.

Members do, however, recognise where delays can function as appropriate friction for customers to properly understand and assess their options. This is especially the case with DB to DC transfers where consumers are entitled to protected benefits. Friction in these circumstances can serve a specific and justified purpose to facilitate saver's understanding. However, separate to this, where savers are transferring from the same DC environment, with no such protected benefits, they should be able to expect a shorter and smoother experience than in more complex transfer cases.

It is also clear that the market lacks a clear set of enforceable outcomes for transfer timelines and proportionality. Ceding schemes benefit from operating within a regulatory landscape that has, over the past decade, been increasingly shaped by legislative reforms aimed at preventing fraud and scams. The policy focus that emerged in response to pension liberation scams in the early 2010s and the increasingly sophisticated scams following the introduction of the 2015 pension freedom, is important and necessary. However, this has inadvertently provided a platform to justify extensive, open-ended checks under the auspices of good consumer outcomes without a commensurate expectation to evidence that those checks are necessary, risk-based and time-bound. Despite the policy intent to create effective guardrails within which consumers have the freedom to make well informed decisions about their retirement savings, schemes have a defensible rationale to delay or even frustrate transfers even where the actual risk of scam activity is low.

Members recognise the value of initiatives like the STAR standards, established by the Transfers and Re-registration Industry Group (TRIG). Future regulatory activity should seek to leverage these voluntary industry frameworks and standards. In their current form, they are not a sufficient basis to drive the necessary change that the market needs.

The Government should also take the opportunity to bring the statutory deadline closer to a timeframe that reflects service levels that can be expected today. We believe a 30-working day ‘backstop’ is an appropriate baseline for the industry to then build upon further. Sections of the market have demonstrated that such service levels are achievable.

However, going beyond this, without sharper accountability around service levels, ceding schemes will continue to face insufficient incentives to prioritise consumer-focused transfer outcomes.

Near-term quick wins

Introduce clear regulatory expectations on transfer timelines: The FCA and TPR should provide clarity on expected or minimum service levels to be observed by all schemes and third-party administrators with a presumption that delays beyond set thresholds must be justified. The regulators’ proposed VFM framework recognises the importance of the timeliness of core financial transactions, including transfers between schemes, to providing good service.²² The regulators should go further by recognising that the existing 6-month statutory deadline does not reflect an acceptable standard for a modern financial service. Aligned with its growth objective, the FCA should encourage industry to move to a much quicker transfer process to support growth and competitiveness.

Medium- to long-term opportunities

Amend the statutory deadline for transfers to 30 working days: DWP should amend The Occupational Pension Schemes (Transfer Values) Regulations 1996 to reduce the statutory deadline for pension transfers from 6 months to 30 working days. As a backstop in anticipation of further industry progress, this would reflect expected standards for similar financial products: 30 working days for stocks & shares ISA transfers, 15 working days for cash ISA transfers and 7 working days for current account switching.

²²FCA, CP26/1: *The Value for Money Framework: Response to consultation, further consultation and discussion paper*

Inconsistent regulatory expectations

Pension savers currently navigate a transfer journey which is fragmented by inconsistent regulatory expectations along two dimensions. On one front, consumers are subject to different transfer experiences depending on which part of the regulatory regime they are interacting with, between FCA and TPR regimes. On the other, consumers must endure a journey that feels duplicative, confusing and unfair because of the way regulatory expectations fall between ceding and engaging firms.

Consumers should not have to endure significantly different transfer experiences depending on which parts of the regulatory regime they are engaging with, whether they are transferring in or out of the trust-based or contract-based regimes. However, owing to the divergence in regulatory approaches between the FCA and TPR, consumers are caught between two ways of doing things. Most consumers will not have an appreciation of which regulator oversees each pension they have. As such, differences in transfer experience that result from this appear arbitrary and confusing. This has further knock-on impacts on engagement and trust in the pensions market.

Engaging firms, especially providers of D2C platform-based personal pensions within the FCA regulatory regime, often operate with a higher bar with respect to their responsibility to ensure consumer understanding and demonstrate fair value with respect to fees and charges. However, ceding schemes and in many cases third-parties that administer these schemes, are empowered to impose numerous additional steps that go over and above what is required by legislation or existing regulatory guidance. Consumers, however, can be left in the lurch often without proper notification around the ceding schemes processes.

Members have also set out examples where ceding firms have delayed or cancelled requests for trivial reasons, and in ways that can be frustrating for customers, under the guise of risks checks and due diligence.

