

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT
GENERAL COMMITTEES

Public Bill Committee

FINANCIAL GUIDANCE AND CLAIMS BILL [*LORDS*]

Second Sitting

Thursday 1 February 2018

(Afternoon)

CONTENTS

SCHEDULE 2 agreed to.
CLAUSES 3 AND 4 agreed to.
CLAUSE 5 agreed to, with an amendment.
CLAUSES 6 TO 20 agreed to.
SCHEDULE 3 agreed to, with an amendment.
CLAUSES 21 TO 23 agreed to.
Adjourned till Tuesday 6 February at twenty-five minutes past
Nine o'clock.
Written evidence reported to the House.

No proofs can be supplied. Corrections that Members suggest for the final version of the report should be clearly marked in a copy of the report—not telephoned—and must be received in the Editor’s Room, House of Commons,

not later than

Monday 5 February 2018

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The Committee consisted of the following Members:*Chairs:* † ANDREW ROSINDELL, GRAHAM STRINGER

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|---|---|
| † Amesbury, Mike (<i>Weaver Vale</i>) (Lab) | † Mackinlay, Craig (<i>South Thanet</i>) (Con) |
| † Black, Mhairi (<i>Paisley and Renfrewshire South</i>) (SNP) | † Merriman, Huw (<i>Bexhill and Battle</i>) (Con) |
| † Burghart, Alex (<i>Brentwood and Ongar</i>) (Con) | † Milling, Amanda (<i>Cannock Chase</i>) (Con) |
| Coyle, Neil (<i>Bermondsey and Old Southwark</i>) (Lab) | † Opperman, Guy (<i>Parliamentary Under-Secretary of State for Work and Pensions</i>) |
| † Donelan, Michelle (<i>Chippenham</i>) (Con) | † Reeves, Ellie (<i>Lewisham West and Penge</i>) (Lab) |
| † Dromey, Jack (<i>Birmingham, Erdington</i>) (Lab) | Thomas, Gareth (<i>Harrow West</i>) (Lab/Co-op) |
| † Fovargue, Yvonne (<i>Makerfield</i>) (Lab) | † Tracey, Craig (<i>North Warwickshire</i>) (Con) |
| † Foxcroft, Vicky (<i>Lewisham, Deptford</i>) (Lab) | Jyoti Chandola, Gail Bartlett, <i>Committee Clerks</i> |
| † Glen, John (<i>Economic Secretary to the Treasury</i>) | |
| † Latham, Mrs Pauline (<i>Mid Derbyshire</i>) (Con) | † attended the Committee |

Public Bill Committee

Thursday 1 February 2018

(Afternoon)

[ANDREW ROSINDELL *in the Chair*]

Financial Guidance and Claims Bill [Lords]

2 pm

The Chair: Welcome to the afternoon sitting. I must first inform the Committee that the question that schedule 1 be the First schedule to the Bill was not put at the appropriate point this morning. To rectify this error, I must now put the question.

Schedule 1 agreed to.

Clause 3

FUNCTIONS

Amendment proposed (this day): 27, in clause 3, page 3, line 27, after “develop” insert “deliver”.—(*Jack Dromey.*)

This amendment would strengthen the SFGB's strategic function to support and co-ordinate a national strategy to a “develop and deliver” function.

Question again proposed, That the amendment be made.

The Chair: I remind the Committee that with this we are discussing the following:

Amendment 29, in clause 3, page 3, line 31, at end insert—

“(d) financial guidance relevant to the modern labour market.”

This amendment creates a duty for the single financial guidance body to develop and co-ordinate a national strategy to improve financial guidance relevant to the modern labour market.

Amendment 39, in clause 3, page 3, line 31, at end insert—

“(d) the uptake of financial advice from the single financial guidance body by members of the public, and

(e) the understanding of pensions amongst those between the ages of 18 and 55.”

This amendment would add improving uptake of financial advice from the single financial guidance body, and improve understanding of pensions amongst people aged 18 to 55 to the requirements under the body's strategic function.

The Parliamentary Under-Secretary of State for Work and Pensions (Guy Opperman): I had anticipated that we would deal with amendments 27, 29 and 39 together. I thought that they would have been grouped, but I will address amendment 27 to start, and take your guidance from there, Mr Rosindell.

