

Chapter 4

British Steel Consumer Redress Scheme

4.1 Application and subject matter of the scheme

Definitions used in this chapter

4.1.1

R

- (1) 'BSPS' means the Old British Steel Pension Scheme, which entered a PPF assessment period on 29 March 2018;
- (2) 'BSPS2' means the British Steel Pension Scheme in its new format, following the agreement of the Regulated Apportionment Arrangement with Tata Steel UK Limited and the Time to Choose exercise in 2017 under which the BSPS was separated from its sponsor;
- (3) 'BSPS calculator' is the calculator used to complete Step 3 of the pension transfer redress calculation in ■ DISP App 4.3.19R;
- (4) 'BSPS DBAAT' means the British Steel Pension Scheme Defined Benefit Advice Assessment Tool in the form of an Excel spreadsheet at ■ CONRED 4 Annex 20R;
- (5) 'BSPS pension transfer' means a *pension transfer* of the *consumer's* BSPS pension arrangement;
- (6) 'calculation date' has the same meaning as in ■ DISP App 4.1.1R(6);
- (7) 'causation question' is whether the *firm's* failure to comply with the suitability requirements is the effective cause of the *consumer's* loss;
- (8) 'comparator scheme' means, other than as provided by ■ CONRED 4 Annex 21 13.1R(4):
 - (a) if the advice was given in the period on or before 16 May 2017, BSPS;
 - (b) if the advice was given in the period from 17 May 2017 to 11 October 2017, either or both of BSPS and PPF; and
 - (c) if the advice was given in the period on or after 12 October 2017, BSPS2 and PPF;
- (9) 'DC pension arrangement' means any pension arrangement holding the value of the *consumer's* pension benefits which originated from the BSPS, including where the arrangement has been subsequently switched to a new arrangement;
- (10) 'DOL' means the date that the *consumer* left active service in the BSPS;

- (11) 'FCA DBAAT' means the FCA Defined Benefit Advice Assessment Tool.
[Editor's note: the FCA DBAAT is available at <https://www.fca.org.uk/firms/defined-benefit-pension-transfers>]
- (12) 'material information gap' means where there is a failure to collect the necessary information so that the *firm* cannot complete an Information Area in the Information Section of the BSPS DBAAT and, as a result, it is not possible to assess the suitability of the advice;
- (13) 'pension benefits' are the benefits available to a consumer in the named *defined benefit occupational pension scheme(s)* and may include income and lump sum benefits, payable to either a *consumer*, their spouse or dependents, which could commence at specified times;
- (14) 'PPF' means the Pension Protection Fund;
- (15) 'redress offer' has the same meaning as in ■ DISP App 4.1.1R(18);
- (16) 'relevant period' means the period commencing on 26 May 2016 and ending on 29 March 2018;
- (17) 'scheme case' is a case falling within the subject matter of the scheme that satisfies each of the conditions in ■ CONRED 4.2.2R, as modified by ■ CONRED 4.2.3R;
- (18) 'scheme effective date' means 28 February 2023 and is the date that the *consumer redress scheme* created by this chapter comes into force;
- (19) 'secondary compensation sum' has the same meaning as in ■ DISP App 4.1.1R(20);
- (20) 'suitability requirements' means the requirements specified in paragraph 7.1R of ■ CONRED 4 Annex 21R and are:
 - (a) the requirements in ■ COBS 9.2.1R(1); and
 - (b) the common law duty in contract or tort to exercise reasonable skill and care in advising the *consumer on pension transfers*, and that were in force during the relevant period and applicable to a scheme case;
- (21) 'two-adviser model' means an arrangement where one *firm* provides the advice on *pension transfers* and a different *firm* provides the advice on the *proposed arrangement*.

4.1.2 **G** Certain words and phrases specific to *CONRED* have the meaning set out in the *Glossary*. All words in italics are defined in the *Glossary*.

Application to firms which gave advice about a pension transfer

4.1.3 **R** This chapter applies to a *firm* which gave advice to a *consumer* in relation to a BSPS pension transfer, after which a *consumer* made such a *pension transfer*, and to which advice the suitability requirements applied.

- 4.1.4 **G** This chapter applies:
- (1) regardless of whether a *firm* advised a *consumer* to transfer their BSPS pension benefits to a *pension scheme with flexible benefits* or advised a *consumer* against such a course of action; and
 - (2) to a *firm* even if a *consumer* to whom the advice was given instructed another *firm* to arrange the BSPS pension transfer.
- Application to persons who have assumed a firm’s liabilities**
- 4.1.5 **R**
- (1) This chapter also applies to a *person* that has assumed a liability (including a contingent one) in respect of a failure by a *firm* to whom this chapter applies.
 - (2) A *person* in (1) must either:
 - (a) perform the obligations the *firm* is required to perform under this chapter; or
 - (b) ensure that those obligations are performed by the *firm*, and must notify the *FCA*, by email to BSPSnotifications@fca.org.uk within 1 week of the scheme effective date, as to whether that *person* or the *firm*, or both, will be performing those obligations.
 - (3) References in this chapter to a *firm* are to be interpreted as referring to a *person* in (1) where the context so requires.
- Wider application of certain provisions**
- 4.1.6 **R**
- (1) ■ CONRED 4.3.10R and ■ CONRED 4.4.22R also apply to a *firm* which has carried out any of the following *regulated activities* for a *consumer* in relation to a BSPS pension transfer:
 - (a) *advising on investments*;
 - (b) *arranging (bringing about) deals in investments*;
 - (c) *making arrangements with a view to transactions in investments*;
 - or
 - (d) *managing investments*.
- Duration of the scheme**
- 4.1.7 **R** The *consumer redress scheme* created by this chapter comes into force on the scheme effective date and has no end date.
- Subject matter of the scheme**
- 4.1.8 **R** The subject matter of the scheme is whether a *firm* complied with the suitability requirements in scheme cases.
- 4.1.9 **G** Subject to ■ CONRED 4.7.2R(4) and ■ CONRED 4.7.3R(4), a scheme case may cease to be within the subject matter of the scheme where any of ■ CONRED 4.2.7R(1), ■ CONRED 4.2.8R, ■ CONRED 4.3.8R or ■ CONRED 4.4.20R apply.

**Impact of complaints to the Financial Ombudsman Service on
scheme deadlines**

4.1.10

R

Where a *consumer* makes a *complaint* to the *Financial Ombudsman Service* following a *redress determination* by a *firm* under this chapter, the remaining time period for completing any subsequent scheme steps in, as applicable, ■ CONRED 4.2.1R, ■ CONRED 4.3.1R and ■ CONRED 4.4.1R is suspended between:

- (1) the date the letter from the *firm* communicating the *redress determination* is sent to the *consumer*; and
- (2) the date:
 - (a) the *complaint* is resolved by agreement between the *firm* and the *consumer* pursuant to ■ DISP 3.5.1R; or
 - (b) the *firm* receives notification from the *Financial Ombudsman Service* of the outcome of the *complaint* in accordance with ■ DISP 3.6.6R(5).

Summary of the scheme

4.1.11

G

■ CONRED 4 Annex 18G contains a flow diagram of the *consumer redress scheme* created by this chapter.