Many of the members shared examples where their schemes were flagged as being scams, despite being prominent FCA-regulated providers. There is a clear case for the FCA and TPR, in collaboration with industry, to progress further standardisation of due-diligence checks, a negative confirmation approach that applies to FCA-regulated receiving schemes and a cross-regulatory regime to narrow the gap between regulatory approaches.

Near-term quick wins

Co-develop standardised due-diligence checklist: The FCA and TPR should clarify the minimum and exhaustive due-diligence obligations that apply to both workplace pension schemes when assessing transfer requests. The regulators should ask the Association of British Insurers (ABI) and Pensions UK to jointly develop a standard checklist of questions and information requests that comply with regulatory expectations. The standard checklist must be adhered to on a 'comply or explain' basis. Schemes will be required to explain their need for additional information requests beyond this standard. The regulators should make clear that they will prioritise supervision in this space, collecting more data and reviewing firms transfer processes.

Medium- to long-term opportunities

Provide formal guidance on ‘clean list’ processes: Both the FCA and TPR have provided guidance that reflects engaging firms’ existing use of ‘clean lists’. Both regulators should build on top of this guidance to standardise a ‘negative confirmation’ approach to clean lists, under which ceding firms must demonstrate material concerns before imposing additional checks on FCA-regulated receiving schemes.

Develop a cross-regulatory regime for pension transfers: Building on recent collaboration between the FCA, DWP and TPR on VFM, HM Treasury and DWP should direct both regulators to collaborate on a joint work plan to develop a cross-regulatory regime of rules and guidance for pension transfers. This reflects the reality that transfers often flow across contract-based and trust-based schemes

Response to the FCA’s consultation paper on projections and DC to DC transfers

Reflecting on the FCA’s latest proposals in its consultation paper on requirements for a changing pensions market, members recognise the importance of consumers having the option to request information to identify when they may be giving up valuable legacy benefits (and where meaningful exit fees apply) on transfer.²³ Members also recognise that where a customer wants this to be checked, a more coherent presentation of information could reduce the confusion created by multiple communications arriving at different times and in varying levels of detail and prominence.

We also note that these proposals will not apply across the TPR / DWP perimeter (we understand that DWP is considering whether similar requirements for occupational schemes would be beneficial). Without a cross-regulatory approach, these proposals risk further exacerbating a fragmented transfer experience which this report already identifies presents undue difficulty for consumers.

However, members note that in the first instance, the relevant risk around the potential loss of legacy benefits is concentrated: only a small subset of products carry genuinely valuable legacy features (e.g., protected ages or specific guarantees). Policy should avoid designing a ‘standard path’ around edge cases such as these. In the same vein, where potential harm from inappropriate transfer is localised between a few engaging firms, the regulator should consider where targeted supervision activity may be more beneficial than market-wide policy change. Separately, customers who would like to go straight through, avoiding this process, should be able to opt-out.

Members are also alive to the risks of adding further friction into an already long and complex journey, especially given that a customer has already made the decision to transfer the pension. Introducing an additional pre-transfer information gathering exercise would further complicate this journey, introduce new avenues for delay and introduce a very different process for DC non-advised transfers taking place within the FCA regulatory environment and other transfers in the market. The FCA’s proposed process places engaging firms under an obligation to obtain consent, gather information from ceding schemes and then replay this information back to the consumer before the consumer can formally instruct the transfer. In total, this could lead to significant delay, even if ceding firms have 10 working days from request to respond with this information. While we appreciate the FCA’s emphasis on appropriate friction, members believe that there is currently too much friction.

²³ FCA, [CP25/39: Adapting our requirements for a changing pensions market](#)

This proposal risks providing an avenue for ceding schemes to offload their responsibility for the customer understanding outcome of the Consumer Duty to a third-party which itself is not responsible for the manufacturing or distribution of that product. Ceding schemes should bear the responsibility to “communicate in a way that is reasonably likely to be understood and that facilitates decision-making”. Ceding firms should be required to provide this information in a standardised form directly to consumers. This responsibility should not be borne by engaging firms. In addition to this, members recognise that it should be in the ceding firm’s interests to ensure that they communicate information about the ceding scheme in the appropriate level of detail and prominence.

Members welcome the emphasis on standardised comparable scheme information being available more generally. However, we do not think this is appropriate as part of the transfer process for this segment of the market. The VFM framework, as it is currently being developed, has the potential to extend across the pensions market. This should be the mechanism for comparisons to be made in a holistic way, incorporating the insights provided by other metrics (e.g., quality of technology, customer service, transfer times etc.) that give consumers a more complete picture.