The hon. Member for Birmingham, Erdington proposes in amendment 27 to amend the Bill by a single word. The strategic function of the Bill as drafted and its three elements have been carefully designed, and I believe

that the amendment should not be made. Through its strategic function, the guidance body will bring together interested partners in the sector, various services, the public and voluntary sectors and the devolved administrations with the aim of improving the ability of members of the public to manage their finances effectively. To that end, the body will develop and co-ordinate a national strategy.

The Money Advice Service has been undertaking that vital role to date, and key stakeholders agree that that important work should continue and be expanded. The national strategy will succeed only if the new body works effectively with its many partner organisations in the financial services and other sectors in a collective effort with shared ownership and accountability. Indeed, the premise of the national strategy is that one organisation working independently has little chance of making a great impact, but many working together have more. The role of the new body will be to drive the process forward and oversee its implementation, but not to be solely responsible for the delivery of the strategy in its entirety. For those good reasons, I urge the hon. Member for Birmingham, Erdington to withdraw the amendment.

Jack Dromey (Birmingham, Erdington) (Lab): It is a pleasure to serve under your chairmanship, Mr Rosindell. Briefly, in the words of the Minister, a national strategy will be pursued at the next stages, including a range of stakeholders and, I suspect, other enforcement bodies. Flowing from what the Minister said, the question is who will drive that at the next stages. The single financial guidance body will clearly and undoubtedly have a pivotal and central function.

Guy Opperman indicated assent.

Jack Dromey: I see the Minister nodding his head in agreement. In those circumstances, we look for a dynamic body to do precisely that: drive the national strategy. On that basis, I am content not to press the amendment.

The Chair: Amendment 29 is part of the same group. Does the Minister wish to speak?

Guy Opperman: Amendment 29 seeks to add another strand to the three existing areas of the strategy set out in the Bill. The Government agree with the hon. Gentleman on the overall principle that the strategy of the new body needs to be future-proof and flexible, to meet the challenges that an evolving modern economy might bring. Clearly the Taylor review is relevant to all those factors, but we do not believe that the amendment is necessary. It lacks a specific focus and would risk diverting focus and resources from the areas that we believe the body should prioritise through its strategic function. As I understand it, the amendment is not sought by existing providers. In the circumstances, I ask the hon. Gentleman not to press the amendment.

Jack Dromey: It is not for one moment our intention to divert focus from the body's core and strategic function. All I would say is that the changes taking place in the modern labour market are immense, complex and often profoundly disturbing. To give one example from my personal history, in 2003-04, alongside Gillian Shephard, I chaired the coalition of support that resulted in the Gangmasters (Licensing) Act 2004. From plough to plate—

from the National Farmers Union to the supermarkets—it sought to tackle some of the worst abuses of workers and the undercutting of reputable providers by rogues. My experience—like that of all Committee members, I suspect—is that there is much in the modern workplace and the world of work that is profoundly disturbing and needs to be tackled. Having said that, the Minister said himself that the body would take account of the demands in the modern labour market.

As far as the Taylor process is concerned, I know Matthew very well and his report contains some valuable proposals, although I do not agree with them all. It is helpful that on the Government's part there has been a focus on the modern labour market, including the gig economy. In those circumstances, particularly in the light of what the Minister said about the context of the Taylor review and the demands of the modern labour market, I shall not press the amendment.

The Chair: To clarify, amendments 27, 29 and 39 are part of a single group, so any Member who wishes to speak to any of the three amendments must do so now.

Jack Dromey: I beg to ask leave to withdraw the amendment.
Amendment, by leave, withdrawn.

Jack Dromey: I beg to move amendment 28, in clause 3, page 3, line 31, at end insert—

“(9A) In seeking to improve the provision of financial education to children and young people, the single financial guidance body may advise the Secretary of State that—

- (a) Ofsted should take into account the financial education provided by schools when carrying out inspections, and
- (b) financial education should be added to the primary school education curriculum.”

This amendment allows the single financial guidance body to, as part of its function to improve the provision of financial education to children and young people, advise the Secretary of State that Ofsted should take account of financial education when carrying out inspections, and that financial education should be added to the primary school curriculum.

Some hon. Members may be surprised by the amendment, but I will explain why it is important. We believe that the provision of financial education to young adults in further and higher education—let alone to primary school children—needs to be improved. Young adults are an important age group not particularly well served under current arrangements. We believe that, where appropriate, education providers should incorporate financial education modules into programmes of study.

