# Keeping things moving

**Despite pension scam measures making pension transfers more secure, they've also slowed the process and created more complications for legitimate transfers. As the government considers changes to cut delays, Paige Perrin explores whether new technology can help providers speed up transfers without compromising security**

**Summary**

- Pension scam safeguards have made transfers safer, but red and amber flags have also created delays and complications for legitimate transfers.
- Industry experts blame transfer delays on outdated regulations, fragmented systems, poor data and continued reliance on manual processes.
- Government reforms could remove some barriers, but concerns remain over how 'reputable' schemes and new small self-administered scheme safeguards will work in practice.
- Technology such as electronic transfers, automation, application programming interfaces and artificial intelligence could speed up the process, but wider industry adoption and stronger collaboration are needed.

For an industry increasingly focused on consolidation, digitalisation and better member engagement, the process of moving pension savings can feel surprisingly stuck in the past.

Despite advances in technology and efforts to strengthen scam protections, pension transfers can still be held up by regulation, poor data and manual processes.

**Barriers**

Pension Scams Industry Group (PSIG) chair, Margaret Snowdon, suggests the biggest problem is the "lack of interoperability in the pension industry", explaining that "organisations have different systems, processes, and different regulations depending on the sector".

Meanwhile, several pension professionals claim that a lack of adoption of existing technological solutions and a reliance on manual processes are contributing to pension transfer times.

PensionBee chief business officer UK, Lisa Picardo, claims: "The biggest blockers to efficient pension transfers are a lack of will on the part of legacy providers to treat digital-first, secure transfers as the default, together with the absence of meaningful consequences. The technology to make pension transfers fast and secure already exists and is being used at scale today, but too many providers still haven't adopted it."

In addition, Smart Pension chief operating officer, Sue Whittington, notes that "the industry still runs on manual processes", which she says create avoidable friction, push up operational costs, and result in poor audit trails.

"That is compounded by data mismatches, whether in policy references or active member status, because the current infrastructure was never built to share information consistently between schemes," she continues.

Lumera commercial director of data and dashboards, Maurice Titley, adds that the "root cause" of poor member data quality often lies in legacy administration systems, fragmented member data and continued reliance on manual processes.

"These issues have persisted because modernising long-established administration infrastructure is often complex and resource-intensive," he says.

At a structural level, the regulatory framework itself can also contribute to delays. Picardo highlights that part of the problem is that pensions sit under two different regulators, the Financial Conduct Authority for contract-based schemes and The Pensions Regulator (TPR) for trust-based schemes.

"In our experience, that split creates a transfer lottery; which regulator and which administrator you happen to land with can determine whether your money moves in a week, or over months," she says.

Meanwhile, Society of Pension Professionals Legislation Committee member, Faye Jarvis, argues that "rigid legislation that hasn't worked as intended" is one of the biggest obstacles to achieving faster pension transfers, highlighting the 2021 regulations, which introduced statutory 'red and amber flags' to stop scams, but whose "broad legal definitions catch thousands of routine transfers".

"The 2021 regulations were a fair response to a real problem, and they've prevented genuine harm, but they also created an odd incentive though, because once a flag fires the safest thing an administrator can do is slow down," Trafalgar House client director, Dan Taylor, says.

LCP pension admin team partner, Christian Macnab, points out that there can also be delays even where there are no material concerns about the receiving arrangement.

"For example, the overseas investment amber flag can currently require a MoneyHelper pension safeguarding guidance appointment where a transfer is going to a major insurer and no other flags are present," he explains.

And as XPS member engagement hub director, Colin Miller, highlights, the Department for Work and Pensions' (DWP) own evidence shows that the flag alone has been responsible for around 64 per cent of all MoneyHelper safeguarding appointments, the large majority involving no genuine scam risk at all.

**Government reform**

To reduce transfer delays, the DWP has recently consulted on changes to pension transfer regulations. The consultation proposed abolishing the overseas investment amber flag, removing the need for checks on transfers to 'reputable' pension schemes, and introducing a new red flag for transfers to small self-administered schemes (SSAS) where there is no employment link.

Although the industry has welcomed these changes, calling them "long overdue", concerns remain about the detail around reputable schemes.

According to Taylor, removing the overseas flag and stopping members being sent back to MoneyHelper twice inside 12 months are "good practical fixes, and administrators will feel the difference", but says the reputable scheme route "worries me a little".

"Reputable isn't a test, it's an adjective," he continues. "It asks an administrator to form a judgement on the balance of probabilities and then leaves them carrying the consequences if it goes wrong. Give people a decision to make and no cover for making it, and they'll take the slow, defensible route every time. Which is the behaviour the change is meant to stop."

**"Slow transfer times, rising administrative costs, and growing member frustration are combining to help accelerate the shift towards digital solutions"**

Additionally, Miller emphasises that the scam risk isn't always in the receiving scheme but instead "can sit entirely in the circumstances surrounding the transfer, including a step downstream through a conduit scheme, regardless of where the money ultimately goes".

He argues that the regulations don't address that, because "they focus solely on whether the receiving scheme is classed as 'reputable', to the detriment of every other flag that might be raised".

Miller adds there is a more basic issue with using 'reputable' as the test. He says that it doesn't remove the risk of conduit arrangements or address wider risks such as high fees, member understanding or unsuitable advice.

