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c/o Secretariat to the Review of Pensions Institutions
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Dear Mr Thornton

Review of Pensions Institutions

The National Consumer Council welcomes the opportunity to contribute to your review. We have not had the opportunity in the short time allowed by the review to consider all the issues in detail; however we would like to make some brief comments on the consumer redress arrangements.

We support the view of the Financial Ombudsman Service (FOS) in its consultation response that there is a good case to merge the pension functions of the FOS and Pensions Ombudsman (PO) into a bespoke pensions jurisdiction within FOS.

This move would be consistent with developing Government thinking on the value of a wider ombudsman for professional services. The current ombudsman landscape doesn't reflect the reality of consumer life, for example in property transactions consumers use different professional services and it can be difficult to unravel where things went wrong. A wider ombudsman service would be simpler for consumers to access, offer a seamless delivery of redress and be better able to achieve visibility compared to a series of small schemes.

In the modern economy, businesses offer a range of services outside of their traditional reach and this trend is likely to continue. From the business perspective, a unified scheme would realise cost savings by achieving economies of scale. It would also simplify requirements by removing the need to engage with a variety of schemes which each have their own rules and procedures. It follows that a single scheme would also help to promote consistent outcomes.

In addition to these more general considerations, many of which are relevant to the FOS and PO, the FOS consultation response presents convincing evidence of overlaps between the jurisdictions of the two ombudsmen schemes and that administrative measures have been unable to overcome these problems entirely. Further, the FOS is an efficient organisation with an excellent track record in handling consumer complaints effectively and a proven ability to absorb new functions.

I hope these brief comments are helpful and look forward to hearing the outcome of your review.