Thousands of young people throughout the country leave school without the necessary financial knowledge to approach critical situations such as applying for credit and mortgages. Research shows that 37% of 18 to 24-year-olds hold one or more credit cards, an overdraft or another form of borrowing, with average combined debts of £2,989, not including student loans or mortgages. The House of Lords Select Committee on Financial Exclusion heard that 51% of 18 to 24-year-olds regularly worry about money. Generally, half of all UK adults modestly rate themselves as having some understanding of financial products and services, while 15% say that they have a very good understanding and a minority of just 5% admit to having no understanding. Just 54% of

the C2, D and E social classes say that they have some understanding or a very good understanding of financial products and services.

In September 2014, in a welcome move by the then coalition Government, financial education was added to the statutory national curriculum for secondary schools in England. Since then, schools have been required to include financial education as part of mathematics and citizenship teaching at key stages 3 and 4. However, there is still no requirement for English primary schools to include financial education as part of their teaching. In addition, as only 35% of state-funded secondary schools are now maintained schools, the obligation to teach financial education does not apply to nearly two thirds of all state secondary schools.

As the hon. Member for North Swindon (Justin Tomlinson) said on Second Reading:

“We live in a very complex society, with direct debits, standing orders and complicated marketing messages coming forward. Making sure that we equip all people of all ages to make informed decisions is an absolute priority.”—[*Official Report, Financial Guidance and Claims Public Bill Committee*, 22 January 2018; c. 62.]

The hon. Member for Solihull (Julian Knight) said:

“The development of key skills and knowledge about money matters helps pupils and, indeed, their parents to make wise choices in later life, when innovations in financial technology and online consumer tools—not to mention the march towards a cashless society—will make previous experience and the advice of their elders an unreliable guide.” —[*Official Report, Financial Guidance and Claims Public Bill Committee*, 22 January 2018; c. 95.]

In a world in which credit and financial services are more readily available than ever, it is vital that Britain's young people are given the financial education they need to approach those challenges when they leave education. In the view of the Opposition, it is only through mandatory financial education in both primary and secondary schools that we can be confident that young people will be equipped both to achieve the best possible start in life, and to avoid being exploited by the ruthless.

Returning to my first point, some may ask whether financial education should be taught in primary schools. My experience is that it is crucial that children at young age—primary school age—are involved in crucial discussions that help them to understand the future and the challenges they will face. I will give two examples.

First, Jaguar Land Rover—an excellent company; the Jaguar plant is in my constituency—has a highly developed programme of operating in primary schools. That is because it is the kind of company that looks ahead two to five years, five to 10 years and 10 to 20 years. It always has a particular problem in the recruitment of skilled labour, and it wants, through its work in primary schools, to open up the horizons of primary school children more generally. That is very important in a constituency such as mine, which is rich in talent but is one of the poorest in the country and has high unemployment. In particular, JLR wants to encourage young girls to see themselves as having a future in engineering and car manufacturing. Its strong view is that, without starting that work at that age, by the time people get to secondary school and beyond, preconceptions are formed about what is appropriate for a young girl, and ultimately a woman, to do.

[Jack Dromey]

My second example is controversial, although it has cross-party support. I have worked very closely with the admirable Dot Com Children's Foundation, which collaborates with the police and local authorities. I have seen it at first hand its programme in primary schools that uses a comic book format to teach children to spot risk and harm, to reject any obscene approaches and to know with whom they should talk if they feel themselves threatened. When we embarked down this path in Birmingham, where more than 100 primary schools have now used the programme, I remember some parents saying, "What? At primary school age?" Actually, in a non-threatening way, we absolutely want to make a start in helping children to understand the difference between family and friends on the one hand and those who would seek to exploit them on the other.

I am giving examples of important areas in which primary school children are equipped to deal with the modern world. And coming back to the issue of financial guidance, I suspect that not many primary school children have credit cards. Having said that, however, as they grow up they will need to know how to manage their finances, how to avoid exploitation by those who would seek to exploit their vulnerability and how to get the best possible start in life.

2.15 pm

Yvonne Fovargue (Makerfield) (Lab): I rise to recount some of my own experience. I was fortunate enough to employ a financial capability adviser from 2000 to 2010, when I left, although I have to say that every time we applied for funding he changed his job title. That adviser went into primary schools as well.

I am wary about adding things to the curriculum, because I understand that teachers are hard-pressed, but it does not have to be teachers who do this work. We sent in the adviser; he did a recognised course with a teacher, which gave the teacher confidence to carry on his work later. The primary school children were really engaged in the lesson, because somebody from outside had come in, and we also went in with the credit unions, to encourage the children to start an early habit of saving, as well.

