

Below are the questions posed in the Consultation Paper, and the responses agreed by the Trustee of the BT Pension Scheme, the defined benefit scheme provided by BT (British Telecommunications plc).

1. Is there a good case for bringing The Pensions Regulator and the Pension Protection Fund closer together?

No -- these organisations mainly have different responsibilities and should each focus on their core functions. TPR is mainly concerned with pension regulations, and issuing codes of practice and guidelines to help those involved in the pensions industry comply with legislation and good practice. The PPF has no regulatory function and is concerned only with the calculation and collection of PPF levies, establishing the entitlement of individuals to benefit from the PPF, and the administration and investment of the assets of the Fund.

It is suggested in the Consultation Paper that an argument in favour of a combined body is that it would be better able to make the necessary judgments in clearance cases, and in setting the risk-related PPF levy, balancing its objectives to both protect members' benefits and protect the PPF. It is true that a major objective of TPR is to minimise the risk of schemes having to be bailed out by the PPF, but it seems unlikely the PPF would add value to judgments by TPR in clearance cases, or with regard to the TPR's policy on the scheme specific funding.

Nevertheless, there should be an analysis of potential cost savings through sharing a range of services, whilst allowing each organisation to retain its independence.

2. Is there a good case for bringing the Financial Services Authority and The Pensions Regulator closer together?

No -- again, these organisations have different interests and responsibilities. The Pensions Regulator is highly regarded for its work in setting guidelines for proper management of pension schemes, while the FSA is more targeted at mal-feasance and enforcing associated penalties and other sanctions.

It is said in the Consultation Paper that there appears to be a gap in coverage of regulation and supervision of Independent Financial Advisers in respect of advice to employers on a transfer between one occupational scheme and another. This should be addressed by the FSA accepting supervision of IFAs in all areas of advice, but with TPR providing guidance

to IFAs and all those involved in pensions administration, on good practice in bulk pension transfers. The Pensions Ombudsman and the Financial Ombudsman Service should be given jurisdiction in deciding complaints against IFAs, but should refer their findings to the FSA for the imposition of any financial penalty. This will help with consistency in such penalties.

3. Is there a good case for bringing the Pensions Ombudsman and the Financial Ombudsman Service closer together?

Yes, most definitely -- there is overlap between these two organisations with regard to personal pension complaints. Whilst the two organisations have a Memorandum of Understanding agreeing how this overlap should be allocated between them, there is confusion in the industry and among individual complainants as to whether some types of complaint should be addressed to the PO, or to the FOS. Indeed, the PO and FOS have themselves exhibited confusion as to which of them should handle a particular type of personal pension complaint.

It would be good if the particular skills the FOS appears to possess (low unit costs, good case throughput rate) could be applied to the PO, where there appears to be an element of empire building instead of pursuing cost efficiencies, such as making maximum use of the highly professional, and low-cost, service provided by The Pensions Advisory Service. The time taken for many cases to reach a PO Determination is totally unacceptable, and can be several years or more. The operation of the Office of the Pensions Ombudsman should be subject to an independent review to check whether it is operating cost effectively.

It is said in the consultation document that an argument for keeping the PO and FOS separate is that the "FOS currently does not have the in-depth knowledge of pensions held within the PO's office". This makes no sense -- a combined organisation would have the necessary knowledge.

4. Are any changes to PPF Ombudsman functions or boundaries needed?

The PPF Ombudsman should also have responsibility for handling all complaints regarding the Financial Assistance Scheme, rather than the current situation where some FAS complaints (e.g. of maladministration) come under the jurisdiction of the Parliamentary Ombudsman. The Parliamentary Ombudsman has already ruled on the claim that it was government maladministration that led to employees losing their pensions, but the PPF Ombudsman is best placed to deal with complaints regarding

the PPF and FAS compensation arrangements. This will ensure there is consistency in assessing and deciding such complaints.

5. Are any changes to TPAS (The Pensions Advisory Service) functions or boundaries needed?

TPAS already provides a mediation service. TPAS executives are best placed to suggest new areas where the organisation might provide a service -- such suggestion should be given serious consideration. TPAS is a well established, well-regarded organisation that provides a highly professional and relatively speedy service at a very low unit cost. It would be to the advantage of scheme members and everyone involved in pensions if maximum use was made of the expertise of advice available through TPAS. Greater use of TPAS will help keep down the levies payable by pension schemes/employers for organisations such as the Pensions Ombudsman and the Financial Ombudsman Service.

6. How do you consider the introduction of Personal Accounts will impact on The Pensions Regulator?

This is potentially a huge new area. When the take up is sufficient, consideration should be given to a combined Regulator and Ombudsman specifically for Personal Accounts.