Beyond these immediate proposals, in the near term, further collaboration on a joint industry approach could also dovetail into pension dashboards once they are live. Consumers should be able to see the same core fields in one place and in the transfer journey. This would be another opportunity to remove having to go back-and-forth sharing bespoke scheme information.

On the presentation of information back to the consumer, the FCA notes that engaging firms’ commercial incentives to secure the transfer could raise a potential conflict of interest. However, the regulator’s wider analysis does not include a recognition of ceding firms’ own commercial incentives which structure the wider transfer experience in ways that can introduce delay, friction and poor outcomes, as we set out in earlier sections of this report.

The FCA has also set out detailed proposals for presenting pension simulations. These proposals include rules which would require firms to give consumers the choice to see and interact with decumulations options including an annuity. A requirement for non-annuity providers to furnish annuity comparisons for these decumulation options would be onerous and difficult for such firms to implement.

Members agree with the FCA’s decision not to introduce an explicit ban on incentives. The Consumer Duty is a sufficient mechanism to constrain inappropriate practices around the use of incentives. However, it is important to note that incentives can be structured in an appropriate way to support engagement and encourage savers to take necessary action around their retirement savings. Members recognise that considerations around sequencing, framing and other modalities (e.g., cash-based / voucher-based, financial / non-financial) are important in the design of appropriate incentives. The FCA should provide clarity on acceptable incentive design and how firms can comply with the requirements of the Consumer Duty within this context.

Incorrect application of pension scam legislation

As set out above, the current legislative framework for pension transfers has been heavily influenced by the imperative to prevent pensions fraud and scams. This has also led to a more interventionist statutory framework. An example of this is DWP's amber and red flag regime, which is hard coded into the statute book through The Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021 (conditions for transfers regulations). Once again, while the policy objective is well intended and has sought to scope consumers' pension freedoms within practical guardrails, the conditions for transfers regulations have been used as a basis for ceding firms to administer slow and onerous transfer journeys.

Consumers are also often left in the dark as providers take extended periods to inform consumers where a flag has been raised. This creates undue uncertainty, anxiety over their retirement savings and risks causing disengagement.

Members have identified various ways that the broad definition of these criteria and their outright misuse have become sources of additional delay and frustration of legitimate transfer requests. DWP also noted similar industry feedback during its 2023 review of the regulations. That review highlighted specific concerns around the overseas investment flag, the incentives flag and the requirement for an employment link.

The breadth in which the criteria are drafted leaves ample room for engaging firms to overinterpret the regulations in a way that would be beneficial to their purposes of retaining customer funds and frustrating the transfer requests. One provider described an experience where red flags were used to penalise its use of cash incentives, while the ceding scheme operated its own voucher-based incentives.

An additional consequence is that these regulations do not properly account for actual commercial practices within the market. Members noted that the regulations could, for instance, with respect to the overseas investment flag, permit a ceding scheme to raise a flag for an engaging scheme's use of a global tracker fund. One provider described situations where a ceding provider would apply an amber flag for 'overseas investments' while also offering the same fund which it took issue with.

On the issue of incentives, members noted that the FCA and TPR differ in their guidance as to how these should be treated. While the TPR recognises that some incentives "could be considered normal industry practices", it places significant weight on trustees' own discretion in making the judgment.²⁴ On the other hand, the FCA has said that it will lean on the Consumer Duty obligation to act in good faith and that it will not be proposing an explicit ban on incentives. These can have the effect of promoting distinctly different approaches within their respective regulatory regimes.

Members also noted a lack of standardisation within larger workplace providers, where engaging firms can often find themselves interacting with different systems and due diligence processes inside one ceding provider. This further amplifies the risks of incorrect and incongruent application.

²⁴ TPR, [Dealing with transfer requests](#), 2021

The current approach risks over-correcting for fraud at the expense of legitimate consumer choice. The breadth of its definitions and the inconsistency in regulatory interpretation, leaves room for incorrect application over and above the initial policy intent. Reform here should prioritise proportionality and standardisation. FCA and TPR guidance on the application of flags ought to be better aligned. DWP regulations must also catch up to current market practices, ensuring that scam indicators are tightly scoped to genuine risk rather than broadly defined in ways that capture common and legitimate commercial activity.