That is when children are really keen. It is competitive—who can save the most in their little account out of their pocket money and so on? It was really successful. The schools liked it. I would love to get the funding to go back now, to see how those "adults" are coping after having had that education at primary school level, but unfortunately that was not possible. However, I believe that that work helped.

Guy Opperman: The hon. Lady will be very pleased to know that Her Majesty's Treasury, present in the form of the Economic Secretary to the Treasury, provides the LifeSavers programme, which I am lucky to have bid for on behalf of my constituency, and which does exactly what she has just described. Her speech might be seen as a bid to continue the LifeSavers programme—it obviously has a life span—and then she would be able to bid for her community to be part of the programme in partnership with the Church of England and whichever credit union she wishes to support.

Yvonne Fovargue: I shall make sure that Unify, my local credit union, gets a copy of that information.

One of the side effects of sending the adviser into schools, badged as the citizens advice bureau adviser, was that we encountered an upsurge in parents coming to us who were prepared to discuss their debts. It was as if having someone there who was talking to the children made them examine their finances; the children were going home and saying, "Look! We've been looking at this!" prompting their parents to examine their own finances, and then they already knew where to go to talk about their debt. So the work had that unintended consequence, which I must admit we found hard to deal with, given the resources we had. Nevertheless, it was really beneficial, so I would encourage the Minister to consider that as a proposal.

Guy Opperman: I should have said before that it is a pleasure to serve under your chairmanship for the first time, Mr Rosindell, and I welcome you to the Committee.

The hon. Member for Makerfield is right that a significant number of organisations provide, in a primary school setting, particular aspects of financial education in various shapes and forms, whether it is the Association for Citizenship Teaching, MyBnk, the Personal Finance Education Group or a variety of other organisations, and I would happily talk for some considerable period of time and overindulge the Committee on LifeSavers. As she knows, I set up a community bank in my constituency with Archbishop John Sentamu on 5 November 2015, and that community bank has bid for the LifeSavers project in Northumberland, and provides six schools with that financial education. We run six different banks in six different schools in my community. That work is extraordinarily successful. The original pioneer is in Lewisham, which I know the Opposition Whip, the hon. Member for Lewisham, Deptford, will be interested to hear, and the success rate has been wonderful.

The proposal is that the single financial guidance body should have a look at, and then come up with a strategic assessment of, what the provision of financial education of children and young people should be. I take issue with the Opposition on whether Ofsted should judge schools on the basis of financial education. I say, with respect, that it most definitely should not. Ofsted itself does not seek that, so I definitely disagree with paragraph (a) of the amendment. Ofsted, which has been consulted in broad terms, thinks that it would be inappropriate to inspect financial education specifically, since it usually inspects not individual subjects but the curriculum as a whole.

On the broader points raised by the hon. Member for Birmingham, Erdington, the curriculum is ultimately a matter for the Department for Education. He is right that financial education was brought into the secondary context under the coalition Government. Successive Governments have drilled down on the importance of maths, which is an absolute prerequisite and is fundamental to the education of our young people. The maths curriculum has been strengthened to give pupils from five to 16 the necessary maths skills, and I am sure he has seen in his own constituency the success of mental maths and advanced maths in primary schools. We responded to the House of Lords Committee's report on financial exclusion in a similar way—I make the same case here.

It will be for the single financial guidance body to target specific areas of need, and to match individual funders and providers of education projects and initiatives aimed at children. The amendment is very broad brush.

I would prefer the guidance body to be able to zero in on particular areas. That is the purpose of making overall assessment one of its strategic functions. That means that it will be better able to deliver what we all want: enhanced financial education for our children.

We agree about objectives, but I am not sure that we agree about the way forward for delivery. With respect, I invite the hon. Gentleman to withdraw his amendment.

Jack Dromey: My hon. Friend the Member for Makerfield made a powerful point about the importance of primary schools as places of contact—sometimes the only place of contact—with people who are struggling in their lives. My experience from a number of projects is that what is done in primary school reads across to a child's parents, so her point is very valuable indeed.

We can question how this should be done, but it is now public policy that children should be involved in financial education. A valuable start has been made with secondary schools, and we will seek at subsequent stages of the Bill to engage with the Government about how that might be extended further. There are questions about the context for that, including the overall maths context, but that can be teased out at the next stage.

