

PRIVATE AND CONFIDENTIAL

Mr Paul Thornton
Secretariat to the Review of Pensions Institutions
The Adelphi
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29 March 2007

Dear *Paul,*

Financial Services Compensation Scheme response to the DWP Consultation Paper Review of Pensions Institutions; emerging issues

First, may I offer our congratulations on the publication of 'Consultation Paper - Review of Pensions Institutions; emerging issues'. I know that your team were working to a short timeline and they certainly completed a large amount of work in the time available.

We agree with your conclusion under paragraph 35 of the Consultation Paper that there is no need to revise the functions and boundaries of the FSCS. It will be interesting to see respondents' views on this point.

With regard to the other questions raised by the Consultation Paper, most of the issues have no particular relevance to us and we do not work closely enough with some of the other organisations mentioned to comment knowledgeably.

However we do have an observation arising out of one of the key issues raised in the Consultation Paper, about whether or not there is a good case for bringing the FSA and The Pensions Regulator closer together. Any closer relationship, for example by way of a merger of the FSA and The Pensions Regulator, would have potential implications for our role under FSMA and the relationship with the Pensions Protection Fund. We are currently the one stop shop for compensation for all claims against firms within the FSA's retail remit. The Pensions Protection Fund has a different sort of role, different stakeholders and a very different funding system from that of the FSCS.

We also note your question about whether the Pensions Ombudsman and the Financial Ombudsman Service should be brought closer together. We are not directly informed on this issue and therefore do not wish to express a view. However we do not see any impact for the FSCS if any such change were to go ahead.

Please do not hesitate to contact us if you need any more information. We look forward to hearing the recommendations you will be making to Government as soon as they are available.

Yours sincerely

A handwritten signature in black ink, appearing to read "Loretta Minghella". The signature is fluid and cursive, with a large loop at the beginning.A small, stylized handwritten mark or initial, possibly "LM", located to the left of the typed name.

Loretta Minghella
Chief Executive