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PENSIONS PLANNER

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Introduction

Steady progress for the Pension Schemes Bill in the House of Commons. Committee stage was completed ahead of schedule. And even the most controversial provisions of the Bill emerged intact, with Pensions Minister Torsten Bell later urging the industry to “chillax” about measures to allow mandation.

The big change to the Bill so far has been the addition of *Virgin Media* provisions. Two years on from the initial High Court ruling, DB trustees and sponsors now have a clear idea about how historic uncertainties can be resolved. Guidance has been promised, to support actuaries in providing retrospective confirmation.

While the Bill's framework is taking shape, much of the underlying detail remains unclear. For DB schemes, the main question concerns the funding test which will apply for surplus refunds. The Government said in May 2025 that it was “minded to” prescribe a low-dependency test, but encountered some resistance. Proposals are expected shortly.

On the DC front, the priority must surely be guided retirement. For master trusts, the new regime is to apply from 2027, but key elements are as yet “to be prescribed”. In the meantime, a further variable has been thrown into the mix. The Government has launched a consultation on a potential new decumulation vehicle – “retirement collective defined contribution”.

A retirement CDC scheme would pool pots from retiring DC members, invest collectively, and pay lifetime pensions (not guaranteed). The consultation seeks input on fundamental issues such as required scale and the risk of regulatory arbitrage. But two policy decisions seem to have been made already: providers will need to be authorised master trusts or whole-life CDC schemes; and the market will be “wholesale only”, with no direct access for individual savers. These are significant calls, and may prove controversial.



Recent developments

Pension Schemes Bill moves forward

The [Pension Schemes Bill](#) completed the committee stage in the House of Commons.

All amendments proposed by the Government were approved, including:

- measures to address issues arising from the *Virgin Media* case (see below);
- measures to drive the consolidation of sub-scale default arrangements under GPPs and master trusts; and
- various minor corrections, clarifications and improvements.

All proposed opposition amendments were withdrawn or defeated. The Government did however indicate that it would draft an amendment to cover one point which the opposition had raised, namely that the PPF administration levy should be abolished.

Comment: Pensions Minister Torsten Bell must be pleased with the Bill's easy ride so far. It may be a different story, however, when the Bill reaches the House of Lords.

Amendments proposed since completion of the committee stage can found on the [Parliament website](#).

Virgin Media: remediation measures published

Government amendments to the Pension Schemes Bill included measures to address issues arising from the *Virgin Media* case (clauses 100-107).

Trustees will in principle be able to remediate amendments which might otherwise be void for lack of actuarial confirmation, by obtaining confirmation on a retrospective basis.

For an amendment to be remediated, the scheme actuary will need to confirm in writing that, in their opinion, "it is reasonable to conclude that [the amendment] would not have prevented the scheme from continuing to satisfy the statutory standard".

In some limited circumstances, amendments will be excluded from remediation. The exclusions may be relevant where legal proceedings as to validity are already underway, or where trustees have taken "positive action" on the basis that an amendment was void.

Where schemes have already been wound up or fallen into the PPF, amendments (save as above) will be deemed to have met the confirmation requirement, without the need for retrospective confirmation.

The proposed measures include provisions enabling actuaries to confirm on the basis of appropriate assumptions. The Financial Reporting Council has [announced](#) that it will publish guidance.

As drafted, the measures will come into force two months after the Pension Schemes Bill receives royal assent – likely to be in Q2 2026.

Comment: The beginning of the end, perhaps, for many DB schemes with *Virgin Media* issues. That said, there may be instances where obtaining retrospective actuarial confirmation proves difficult or even impossible. The passage of time will be an issue; in some cases, views will need to be reached about matters dating back to the 1990s. We hope that the proposed guidance will support a pragmatic approach.

Further information can be found in our [blog post](#).

Regulations laid for multi-employer CDC

The Government pushed ahead with proposals to allow multi-employer collective defined contribution schemes, publishing a [consultation response](#) and laying [regulations](#) before Parliament.

By way of reminder, CDC is a halfway house between DB and DC. Contributions are fixed, but assets are invested collectively and mortality risk is pooled. CDC schemes seek to deliver a DB-like pension, with benefits being adjusted if necessary to keep funding in balance.

The statutory regime for CDC schemes was established by the Pension Schemes Act 2021. Under the current regime, a CDC scheme must be for a single employer or a group of connected employers.