Finally, if there is a coalition of support in the Committee for lobbying the Treasury on LifeSavers, I say: “Yes please, but don't stop at LifeSavers.” On that basis, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Jack Dromey: I beg to move amendment 30, in clause 3, page 3, line 32, at end insert—

“(d) the understanding members of the public have on how the duties placed on financial service providers under the Equality Act 2010, including the requirements on service providers to make reasonable adjustments, can enhance their ability to manage their financial affairs.”

This amendment would ensure members of the public are informed about what financial services companies need to do to comply with the Equality Act, in particular the duty to put in place reasonable adjustments for disabled customers.

The purpose of the amendment is to ensure that members of the public are informed about what financial services companies need to do to comply with the Equality Act 2010—in particular, but not exclusively, the duty to put in place reasonable adjustments for disabled customers. We are rightly proud of that landmark Act in this country, and I am particularly proud that it was introduced by a Labour Government. There have been subsequent problems with its implementation and, dare I say, without wishing to divert into areas where we would disagree, the implementation of clause 1 of the Equality Act is yet to take place. Having said that, on disability matters, there would certainly be consensus around ensuring that people who have problems with their health and who have disabilities of different kinds get the support that they need and are not taken advantage of.

Under the Act, a person is disabled if they have a “physical or mental impairment” that has “a substantial and long-term adverse effect” on their ability

“to carry out normal day-to-day activities”.

In that case, a duty to provide goods, facilities or services falls on providers, employers and a range of other parties. People automatically meet the disability definition

under the Act from the day that they are diagnosed with a condition such as cancer, multiple sclerosis or HIV infection.

If an organisation that provides goods, facilities or services to the public finds that there are barriers to disabled people in the way it operates, it has an obligation to act, including to consider making reasonable adjustments. If those adjustments are reasonable for that organisation to make, it must make them. That duty is sometimes described as anticipatory, which means that an organisation cannot wait until a disabled person wants to use its goods, facilities or services, but must think in advance and on an ongoing basis about what disabled people with a range of impairments might reasonably need.

An organisation is not required to do more than is reasonable for it to do—I stress that again—but that depends, among other factors, on its size and nature, and on the nature of the goods, facilities and services it provides. Making disabled customers and their advocates aware of that duty means that they will be able to ask their financial service provider to potentially adjust the GFS it offers and to remove any barriers.

Although I would be the first to accept that there is good practice in the sector when it comes to making adjustments for visual and hearing impairments, that is rarely done in the context of the legal framework. In certain circumstances, where that is not done and where conditions such as a cancer diagnosis or neuro-diverse disabilities such as autism, brain injuries and dementia are not considered, that means that people are let down and there is a failure to comply with the terms of the law. For example, the Alzheimer's Society reports that 66% of people with dementia need some assistance when using a bank and 80% of carers said that banks need a greater understanding of lasting powers of attorney. On the one hand, there is the legal obligation, and on the other, there is an undoubted need for it to be complied with.

There is no reference to the duty to make reasonable adjustments in the Financial Conduct Authority's handbook. Frankly, I am surprised at that. The handbook contains provisions set out in legislation that are relevant to the FCA and other provisions made by way of instruments by the FCA. It contains a mixture of rules, which are binding obligations that can result in enforcement action if not adhered to, as well as guidance. The amendment will ensure that disabled people or their advocates are informed about the duty to make reasonable adjustments and that they can use that information to ask financial service providers to make adjustments to the goods, facilities and services they provide, which could include removing physical barriers or making services dementia-friendly.

Guy Opperman: It is a pleasure to respond to the hon. Gentleman's speech. I will make three key points: I will discuss whether the Equality Act applies to this body in future; I want to give some assurances to the House on an ongoing basis, because that really matters; and I will briefly deal with the point about the duty of care.

2.30 pm

It may have escaped the notice of some Committee members, who will have read every single paragraph and every line of every bit of this Bill, but fortunately I have been advised that paragraph 25 of schedule 3, on page 36, helpfully states that the Equality Act, rightly

lauded by the hon. Member for Birmingham, Erdington, will apply to the single financial guidance body, which will be specifically treated like all public bodies. All Bills have or should have such a provision, to be fair. I believe that the 2010 Act is applicable; if there was any doubt, I hope that that will allay that particular concern. Obviously, it has to integrate the same duties of equality as all other public bodies.

