

Summary

- The UK's data protection framework (UK GDPR, DPA 2018 and PECR) remains the foundation for how pension schemes must manage member data, and although the Data (Use and Access) Act 2025 introduces updates, it largely preserves alignment with GDPR while adding new flexibilities such as clearer rules on automated decision-making.
- TPR and PASA are tightening expectations on data quality and governance, emphasising completeness, accuracy and strong improvement plans as schemes prepare for dashboards, guided retirement duties and more data-intensive administration.
- The use of AI means schemes must balance innovation with compliance, by ensuring robust governance, transparency and safeguards are in place within the existing data protection framework.



Thisbe Tittley explores whether rules governing how pension schemes manage members' data are keeping pace with modern risks

provisions such as the role and powers of the Information Commissioner's Office (ICO). The third key component of the regime is the pre-existing Privacy and Electronic Communications Regulations (PECR), which cover areas like electronic marketing and communications.

The effect of these laws on pension schemes is well established, such as ensuring members are told clearly how their data is used, that data is only used for specific legitimate purposes, and that only the data necessary to run the scheme is collected.

What rules are being amended now, and why?

Post-Brexit, the government wanted to reassess whether the UK's data protection laws were striking the right balance between protecting individuals and allowing responsible innovation. Ultimately, this led to the most recent update to data protection law, the Data (Use and Access) Act 2025 (DUAA), which became law on 19 June 2025, and is currently under a staged implementation period until mid-2026. This amends, but does not replace, the UK GDPR, the DPA 2018 and the PECR.

The final scope of the DUAA was designed not to move the baseline legislation too far away from its GDPR roots to avoid harming the UK/EU economic relationship.

Arc Pensions partner, Kris Weber, explains: "The DUAA was at one point

expected to go much further, but it was reined back in to ensure that UK data protection would still be deemed adequate by the EU."

The DUAA introduces a number of changes relevant for how pension schemes manage member data, such as around complaint handling and treatment of Data Subject Access Requests.

The most significant impact of the DUAA, however, is how it will help schemes preparing for upcoming pensions reforms, such as increased flexibility for the use of automated decision-making, subject to mandatory safeguards.

Guidance on how data supports pension scheme governance

Much guidance on how pension schemes manage their data also comes from pensions-specific legislation such as the Pensions Act 2004, under which The Pensions Regulator (TPR) issues its Code of Practice and its expectations regarding data quality.

In its guidance on scheme member data quality, TPR emphasises that it is a core accountability of trustees and scheme managers to make sure data quality is well managed. Aside from meeting legal obligations, maintaining good data quality ensures a scheme is well run and delivers good outcomes for members.

The most recent guidance update in November 2025 proposed schemes look at six core data quality dimensions

Are UK data protection regulations keeping up with the pace of pensions reform?

The wide range of current and upcoming reforms in the pensions industry is making new demands on what schemes need from their members' data, which means data protection law and guidance is having to keep up.

What is the baseline legal framework of data regulation in the UK?

In May 2018, the EU implemented the basis of our current data protection legislation in the form of the General Data Protection Regulation (GDPR). The core GDPR principles of accuracy, transparency, data minimisation, storage limitation, confidentiality and accountability now underpin all data protection practices.

Post-Brexit, the UK's data protection regime is built through UK GDPR and the Data Protection Act 2018, which supplements GDPR with UK specific

as defined by the Data Management Association UK; completeness, accuracy, uniqueness, consistency, timeliness and validity.

TPR pensions dashboards lead, Lucy Stone, explains: “In this latest iteration of the guidance we emphasised the need for trustees and scheme managers to treat data as a strategic asset.”

She adds that this emphasis has been “well received” by the industry.

In tandem with TPR’s data quality guidance, the Pension Administration Standards Association (PASA) has released its own guidance on practical approaches to measuring data quality, and templates for creating data improvement plans.

“The ‘dimensions’ of data quality are a great way to ensure all aspects of data quality are addressed,” says PASA Data Working Group chair, Kristy Cotton, “minimising risks of inaccuracies and inefficiencies, which can impact benefits delivery and regulatory compliance.”

Use of data in artificial intelligence models

As the use of artificial intelligence (AI) grows within the pensions industry, the rules that apply to the use of AI, and the use of data in AI models, will continue to evolve.

Unlike the EU, the UK is currently regulating AI through a flexible, principles-based approach that relies on existing regulators and data legislation. The ICO’s AI and Data Protection Toolkit explains that whenever schemes use AI for things like profiling, segmentation or automated prompts, they must follow key UK GDPR principles.

Lumera commercial director, Maurice Titley, states: “It’s up to schemes and their technology providers to demonstrate robust governance and operating models for AI within the current legal framework, which can be informed by standards such as ISO 42001”, adding, “this should include being very clear on where the human involvement lies in the processes

that are being supported by AI.”

“Existing legal and governance frameworks still apply,” says Stone. “TPR is open to schemes using data and analytics, including AI, where it clearly improves service, but it must be done lawfully, transparently and responsibly.”

Arc Pensions legal director, Ian D’Costa, explains: “Trustees as data controllers may need to be more rigorous with annual reviews of service providers who are expanding their use of AI, ensuring Data Protection Impact Assessments (DPIAs) and Transfer Risk Assessments (TRAs) are carried out where required, and that security, technical and organisational assessments are kept up to date.”

“AI is only as good as the data that flows into it, and for pensions there is still so much work to do before our data is ready to capitalise AI fully”

Focusing on the use of AI in pensions administration, Cotton states that while this “presents numerous opportunities for streamlining processes and enhancing decision-making”, key risks include “data privacy concerns, algorithmic bias, and a potential over reliance on technology at the expense of human-touch. Ensuring AI-driven solutions are transparent, secure and unbiased is critical”.

Ultimately, Cotton surmises: “AI is only as good as the data that flows into it, and for pensions there is still so much work to do before our data is ready to capitalise AI fully.”

So, is the data rulebook keeping pace with current pension reforms?

Almost every aspect of current pension reform places new demands on pension scheme data, all of which need to be delivered within data protection rules.

One example is the requirement for

schemes to carry out ‘matching’ under the pensions dashboards regulations. This involves the challenge of comparing personal details that can be incorrectly held or out of date, so expecting them all to match may be unrealistic.

“The process of automated matching requires a balance to be struck between avoiding data breaches, as GDPR demands, while still enabling scheme members to find their pensions, as the dashboards regulations demand,” says Titley, “trustees and scheme managers ultimately take decisions on how to achieve this balance.”

Some of the reforms in the newly enacted Pension Schemes Act 2026 will also make significant new demands on data processing. Key examples are the incoming duty on trustees of DC occupational pension schemes to provide ‘guided’ default retirement pathways, and the targeted support regime recently introduced by the FCA.

A key element of these reforms is the use of communications to support individuals in retirement planning. Data protection compliance in this case will be helped by the post-DUAA amended PECR, which is now clearer that its focus is on marketing and promotional communications, as opposed to these types of communications aimed at supporting member decision-making.

“Previous statements by TPR, the FCA and ICO have helped clarify the intention of non-promotional communications,” D’Costa explains, “but we are hopeful further changes will allow a ‘soft opt-in’ for pension schemes. Complexities still remain, which prevent providers doing things that would benefit auto-enrolled members.”

So, despite the fact the data rulebook has been evolving, some challenges will remain for schemes to manage data protection compliance as they deliver these new reforms.

 **Written by Thisbe Titley, a freelance journalist**