Via the regulations, a new type of CDC scheme will be permitted: a scheme for two or more unconnected employers (a **UME** scheme). The statutory regime will be modified for UME schemes. The modifications reflect the fact that UME schemes may be set up by commercial providers, and will need to cater for diverse employers and workforces.

All CDC schemes are subject to authorisation and supervision by The Pensions Regulator.

The regulations are to come into force on 31 July 2026, with a new version of TPR's CDC Code of Practice taking effect at the same time. Would-be UME providers will then be able to apply for authorisation.

Comment: As things stand, the UK's only CDC scheme is the Royal Mail Collective Plan, but TPT plans to introduce a UME scheme in 2027.

Note the comments here relate to "whole-life" schemes. See below as to "retirement" CDC.



Plans announced for retirement CDC

The Government launched a [consultation](#) on proposals to allow retirement CDC schemes – collective defined contribution arrangements which cover decumulation only.

A retirement CDC scheme would accept transfers made on behalf of retiring DC members, invest the funds received on a collective basis, and pay members a lifelong income (not guaranteed).

The providers of DC schemes might choose retirement CDC as a "pension benefit solution" for the purpose of the guided retirement measures in the Pension Schemes Bill.

Under the Government's proposals:

- Retirement CDC schemes will be permitted only as dedicated sections within authorised multi-employer CDC schemes or DC master trusts. Retirement schemes (ie sections) will themselves be subject to authorisation.
- Retirement CDC schemes will need to target pension increases at least in line with CPI. There will be flexibility as to other elements of benefit design, for example underwriting to reflect health or demographic factors, dependants' pensions and lump sum payments.
- DC members will be able to access a retirement CDC scheme only if their DC scheme has chosen the retirement scheme for guided retirement purposes, or has otherwise formally partnered with the scheme.

The Government will consult on detailed proposals for retirement CDC in mid-2026. It plans to lay regulations in 2027, with the new regime taking effect from the start of 2028.

A roadmap in the consultation document suggests that, for master trusts, guided retirement will apply as from late 2027, rather than April 2027 as originally proposed.

Comment: Once the new regime is up and running, trustees of DC schemes will need to consider carefully whether a retirement CDC scheme could be right for their members. Individuals will not be able to access retirement schemes directly; the Government has decided that the market will be "wholesale only".

Further detail and discussion can be found in our [blog post](#).

Mandatory verification for trustee directors

Companies House [announced](#) that verification for company directors (and other "persons with significant control") would become mandatory with effect from 18 November 2025.

New directors will be required to verify their identity on appointment. Existing directors will need to verify when the relevant company next submits an annual confirmation statement.



Comment: This is an important process point for trustee companies and their directors: breach of the verification requirements is a criminal offence. We discussed the new regime, and the verification process, in a podcast earlier this year. Details can be found in a [bulletin](#) from our corporate governance team.

Court determines construction of statutory reference

The High Court [allowed](#) an appeal against a determination of The Pensions Ombudsman about a member's "bridging pension".

The member left pensionable service in 2006 and retired in 2018, when she reached 60. Under the scheme's trust deed and rules (**TD&R**), adopted in 2001, a pension supplement was payable until the member reached "State pension age". The TD&R said that that term:

"has the meaning given by the rules in ... Schedule 4 to the Pensions Act 1995 (rules for the equalisation of pensionable ages for men and women)."

Under the Pensions Act 1995 as originally enacted, the member's SPA was 65 (by SPA we mean actual State pension age – payable age for the purpose of the State scheme). However, the Pensions Act 2011 amended the 1995 Act, such that the member's SPA rose to 66.

The question was whether "State pension age" for the purpose of the TD&R was static (ie was based on the 1995 Act in its original form) or dynamic (ie was based on the 1995 Act as amended from time to time).

The Pensions Ombudsman determined that "State pension age" was dynamic.

The High Court disagreed. The person drafting the TD&R had referred to "the rules in ... Schedule 4 to the Pensions Act 1995" as a convenient shorthand, ie to avoid having to set out those rules in full. The TD&R wording did not suggest that reference was intended to be dynamic.

Accordingly, the proper construction was the static one. The member's "State pension age" for the purpose of the pension supplement was 65, even though her actual State pension age had increased to 66.

Comment: The "convenient shorthand" technique is commonly adopted when drafting scheme rules. In an ideal world, rules would specify whether the shorthand is static or dynamic. The judge felt that it would be unusual for parties to intend a dynamic approach, because rights and obligations would then "vary unpredictably with the vagaries of future legislation".