Medium- to long-term opportunities

Amend existing secondary legislation to reflect latest guidance on the use of flags: DWP should progress reform of The Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021. The current criteria, hard coded into secondary legislation, on the use of amber and red flags does not reflect the current operating environment or latest guidance provided by both the FCA and TPR. This regulation should be updated to allow for the FCA and TPR to offer flexible and responsive outcomes-based guidance / regulations on the use of flags.

The United States and Canada transfer rails standardise data sharing and exception handling

In the United States and Canada, pension and investment transfers are facilitated through 'utility-style' rails. In the United States, the Automated Customer Account Transfer Service (ACATS) was created by the National Securities Clearing Corporation (NSCC), now the Depository Trust & Clearing Corporation (DTCC) in 1985. It functions as the central processing system for the timely transfer of customer account assets between firms. Its development was aimed at standardising and automating the transfer of customer accounts. It can also transfer a range of customer assets including equities, bonds, securities and cash. In Canada, the Account Transfer Online Notification (ATON) service is operated by the Clearing and Depository Services Incorporation (CDS). It plays a similar role around information transmission, but it does not function as a system for the transfer of assets or payments.

Both systems rely on common datasets and status codes, in contrast to the UK's transfer approach where individual firms rely upon their own due diligence and assurance processes. Transfers are initiated electronically with a minimum set of client and account identifiers and standardised list of assets. In both cases, customers would have made a request to transfer in a durable medium (i.e., signed transfer form). The central utility also routes messages between ceding and engaging institutions, as well as enforcing cut-off times and business-day cycles. Exceptions are surfaced through specific status codes, allowing firms to resolve only the minority of cases that genuinely require manual intervention, while the majority of transfers complete automatically.

This architecture allows for predictability which in turn delivers fast timelines. Under ACATS, a full account transfer typically settles in about 4 – 5 business days, with partial transfer in as little as 3 days. ATON enables Canadian firms to meet Investment Industry Regulatory Organization of Canada (IIROC) regulations which require transfers to be completed within 10 business days. For consumers, the result is a transfer journey whose diligence processes are well defined and consistent across providers. Consumers are able to move retirement savings between platforms quickly.

‘Sludge’ in the pension transfer journey

The pension transfer process can often be driven by slow, paper-based legacy systems which are inhibiting efficient transfers. In its December 2025 consultation paper (CP25/39), the FCA noted stakeholder concerns around firms continuing to require wet signatures or other manual processes as part of the transfer initiation process. Members have also highlighted these as part of a wider set of practices which occupational pension schemes continue to maintain which unnecessarily delay transfers.

Friction in the customer journey can play an important role for delivering good outcomes for consumers. The FCA has previously identified appropriate or positive friction as being a useful tool in providing customers with the opportunity to understand and assess their options, including any risks.²⁵ Conversely, it has also identified where firms employ ‘sludge’ practises which introduce excessive frictions that hinder consumers from making decisions in their interests.²⁶

Members have also said that although there has been an uptake in the use of digital services like the Origo Transfer Service, some schemes continue to require customers and receiving schemes to fill out lengthy paper-based or manual forms. While this has often been commonplace in the DB market, members have also noted such occurrences with DC schemes with no safeguarded benefits. The continued reliance on manual forms hinders the adoption of digital tools which are necessary infrastructure to make further progress. The current structure does not support occupational schemes making the necessary infrastructure and process updates to allow for faster transfers out. This is out of step with the progress that has already been made on the Pensions Dashboard initiative and other savings-related digital tools.

In the near-term, the FCA and TPR should seize the opportunity to bring the market up to speed by progressing towards a ‘digital-first’ presumption. After a period of implementation, schemes should be required to ‘comply or explain’ where paper-based or manual processes are used.

Near-term quick wins

Introduce a digital-first presumption for transfers: The FCA and TPR should fire the starting gun on a ‘digital-first presumption’ for pension transfers. After a limited implementation period, transfers must be expected to be processed through recognised digital journeys as the default, with firms required to ‘comply or explain’ where paper-based or manual processes are used. The regulators should use this opportunity to jointly signal that digital transfer journeys represent the expected market standard.

Beyond this, the regulators should consider a more ambitious long-term opportunity for widespread digital transfer journeys that will not only reduce transfer timelines but strengthen accountability and consumer protections by embedding modern data validation and audit tools within the process.