I want to put on the record—this applies to all financial services, including the actions of the single financial guidance body—that if there is any doubt that an organisation is not complying with the Equality Act, there is a process that an individual can go through. They can make a complaint to the Financial Ombudsman Service, which is able to consider an individual firm's compliance with the Equality Act and decide whether the individual consumer has been dealt with fairly and reasonably. More widely, a consumer can contact the Equality and Human Rights Commission, and there are plenty of examples of abuses being brought to its attention.

The FCA produced its consumer approach document on 6 November 2017, which sets out a vision of a well-functioning market for consumers and its strategy for achieving that, particularly relating to vulnerable and excluded consumers. Do I pretend that every single organisation is perfect in every way? No, of course I do not. However, I note that in her speech on Second Reading, my hon. Friend the Member for Mid Derbyshire mentioned the difficulty suffered by her constituent, whose name I think was Jacci. To its credit, Santander—I believe that was the bank—treated Jacci extremely well. My hon. Friend the Member for North Swindon (Justin Tomlinson) gave a similar example of Nationwide treating his constituent very well.

I pay credit to Macmillan for its campaign on duty of care, and numerous other organisations could be named. The long and the short of it is that clearly, as a general obligation, there is a duty of care to all customers, both in contract law, because it is a service provided for a fee, and in the law of negligence if there is any breach. I am delighted that the Economic Secretary has indicated on behalf of the Treasury that he met Macmillan's chief executive officer to discuss the duty of care.

Last Monday and today's debates have shown that all financial services, and all public organisations, have a specific and important duty to all their customers and the consumers that we all serve. I hope that that message has got across to them. There are valuable examples of where they have done it right, and without any shadow of a doubt we should be lauding them. However, in terms of the statutory process in which we are engaged regarding amendment 30 and the application of the Equality Act, I invite the hon. Member for Birmingham, Erdington to withdraw his amendment.

Jack Dromey: I actually met Jacci and did a conference with her, and I thought what the hon. Member for Mid Derbyshire said on Second Reading was very powerful and moving, telling the story of a wonderful person and using it as proof positive of why we need to ensure—

Mrs Pauline Latham (Mid Derbyshire) (Con): Is it not true that other financial institutions could do what Santander did and voluntarily sign up to her “Dying to Work” campaign, which would help everybody that they deal with?

Jack Dromey: I strongly agree with the hon. Lady, and that is something we might pursue, including on a joint basis, at the next stages. The “Dying to Work” campaign's objectives are right. To make the obvious point, she will have seen at first hand what a battle it is for people like Jacci, and I am sure that all of us have come across some very powerful cases in our constituencies. The banks and the financial institutions should absolutely, without hesitation, follow Santander's lead. Santander is to be congratulated for what it did. Do we have a marketplace where everyone conducts themselves in the same way? No, we do not, so the hon. Lady raises a very valuable point.

In terms of the Minister's response, it is welcome that, following Second Reading, the situation with regard to the Bill is unambiguous. I want to make two additional points. First, we will return to duty of care later. Secondly, the issue of enforcement is very important. The Equality and Human Rights Commission will have a watchdog role to play, but it is important that, from the start, the single financial guidance body is obliged in law to build into the culture of its operation, as we have argued, oversight of how financial institutions conduct themselves in terms of services, goods and facilities for the disabled.

Guy Opperman: I assure the hon. Gentleman that the whole reason we introduced the vulnerable circumstances provision in the Bill was to address that exact point. I cannot stress enough, and I have made the point repeatedly today, that the objective specifically enshrined in the Bill is that the particular needs of people in vulnerable circumstances need to be borne in mind.

Jack Dromey: That is welcome. All I will say is that, in our experience, there can be a law or a set of legal obligations, but are they necessarily carried out in practice? In fact, to take the Santander example once again, it took a view that it should do the right thing and that it was obliged by law to do so, but not every provider necessarily takes the same view. The issue of enforcement is key. I stress again that the Equality and Human Rights Commission has a role to play, but at the heart of the SFGB's operation should be action to ensure that the disabled are not disadvantaged. On that basis, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clauses 3 ordered to stand part of the Bill.

Clause 4 ordered to stand part of the Bill.

