



A path to a clearer future?

✔ **Transparency Task Force (TTF) founder, Andy Agathangelou, talks to Sophie Smith about how the pensions industry can work to protect members against the threat of pension scams, and regain their trust and confidence going forward**

auto-enrolment could quite easily opt out; that's a huge concern to me.

➤ **Can you tell me about the TTF's key goals in the pension space?**

Having spent some 30 years in or connected to the pensions industry, the pensions market is of huge interest to me. I am absolutely convinced that the industry is not yet realising its full potential as a force for good in providing financial wellbeing and security for people at retirement. There are many reasons for that, including poor communication with the marketplace, a lack of transparency around costs and charges, and also a lack of transparency around the investment holdings in pension funds. So, from my point of view, there's a great deal of important work to be done in the pensions space, all of which is ultimately about helping to ensure that pension savers experience good outcomes.

I am particularly concerned that the pensions industry has not really grasped the harsh reality that we have not yet won the 'hearts and minds' of the millions of people that have been automatically enrolled, and it is prudent, I believe, to assume that under adverse circumstances, many of the people that have become pension savers through

➤ **What are the TTF's concerns around pension scams, particularly in the current environment?**

We at the TTF are very worried that as people are affected by the economic and emotional consequences of Covid-19 many members of the public are becoming financially distressed. We are very aware indeed that this makes them even better targets for the unprofessional and the criminally minded.

Our big worry is that Covid-19 has created the very worst-case scenario that could have been imagined at the introduction of pension freedoms, when many individuals could see that the combination of access to large capital sums, poor regulatory oversight and a poorly advised public might lead to a haemorrhaging of pension fund values accumulated over time. I cannot begin to express the frustration that concerns expressed when pension freedoms were introduced have been largely ignored, and I hope that the reputational damage that the pensions industry is currently suffering as a consequence of pension scams is somehow remedied.

➤ **With scams presenting such a pressing concern, how can the industry**

work to tackle these issues in the future?

There were several ideas floated at the recent Work and Pensions Select Committee evidence session that was part of their inquiry into pension scams. I think several of them have huge merit, for example the idea of a properly scrutinised white list, whereby pension transfers could only be allowed when pension funds are being transferred into arrangements that have been able to evidence to regulators that they are legitimate and represent good value for money with an appropriate level of risk. Another example, which we are very keen on indeed, is the idea of a joint taskforce. The joint taskforce would put right the fundamental flaw in the current regulatory and enforcement framework around pension scams. The problem we have is this: there are many moving parts all interlinked, but with a complete lack of transparency, accountability and responsibility. If you are to ask today, who and which department within the authorities is responsible for managing the pension scams problem you can only get vague and woolly answers. That's not good enough.

We need accountability. Accountability cures. Only once there is a high level of acceptance that there are particular individuals and a particular

department responsible for fixing the problem can we have confidence that all is being done to make this ghastly problem go away.

Ghastly is a strong word, I know, but let me put it to you like this. I see the pension scam problem as a festering sore on the face of the industry. It is a festering sore that is ugly, that is putting people off becoming pension savers, and is taking away the trust and confidence of existing pension savers too. Frankly this whole topic is becoming a major public interest issue, and if tough action is not taken quickly, it will go from being a major public interest issue to a national scandal.

➤ Considering the reputational damage that the industry has suffered in the past, how can increased transparency help it to combat these

issues in the future?

It won't surprise anybody to know that I'm a fan of transparency. However, I am also a realist, and I know that whilst transparency is necessary, on its own it is simply not sufficient. Transparency is an important ingredient in a cocktail of measures that are needed to drag the financial services sector to where it needs to be.

In general terms, we believe the financial services sector as a whole, and the pensions sector in particular, has a great deal of work to do to regain trust and confidence of the consumer, and I'd like to think that we are doing our little bit to raise awareness of some of the key issues.

Of course, whether we ever make a difference or not is a matter of opinion, but I'm pretty sure that anybody wishing to become part of our collaborative

campaigning community will find themselves very much at home with like-minded people that are working hard on a voluntary basis to drive the positive, progressive and purposeful reform that we believe is so desperately needed.

➤ Following the recent shift in guidance from the Financial Conduct Authority, what impact do you think increased transparency around costs and charges could have on the industry?

Increased transparency around costs and charges in the industry will nudge the sector towards what it needs to be, a free and open competitive market where consumers or their representatives, such as trustee boards, can make informed decisions about where and how pension monies should be invested. I am a big believer in free and open markets being the best paradigm for creating good outcomes for consumers, and to put it very simply, the more transparency we have the less of a regulatory burden we need.

➤ How would you see increased transparency evolving around environmental, social and governance (ESG) considerations?

We in the UK should proactively explore what is being done well in other countries. To not do so, would be both naive and unduly near-sighted. I make this point because enlightened leadership on the other side of the world in New Zealand has very recently led to a hugely significant step, becoming the first country to properly mandate for climate risk disclosure.

I wholeheartedly advocate that all other countries should follow New Zealand's lead and that the pensions industry around the world must not make the mistake of underestimating the immensely privileged and powerful opportunity it has to become a planet saving force for good.

➤ Written by Sophie Smith