Court blesses winding-up proposals

The High Court [approved](#) steps which trustees proposed to take in connection with the winding-up of a DB scheme.

The scheme was sponsored by the Coca Cola group and had 780 pensioner and deferred pensioner members, plus a handful of active members. Most benefits had been bought in via a "captive" arrangement; the buy-in policy was issued by AXA, but the relevant liabilities were reinsured with an insurer in the Coca Cola group, RLR. In addition to the buy-in policy, the trustees held assets, essentially surplus, of £46m.

Coca Cola had power to wind up the scheme, but:

- winding-up would terminate the captive arrangement and RLR would then have to make a termination payment to the trustees;
- under current market conditions, the termination payment would be much higher than the cost of buying out the relevant benefits, meaning that the scheme's surplus would increase from £46m to perhaps £128m; and
- the trustees had power to use surplus to augment benefits on winding-up.

In the circumstances, Coca Cola was unwilling to wind up the scheme. That meant that the trustees were unable to use the existing surplus to augment benefits.

To break the logjam, Coca Cola and the trustees decided in principle to amend the captive arrangement so that the termination payment would match the cost of buying out benefits. Coca Cola would then wind up the scheme.

The trustees decided in principle that, on winding-up, they would use the surplus to augment all members' benefits proportionately. The expected uplift for each member was about 27%.

The trustees sought the Court's approval for their in-principle decisions, as regards both the termination payment and the use of surplus.

While emphasising that its role was not to consider the merits of the decisions, the Court gave its approval. The trustees had taken account of all relevant considerations and had ignored the irrelevant. And the decisions were ones which reasonable trustees could properly have reached.

Comment: The trustees agreed to the amendment and winding-up proposal on a "bird in the hand" basis. Via the proposal, they could crystallise power to apply the scheme's existing surplus on behalf of members.

In the absence of an agreement, the ultimate surplus might have been higher. However, there was no knowing whether or when power to apply the surplus would crystallise. Coca Cola could have run the scheme on, in theory even until the death of the last remaining pensioner. Many of the current members might never have received an uplift to their benefits.

TPO rulings in transfer delay cases

The Pensions Ombudsman issued a series of determinations in cases where pension transfers had been delayed. Several of the cases date back to 2020-22, when transfer values were volatile and administrators were affected by the covid-19 pandemic.

General principles espoused by the Ombudsman include the following:

- Although trustees are not obliged to accept transfers-in, where they choose to do so, they owe a [duty of care](#) to would-be transferees.
- An administrator's failure to respond within timescales specified in a [service level agreement](#) does not, in itself, amount to maladministration.



- There were [significant challenges](#) for the pensions industry in the aftermath of the pandemic. Schemes were advised to prioritise critical tasks such as processing retirements and bereavements. Other tasks, such as transfer requests, might therefore have taken longer than normal.
- Where a breach of duty could be shown, the appropriate remedy, depending on the circumstances, might include compensation for [investment returns foregone](#), or [adjustment](#) of the relevant transfer value.

Comment: Given the challenging circumstances in 2020-2022, there will be many other "delay" cases in TPO's queue. Each will turn on its facts, but trustees and administrators will be encouraged by the pragmatic line taken in this batch of determinations.

TPO rulings in transfer regret cases

The Pensions Ombudsman issued lengthy determinations in two cases where members had lost money after transferring to scam schemes. The transfers pre-dated the launch of the current "flags" regime.

In each case, the transferring trustees had carried out basic checks and had sent members the "scorpion" leaflet. But [Mr D](#) and [Mrs T](#) argued that the relevant trustees should have done more, by way of due diligence and/or warnings.

TPO ruled that:

- The members had had statutory transfer rights. The trustees had therefore had a duty to make transfer payments on their behalf.
- The right to transfer to an occupational pension scheme was not dependent on the member being an "earner", as a 2016 case ([Hughes v Royal London](#)) might seem to suggest.

- The trustees had not owed a duty of care to the members as regards due diligence or warnings. Such a duty would have conflicted with the statutory duty to make the transfer payments, and would be inconsistent with established legal principles. The Supreme Court's 2023 ruling in [Philipp v Barclays Bank](#) was relevant by analogy.
- The position might have been different if the trustees had voluntarily assumed responsibility for due diligence. But trustees did not assume responsibility just because they carried out basic checks.
- TPO was not in this regard obliged to adopt the same approach as either the Financial Ombudsman Service or previous Pensions Ombudsmen.