The FCA also noted in its latest consultation that the associated costs of services like Origo can be prohibitive or disproportionate for a select set of firms. Members have also noted that Origo’s strong market position and lack of interoperability with other such platforms can itself be a source of friction, especially where larger administrators may opt for competing tools and standards (e.g., ViaNova / TeX). We think there is a case here for further investigation by the regulator.

²⁵ FCA, [FG22/5 Final non-Handbook Guidance for firms on the Consumer Duty](#), 2022

²⁶ FCA, [Research Note: Digital design for financial products and services: Consumer impact of sludge, deceptive design, timeliness and simplification](#), 2025

We also note that in some of the comparable jurisdictions considered in this report, Governments and regulatory authorities have treated the plumbing of the pension transfer system as utility infrastructure. In Australia, Sweden and the United States they have, in differing ways, established a shared set of rails, standards and operating rules that market participants can engage with. While this report does not call for this approach, we think that the FCA should consider whether elements of these international models could inform a more coherent and consumer-focused pension transfer infrastructure in the UK.

Medium- to long-term opportunities

Co-develop common standards for displaying protected benefits: The FCA, TPR and Money and Pensions Service (MaPS) should work with industry to develop common standards and formats for communicating protected benefits. This should build on existing work within the VFM framework and forthcoming Pensions Dashboard. The objective would be to ensure consumers are properly supported to understand and assess protected features. This would also allow straightforward DC to DC transfers, with no safeguarded or protected features, to proceed without avoidable delay and friction.

Mandate digital transfer journeys: The FCA should set out a clear objective for and initiate an industry-led coordination group to deliver a fully digital, interoperable pension transfer ecosystem. Pension transfers should be subject to the same digital infrastructure expectations as other modern financial services. This workstream should seek to embed fraud controls, data validation and auditability directly into the transfer process, replacing current fragmented and manual processes.

Commission competition work into digital pension transfer infrastructure: The current market for digital pension transfer infrastructure tools is concentrated around Origo Transfer Service. The FCA should assess this market to examine whether current arrangements promote effective competition, interoperability and innovation. The regulator should also explore whether concentration in key services risks entrenching inefficiency and limiting consumer outcomes further downstream.

SuperStream in Australia – the case for a digital-first presumption

SuperStream in Australia – the case for a digital-first presumption SuperStream is Australia's digital platform which facilitates pension contributions and rollovers. The platform was introduced following the 2010 Super System Review to modernise the plumbing of Australia's superannuation system and reduce the cost and friction of contributions and rollovers. The reforms were legislated in 2012 and progressively implemented, mandating common data standards and electronic messaging for contributions and fund-to-fund transfers. All Australian Prudential Regulation Authority (APRA) regulated funds and Self-Managed Superannuation Funds (SMSFs) must use standardised electronic messages and prescribed minimum data fields when processing rollovers. SMSFs offer members greater control over investment choices, allowing them to tailor investment strategies to their specific goals and risk appetites. They make up around a quarter of all assets within the Australian superannuation system and are regulated by the Australian Tax Office (ATO).

Requests, validation and status updates are all handled digitally and are uniformly structured. As a result of this, most transfers proceed on a straight-through basis. Mandatory data fields reduce back-and-forth queries, while exception handling is confined to clearly defined error codes (e.g., mismatched identifiers). As a result of this, the ATO generally expects funds to process rollovers within 3 business days of receiving all the required information.

For consumers, the Australian digital-first model has enabled faster and largely seamless consolidation, especially into SMSFs, where consumers exercise direct control over their investments.

Poor consumer outcomes in the current transfer experience

The current focus on scam prevention also reflects an over emphasis on the risk of harm from consumers transferring 'too quickly'. The practices set out above are all justifiable within this framework which overly prioritises a theory of harm around processes moving too fast. However, not enough has been done to monitor, evaluate and engage with the potential consequences of poor consumer outcomes that are produced by the current transfer experience, where requests are excessively delayed.

Consumers can suffer a significant opportunity cost where transfer requests are not affected in a timely fashion. Slow processes also risk long-term harms to customers through disengagement that may follow on from frustration and delay.

We also recognise that the FCA has previously emphasised its expectations of ceding schemes, especially in relation to the Consumer Duty. Ceding schemes, having learned of a consumer's instruction to transfer, are expected to enable that consumer to pursue their financial objectives and, most importantly, avoid causing consumers foreseeable harm. The FCA should underscore these expectations and provide a counterbalance to the stifling emphasis of one type of harm, to the neglect of another.

