



Public Accounts Committee

Nikhil Rathi
Chief Executive Officer
Financial Conduct Authority
12 Endeavour Square
London
E20 1JN

21 December 2022

Treasury Minute response – Investigation into the British Steel Pension Scheme

Dear Nikhil,

Thank you for the response to the Committee's report *Investigation into the British Steel Pension Scheme*. I am grateful for some of the commitments made, in particular your work on the FCA's data strategy to improve real time understanding of the market and identify emerging risks to consumers.

We note your commitment to write to the Committee in January 2023 to outline the FCA's work with the Financial Ombudsman Service and Financial Services Compensation Scheme to manage risks in the redress system, and we look forward to receiving this.

Your response also highlights a number of areas where the FCA is or is considering undertaking additional work to address our recommendations. The Committee would therefore like further information on the status of this work, including:

- Your decision whether to reconsider the current compensation limits offered to consumers to ensure appropriate levels of protection from unsuitable financial advice.
- A further update on the FCA's 30 BSPS enforcement cases, which remain ongoing.

We note that your response to our recommendation on improving engagement with consumers does not mention how you plan to be more consumer focused specifically in the defined benefit market, considering the 17 per cent unsuitability rate on advice in that market. The Committee also remains concerned that more could be done to effectively monitor smaller firms to prevent a similar case from occurring again.

We would welcome an update on these points in your January 2023 response, or soon after depending on the progress of your enforcement work.

The Committee notes the FCA's recent decision to implement a consumer redress scheme for BSPS members, and thank you for the email of 28 November with further detail. We would appreciate you writing to us with final unsuitability rates for advice provided to members and any further analysis of the impacts experienced by members, once the scheme has closed.



Public Accounts Committee

I am copying this letter to the Comptroller and Auditor General and the Treasury Officer of Accounts.

Yours Sincerely

Dame Meg Hillier
Chair of the Committee of Public Accounts