The Pensions Regulator warns: ‘act now’ on pensions dashboards

The Pensions Regulator (TPR) will show little mercy to pension schemes that aren’t ready to connect to pensions dashboards.

That was the message when TPR published its compliance and enforcement policy in September. The regulator said it would focus on connection compliance to give pension savers the best chance to make informed decisions for their retirement.

And connection dates are approaching fast. The largest schemes connect first, in April 2025 – only six months away. You can read our insight about getting connected to the dashboards ecosystem here.

TPR says many schemes are getting ready to connect using the right pensions data but that some schemes are still not measuring their data or trying to improve. As a result, TPR will consult with hundreds of schemes this autumn to check on their progress.

TPR will set a low threshold for regulatory action

Schemes that aren’t ready to connect face potential fines of up to £5,000 for an individual and as much as £50,000 in other cases (for example a corporate trustee). Among other measures, TPR could also suspend or ban trustees or appoint a new trustee to the pension scheme.

We knew this already. What is clearer is that TPR will apply a low threshold for using its powers against a pension scheme that isn’t ready to connect to a pensions dashboard by the deadline.

The connection guidance says: “We will take a pragmatic approach to compliance and will work with schemes to reach the best outcome for the saver. However, where we see wilful or reckless non-compliance, we will take a robust enforcement approach.”

What does “wilful or reckless” mean in this context?

Given the time that schemes have had to get ready for pensions dashboards and the amount of guidance TPR and others have provided, we can’t see many scenarios where the regulator will be understanding if a pension scheme fails to meet its connection date.

Move now to avoid the capacity crunch

TPR says trustees and scheme managers should take the following steps to get ready for connection:

- Read guidance so that governing bodies understand their duties, and pay attention to the Department for Work and Pensions’ (DWP) connection guidance
- Plan to connect in a staged and orderly manner in line with DWP guidance
- Manage resources according to plans made by trustees and scheme managers. Trustees should have robust controls and contractual agreements when selecting and managing service providers

The third point is crucial. There is limited capacity in the market for advisers and consultants to help schemes connect to pensions dashboards. TPR is indicating it will have scant sympathy for schemes that have left it too late to organise this support. If you haven’t already, contact your service providers now and start making plans.

Buyout isn’t an alternative to dashboards planning

Another excuse that won’t wash with the regulator is if schemes fail to reach buyout in time to avoid pensions dashboards compliance. I’m making this point because we have spoken to several schemes that are hoping to be bought out before their connection deadline.

On its own, this is a risky strategy to say the least. If your pension scheme isn’t ready on the connect-by date because you were aiming for buyout, you are likely to feel TPR’s full disapproval. And you’ll have no valid excuse for your members when they can’t get the pension information they expect.

Whether you’re aiming for buyout or not, you should prepare for connection according to TPR’s guidance. These are the main steps TPR recommends for trustees to make sure data is accurate:

- Review and improve the quality of member data
- Manage risk by identifying, evaluating and recording risk and establishing controls
- Continuously review, improve and adjust your controls
- Keep clear records of decisions made and advice received, and receive regular reports
- Report breaches to TPR immediately and mitigate them quickly

TPR steps up its communication

The regulator is increasing its communication about pensions dashboards. For example, it has published a blog to support the compliance and enforcement policy and written an article about the following hot topics:

- Connecting in line with the DWP’s connection guidance and what “having regard to” this guidance means in practice
- How dashboards duties apply to change of administration and member transfers
- TPR’s approach to compliance and enforcement

TPR will also be sending nudge emails to all schemes required to connect to dashboards eight months before their connect-by dates. It sent the first of these reminders in September to master trust pension schemes that are due to connect in April 2025.

Here’s what Nina Blackett, TPR’s interim head of strategy, policy and analysis, says in the blog:

“We will carefully monitor and identify any risk of non-compliance. But we hope that for most, enforcement is not required. Instead, we encourage schemes to do the right thing now, and help savers reach the outcomes they deserve.”

No pension scheme can say it wasn’t warned if the regulator comes down hard for failing to connect to a pensions dashboard.

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Insights

Author

John Wilson, Head of Pensions Technical, Aptia

Author photography

Image

John Wilson