

DWP consults on changes to the Conditions for Transfers Regulations



Alert | 10 June 2026

Introduction

Setting out “targeted measures to address the risk of fraud”, on 9 June 2026 the DWP published a [consultation](#) on proposals to amend the [Occupational and Personal Pension Schemes \(Conditions for Transfers\) Regulations 2021](#) (the “Regulations”).

Key points

- In June 2023, the Government [reviewed](#) the Regulations “to ensure they were delivering strong protections without creating unnecessary barriers for savers or schemes”. Feedback suggested that certain provisions were causing delays and/or preventing otherwise legitimate transfers from happening altogether.
- The proposed changes are intended to “target genuine risks more precisely” by “removing unnecessary friction without weakening safeguards”. They include removing the current amber flag in relation to overseas investments and enabling trustees to make a transfer without engaging an additional level of due diligence where they are satisfied that the receiving scheme is “reputable”.

Background

In November 2021, the Regulations introduced new conditions restricting the statutory right to transfer for both occupational and personal pension schemes. This was intended to give trustees and scheme managers “the tools they need to intervene where there is a risk of scam activity, while still ensuring that the vast majority of legitimate transfers can proceed smoothly”.

The Regulations require one of two conditions to be met before a statutory transfer can proceed.

First condition

To meet this condition, the trustees or managers must be satisfied “beyond reasonable doubt” that the receiving scheme is a public service pension scheme, an authorised master trust or an authorised CDC scheme.

Second condition

Where the first condition is not met, the second condition will apply to all other transfers, involving an assessment by the trustees or managers as to whether certain flags are present as part of the transfer. As red

flags indicate a heightened risk of a scam, the statutory right to a transfer will fall away when the trustees determine that one is present. Amber flags may be an indicator of a potential scam, triggering the requirement for the member to take scam specific guidance from MaPS, and to provide evidence of having done so. Supporting evidence and information will also need to be provided by the member in respect of certain transfers.

Red flags include:

- financial advice being provided by firms or individuals without the appropriate regulatory permissions
- an incentive being offered to transfer, including free pension reviews, access to some or all of the member's pension savings before NMPA, a savings advance or cashback from their pension savings, or
- the member being pressured to make the transfer.

Amber flags include:

- high risk or unregulated investments included in the receiving scheme
- fees charged by the receiving scheme are unclear or high
- the receiving scheme investment structure is unclear, complex or unorthodox
- supporting evidence or information which is incomplete or does not demonstrate an employment or residency link with the receiving scheme, or
- the receiving scheme includes overseas investments.

Some of the flags are subjective and/or broadly drafted and have posed problems in practice. A joint statement from TPR and the DWP issued in July 2022 acknowledged that concerns had been expressed about applying the Regulations where overseas investments (an amber flag) or small-scale incentives (a red flag) feature in the transfer. TPR updated its [guidance](#) in light of the concerns.

The DWP's 2023 [review](#) found that, broadly, the Regulations were fit for purpose. However, acknowledging the issues raised by the pensions industry, the DWP committed to considering whether the Regulations needed changing to "improve the pension transfer experience".

Proposed changes

In response to specific concerns, various changes to the Regulations are now proposed. These include:

- broadening the first condition so that it can also be met where trustees are satisfied, on the balance of probabilities, that the transfer is to a "reputable" pension scheme. The Regulations will set out a non-exhaustive list of factors to which trustees and scheme managers may have regard when assessing whether a receiving scheme is reputable. These factors are likely to include whether there is an existing relationship with the receiving scheme, the nature and risk profile of the scheme's investments, any prior warning flags or regulatory concerns and the level of transparency around fees and charges
- removing the overseas investment amber flag on the basis that feedback indicates that this flag is often triggered where there have been no indicators of scam activity and that the Regulations already require trustees to assess whether the receiving scheme includes high risk or unregulated investments, or unclear, complex or unorthodox investment structures

- introducing a new red flag where a transfer is proposed and the evidence provided does not demonstrate an employment link with the receiving occupational pension scheme. A missing employment link is a “strong indicator” that the receiving scheme may be operating outside its legitimate purpose. This change is primarily aimed at addressing emerging concerns with transfers to small self-administered schemes (“SSASs”) but will apply to all transfers. SSASs are a form of occupational pension scheme typically established by company directors for themselves and key employees. They offer significant flexibility, allowing members to manage investments directly and to invest in a broad range of assets, and
- exempting members from the requirement to take MaPS guidance where they have done so in the previous 12 months.

The DWP acknowledged that inconsistent application of the incentives red flag may have “incorrectly blocked some transfers” where incentives form part of a legitimate business model. However, since this flag provides a “precise protection” against prevailing scam methodologies, it will be retained. The proposed broadening of the first condition should give trustees greater discretion to proceed with a transfer where they are satisfied that the receiving scheme is safe.

Next steps

The consultation, which closes on 21 July 2026, marks the first stage in a broader programme of work relating to pension scams and pension transfers. While the immediate focus is on addressing scam risks, later in 2026 the programme is expected to explore wider pension transfer issues, such as how processes can be modernised and how savers who choose to transfer their pensions are enabled to make well informed decisions, while maintaining the robust protections needed to defend against evolving scams risks.

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