Accordingly TPO did not uphold the members' complaints. There was no finding of maladministration on the part of the trustees.

Comment: Add these to the list: a number of recent determinations indicate that the current Pensions Ombudsman is taking a more black-letter approach than predecessors. This is welcome. Trustees should be judged by reference to their legal duties. TPO has power to deal with maladministration, but that power should not be used so as to impose (in effect) a duty which does not exist in law – such as a duty to conduct due diligence on a member's behalf.



Other news

Other developments over the quarter included the following.

- **Government reshuffle.** [Pat McFadden](#) replaced Liz Kendall as Secretary of State for Work and Pensions. Torsten Bell continued as Pensions Minister, but also took on a new role: he was appointed by the Chancellor to help with preparation for the Autumn Budget.
- **State pension age.** The Government issued a [call for evidence](#) in connection with the forthcoming State pension age review.
- **Superfunds.** The Pensions Regulator updated its [superfund guidance](#), and published an associated engagement response. The update clarifies TPR's position as regards the release of capital. The [engagement response](#) confirms that TPR's interim regime for superfunds will remain in place, with further updates as necessary, until the proposed new statutory regime comes into force.
- **Liability-driven investment.** A [report](#) by The Pensions Regulator found that trustees have made significant progress in mitigating the risks of leveraged LDI. TPR suggests two areas for further improvement: diversification of collateral and resilience testing.
- **TPR enforcement strategy.** The Pensions Regulator launched a [consultation](#) on a proposed new enforcement strategy. TPR proposes to adopt a "more focused, agile, and outcomes-driven" approach, with smarter interventions which deliver real-world results.
- **Trustee toolkit.** The Pensions Regulator began updating its [trustee toolkit](#), in part to reflect changes in legislation. TPR expects to complete the update by the end of 2025.
- **DB funding levels.** The Pensions Regulator published its [DB funding analysis](#) for 2025. The analysis covers schemes with valuation dates between 22 September 2022 and 21 September 2023. The mean funding level was 104% on a technical provisions basis, with 62% of schemes reporting a surplus.
- **TPR surveys.** The Pensions Regulator published reports on surveys of [DB](#) and [DC](#) schemes. The reports provide clues as to TPR's current priorities: for DB schemes, endgames, surpluses and cyber security; for DC schemes, decumulation and value-for-money.
- **PPF levy.** The Pension Protection Fund [announced](#) that it was putting invoicing for 2024/25 on hold, because it expects to be able to move to a nil levy.
- **Small pot consolidation.** Pension UK published a [small pots digital systems feasibility review](#). The Government had commissioned the review to support the consolidation measures in the Pension Schemes Bill. The review recommends that consolidation should be on a "federated" basis – ie a decentralised system, under which schemes and consolidators exchange data directly using agreed standards.
- **TPO operating model.** The Pensions Ombudsman published an [update](#) on its new operating model. In the first six months of 2025/26, case closures rose by 14%. TPO is confident that it can achieve a material reduction in waiting times over the next few years.
- **Dashboards.** The Pensions Dashboards Programme published blog posts covering [connection](#), [testing](#) and [the October 2026 deadline](#).
- **Tax-free cash.** [HM Revenue & Customs](#) and the [Financial Conduct Authority](#) published bulletins covering the purported cancellation or return of pension commencement lump sums.
- **Awareness and engagement.** Key providers launched the 2025 [Pension Attention](#) campaign. The campaign encourages people to trace past pensions, check their entitlements, and decide whether they need to save more.
- **Adequacy.** We commissioned a UK-wide survey of pension attitudes and beliefs. The [results](#) highlight concerns as to adequacy and decumulation, with many people expecting to take their whole pension pot at or soon after retirement.

In the pipeline

The next six months

Pension Schemes Bill

The [Pension Schemes Bill](#) will continue to progress through Parliament. Having completed the committee stage in the House of Commons, the Bill now moves to report stage: the Bill, as so far amended, will be debated by the House, and further amendments may be proposed.

Verity Trustees v Wood

A case on the validity of past amendments to TPT, an industry-wide pension scheme, was heard in February and March 2025. Among other things, the Court considered questions arising from the *Virgin Media* case. Judgment is expected by the end of the year.

Budget

The Chancellor will deliver the [Autumn Budget](#) on 26 November 2025. Changes to pensions tax or national insurance have been mooted.

Refunds from ongoing schemes

The Government has said that it will consult about changes to the funding test which must be met in order for a refund to be paid.