Near-term quick wins

Establish outcomes-focused regulatory expectations for transfers: The FCA should provide clearer, outcomes-focused guidance on pensions that recognises consumer harm arising from delays and unnecessary process burdens that go far beyond the standard for positive friction.

Wider challenges and long-term objectives

Adequacy and retirement outcomes

D2C platform-based personal pensions play an important role in helping consumers consolidate their pensions. They also provide savers who may not be suited to the wider occupational pension market, with a flexible mechanism to build their retirement savings. These products offer choice and flexibility to a wide set of consumers in their journey to retirement.

It is important that consumers are equipped with the appropriate tools to engage with their retirement savings and realise these benefits to their full extent. We welcome the progress towards the launch of Pensions Dashboards.

However, increased visibility without an effective transfer process to empower consumers to achieve their financial objectives could lead to a crisis point that could jeopardise the Pensions Dashboard initiative's wider objectives. The Government should work at pace with regulators and industry to ensure that as the initiative launches later this year, pension schemes are able to deliver a transfer experience that will work in lockstep with the wider initiative. Consumers must be able to take full advantage of this moment to make better informed decisions about their retirement outcomes.

Adequacy and retirement outcomes

The Government, ahead of the final October 2026 connection deadline for the Pensions Dashboard, should require the FCA and TPR to conduct a joint review on the preparedness of occupational pension schemes to support consumers to transfer and consolidate their pensions in a timely and effective manner.

Taxation

The Government's approach to pensions taxation in recent years, along with the surrounding media speculation and the pace of change in tax policy, is a significant and growing driver of poor decision-making by savers. In the lead up to the 2025 Budget, a menu of pensions tax rumours were speculated upon. This was not unlike previous fiscal events where measures relating to the tax-free lump sum and the marginal rate of tax relief were supposedly under consideration in HM Treasury. Changes around the tax treatment of pension contributions and mechanisms like pensions salary sacrifice were also reported in the media as being under consideration by the Chancellor.

Rumours of such measures have the effect of motivating consumers to make frantic decisions about their retirement savings which could be deleterious and lead to potentially worse long-term outcomes. Savers are often making decisions they otherwise would not make because they are under the impression that a particular change will significantly detriment them and is imminent or on the horizon. Various members noted frequent upticks in customer enquiries in the lead up to such fiscal events. Smaller providers noted that these customer enquiries triggered by media speculation can often be burdensome and difficult to manage.

It is also clear that any perceived politicisation and negative media coverage of pensions can create wider confusion and disengagement around pensions. Members noted that this can have a disproportionate impact on younger savers.

We think the Government has an opportunity to both depoliticise the discourse around pensions taxation and provide a more long-term and predictable tax framework for pension savers.

Taxation

HM Treasury should establish an ongoing Pensions Tax Roadmap which will provide clearer forward guidance on the direction, timing and implementation of pensions tax policy. As with the Corporate Tax Roadmap, this roadmap will allow the Government to provide commitments to key features of the system while retaining the flexibility to explore change.

HM Treasury should leverage the roadmap to take a more proactive role in addressing speculative and misleading commentary on pensions tax policy, recognising that uncertainty about imminent change can cause avoidable consumer harm.

Summary of recommendations

	Near-term quick wins	Medium- to long-term opportunities
Standardisation	<ul style="list-style-type: none"> • Co-develop standardised due-diligence checklist. • Introduce clear regulatory expectations on transfer timelines. 	<ul style="list-style-type: none"> • Co-develop common standards for displaying protected benefits. • Provide formal guidance on 'clean list' processes. • Amend the statutory deadline for transfers to 30 working days.
Digitalisation	<ul style="list-style-type: none"> • Introduce a digital-first presumption for transfers. 	<ul style="list-style-type: none"> • Mandate digital transfer journeys. • Commission competition work into digital pension transfer infrastructure.
Rationalisation	<ul style="list-style-type: none"> • Establish outcomes-focused regulatory expectations for transfers. 	<ul style="list-style-type: none"> • Amend existing secondary legislation to reflect latest guidance on the use of flags. • Develop a cross-regulatory regime for pension transfers.
Adequacy and retirement outcomes	<ul style="list-style-type: none"> • Require the FCA and TPR to conduct a joint review on the preparedness of occupational pension schemes to support consumers to transfer and consolidate their pensions in a timely and effective manner. 	
Taxation	<ul style="list-style-type: none"> • Establish an ongoing Pensions Tax Roadmap which will provide clearer forward guidance on the direction, timing and implementation of pensions tax policy. 	