"What the proposals need is to let trustees judge whether a transfer is safe after looking at the full picture, not just one section of it, which means the regulations should set out the criteria trustees can use to do that, together with protection for trustees who can demonstrate they followed it," he says.

Meanwhile, Jarvis flags issues with how the government will address the risk of SSAS fraud, saying, "the new 'employment-link' red flag is unlikely to have the desired outcome due to a significant loophole in the regulations".

"Under current legal definitions of a 'substantive response', providing partial employment evidence triggers an amber flag instead of a red flag. Scammers can easily exploit this by persuading a member to complete a MoneyHelper appointment to force the transfer through," she explains and calls for the DWP to close this loophole.

Picardo also urges the DWP to go further with transfer regulations reforms, and in particular, asks it to publish clear, objective criteria for what counts as a reputable scheme, and for the new SSAS red flag, so genuine savers like company directors and consultants "aren't caught out simply for not fitting a conventional profile". She also warns that DWP "must ensure it's not replacing one form of delay with another".

Whittington argues that regulatory focus on pension transfers will not be enough on its own and highlights the upcoming pensions dashboard and the consolidation of more than 13 million small pension pots as driving an 'exponential' rise in transfer activity.

"The only way to make a lasting dent in transfer times while improving protection for customers at the same time is significant structural change from within the industry," she says, highlighting industry steering group Pathfinder as an option.

Whittington adds that without industry reform "the market will continue to rely on silos and manual intervention rather than scaling to meet what is coming down the track".

**Future solutions**

Given the digital age and the recognition by pension professionals that manual processes slow things down, industry experts may consider whether the challenges of pension transfers could necessitate adoption of new technology solutions to address these issues.

"Slow transfer times, rising administrative costs, and growing member frustration are combining to help accelerate the shift towards digital solutions," Jarvis says.

Aptia UK head of pension administration, Sue Doughty, says: "The continued focus on transfer delays is likely to accelerate investment in technologies that reduce manual intervention, improve data quality and increase transparency. As member expectations rise – particularly in a more digital pensions landscape – the industry will face growing pressure to deliver transfer processes that are not only faster, but also safer and more transparent. Achieving this will require greater adoption of digital-first solutions and improved data-sharing across the pensions ecosystem."

However, Origo head of product portfolio, John O'Hara, argues that the technology to *[deal with pension transfer delays]* quickly and safely has existed since 2008 and adds that the answer *[now]* lies in wider industry adoption.

"The highest-impact technology here isn't some futuristic breakthrough; it's the electronic transfer infrastructure providers already use," Picardo emphasises.

"Providers using platforms like the Origo Transfer Service routinely complete transfers in under two weeks, and electronic transfers hit a record 1.7 million in 2025, up 70 per cent in three years, proof that fast, secure digital transfers are already happening at scale."

But the question remains whether newer technologies could further improve the process.

Macnab suggests that a regulator-backed verification and intelligence tool, using automation and artificial

intelligence (AI)-assisted analysis to support initial red and amber flag assessments, has the potential to reduce transfer times and make the identification and application of flags more consistent.

But for trustees to rely on such an industry tool, Macnab says, "it would need formal regulatory approval or endorsement" as well as "clear guidance on how far trustees may rely on its output and how that reliance relates to their statutory responsibilities".

Titley, however, suggests that the greatest improvements are likely to come from a combination of technologies rather than any single innovation.

"Automated workflows, application programming interface-enabled connectivity between providers, advanced data validation, digital identity verification and cloud-based administration platforms all have significant potential to reduce manual intervention and improve operational efficiency," he explains.

Titley also highlights AI as having an "important role to play", particularly in supporting fraud prevention and consumer protection, which he says is one of the most significant barriers to faster transfers today.

"AI is particularly well suited to picking up on warning signs that humans may not, but this should only be used to support informed decision-making rather than replace human oversight," he says.

However, Snowdon says that although new technology is one solution, she cautions that "technology itself could result in making bad transfers faster".

Beyond technology, Sackers partner, Adeline Chapman, suggests there could be a centralised list of reputable schemes that have passed checks. She says this "would relieve administrators of the rigmarole of looking for amber or red flags in relation to the scheme being transferred to".

However, she acknowledges that there could be concerns with this proposal. The first is that "as things stand under the proposed regulations, it is down to every transferring scheme to decide on its own list of which scheme is reputable and to choose its own list of non-exhaustive factors".

"The regulations propose to list some, but it'll be down to the trustees to choose which factors are relevant, whether there are any more, and to decide what they believe is a reputable scheme," she continues.

Sackers suggests that a central third-party list of reputable schemes should be managed by the DWP and TPR or a trusted industry group such as PSIG. Chapman says this "would cut right through this and improve efficiency very significantly".

Macnab adds: "For the 'reputable scheme' approach to work, trustees will need prescribed criteria, detailed guidance, clarity about how long they may rely on previous due diligence and potentially an official information source maintained or endorsed by an appropriate regulatory body."

Government reforms could reduce some of the friction slowing pension transfers, but they are unlikely to solve the problem alone. With technology already capable of making transfers faster and more secure, the challenge now is getting providers to adopt it at scale. As transfer volumes rise, greater collaboration and modernisation across the industry will be essential to getting things moving.

**Written by Paige Perrin**