Multi-employer CDC

The Pensions Regulator will consult on a new version of its CDC Code of Practice, covering multi-employer schemes.

VFM framework

The industry awaits the outcome of the FCA's consultation on its proposed new value-for-money framework, which closed in October 2024. The original proposals (including a "traffic lights" rating system) met with significant pushback.

WASPI

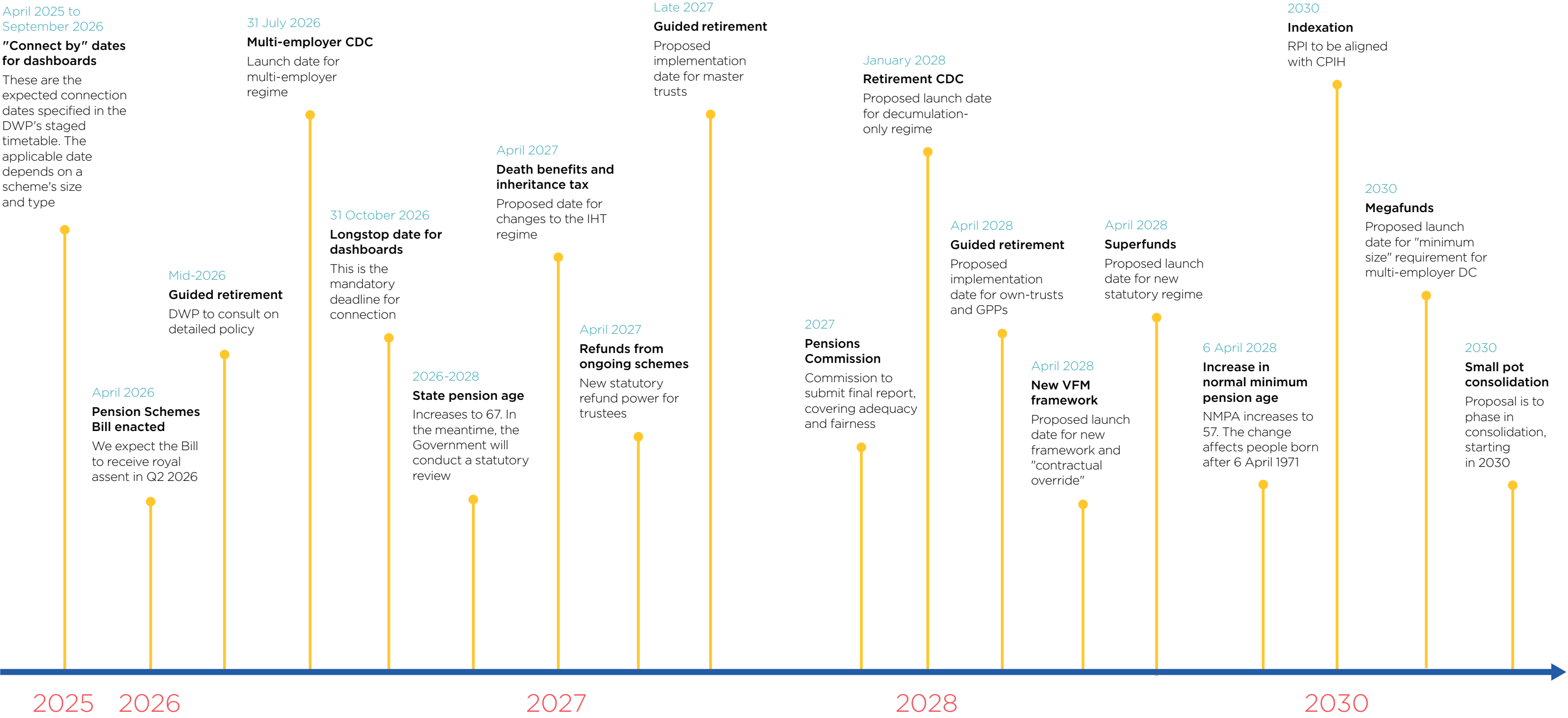
The WASPI campaign group's judicial review claim will be heard by the High Court on 9 and 10 December 2025. The case concerns the communication of past changes to State pension age. The group is challenging the Government's decision not to compensate people who may have been adversely affected.

Pensions Commission

The Pensions Commission plans to publish an interim report in spring 2026. The report will cover the evidence base and strategic direction for the Commission's review of pension adequacy and fairness.



Timeline



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