

Financial Services Consumer Panel

AN INDEPENDENT VOICE FOR CONSUMERS OF FINANCIAL SERVICES

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Department for Work and Pensions
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17 December 2004

Our ref: DB/PR10

Dear Mr. Rochford

The Stakeholder pension schemes (amendment) regulations 2005

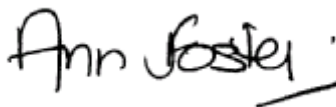
I am writing on behalf of the Financial Services Consumer Panel (the Consumer Panel) in response to the Department of Work and Pensions consultation on the stakeholder pension regulations. The Consumer Panel is a statutory advisory body that represents the interests of consumers in financial services.

Given the technical nature of the consultation, the Consumer Panel has only one substantive comment. The consultation paper asks for views on whether market value reductions (MVRs) should be capped to fall within the 1.5% cap. We acknowledge that different groups of consumers will be differently affected by the treatment of an MVR with respect to the charge cap. In considering which rule would deliver the most equitable outcome, we thought the most important factors are the way in which stakeholder pensions are marketed to consumers and consumers' understanding of charges. The key selling point of a stakeholder pension is the charge cap. Consumers will expect a charge cap to restrict deductions to their fund to that limit. We therefore conclude that MVRs should fall within the charge cap.

We would also like to welcome the Government's decision to require existing schemes to continue to cap charges at 1%. We agree with the reasons given in the consultation paper for this decision and are pleased that the Government has taken steps to protect consumers of existing schemes.

I hope this is helpful.

Yours sincerely,



Ann Foster
Chairman, FS Consumer Panel