Clause 5

SPECIFIC REQUIREMENTS AS TO THE PENSIONS GUIDANCE FUNCTION

Jack Dromey: I beg to move amendment 33, in clause 5, page 4, line 13, leave out subsection (2) and insert—

“(2) In section 137FB of the Financial Services and Markets Act 2000 (FCA general rules: disclosure of information about the availability of pensions guidance) after subsection (3) insert—

“(3A) In determining what provision to include in the rules, the FCA must include a requirement for members of a scheme, or survivors of members of a scheme, to indicate before gaining access to or arranging individual transfer of their pension assets either—

- (a) that they have received information and guidance made available under section 5 of the Financial Guidance and Claims Act 2017 (specific requirements as to the pensions guidance function), or
 - (b) that they understand the nature and purpose of that information and guidance and have chosen not to receive it.
- (3B) The rules—
- (a) must impose an obligation on the trustees or managers of a relevant pension scheme to satisfy themselves that the requirement under subsection (3A) has been complied with,
 - (b) may make provision about what is to be, or not to be, treated as a sufficient indication under subsection (3A) (which may, in particular, require indication on more than one occasion in specified cases or circumstances),
 - (c) must specify that accessing a website or receiving published information does not alone amount to receiving information and guidance for the purposes of the requirement under subsection (3A), and
 - (d) may include exceptions for specified cases (which may include cases of assets below a specified value, cases where information, guidance or advice has already been received, cases of transfers by way of consolidation and any other cases specified in the rules).”

This amendment would strengthen the provision in the Bill for requiring members of pension schemes to be given access to guidance in specified circumstances, so as to ensure that guidance was actually received or expressly refused.

The Chair: With this it will be convenient to discuss the following:

Government amendment 2.

Amendment 40, in clause 5, page 4, line 24, leave out “may” and insert “must”.

This amendment paves the way for Amendment 41.

Amendment 41, in clause 5, page 4, line 25, leave out from “manager” to end of line 26 and insert “to ensure that, either—

- (a) the members of the scheme or survivors of members of the scheme receive information and guidance made available under section 5 of the Financial Guidance and Claims Act 2017 (specific requirements as to the pensions guidance function), or
- (b) they understand the nature and purpose of that information and have chosen not to receive it,

before proceeding.”

This amendment would require guidance to be provided to members of a relevant pension scheme or their survivors unless they chose to opt out.

Clause stand part.

Government amendment 19.

Government new clause 1—*Personal pension schemes: requirements to recommend guidance etc.*

Government new clause 2—*Occupational pension schemes: requirements to recommend guidance etc.*

Jack Dromey: Amendment 33 would strengthen the Bill’s provision for requiring members of pension schemes to be given access to guidance in specified circumstances, so as to ensure that the guidance was actually received or expressly refused. As I will come to argue later, that is an absolutely key point. I underline once again that the term “expressly” is crucial and should lie at the heart of the Bill and what happens during the next stages.

Our proposed default guidance would strengthen the Bill and ensure that more people were protected when transferring their pension assets. Currently, the system of checks and balances for those looking to move their pension assets from a defined benefit scheme are very strong. Members are offered guidance at the time and those moving more than £30,000 must undertake mandatory guidance. However, at a time when more and more defined-benefit schemes are closing than ever before, there is no such safety net for those on defined-contribution schemes. In our very strong view, default guidance would provide such checks and balances for those transferring assets with more value than they may have ever seen before in their lives.

Although the guidance offered by Pension Wise to those seeking to transfer their pension is of great value to many people, the take-up is relatively low and many enter into transactions without proper prior knowledge of their options and the consequences. Once again I refer to the story I told earlier today about the Port Talbot steelworker weeping because of the consequences of his actions and the 20 people he was responsible for who followed his lead.

The lack of a provision for default guidance has resulted in many members of schemes suffering detriment through scams or through making the wrong choice. The current system of signposting advice by pension providers to members of schemes who want to transfer or withdraw their pension pot is not working as it should. The providers, particularly the rogues, have no business interest in making sure that their members receive the appropriate advice and, as such, it is not made as clear as it should be. The right kind of default guidance—strong default guidance—would promote shopping around, better informed decision making and protection against scams.

The amendment would mean that members of a scheme, or survivors of members of a scheme, must either indicate that they have received the appropriate guidance before accessing the pension assets, or explicitly state that they do not wish to receive it. They must state explicitly and beyond any doubt that that is their choice

The service given by Pension Wise is highly respected and is appreciated when it is given. Between February 2016 and January 2017, 94% of people who completed an appointment were satisfied and 93% felt informed about their pension options, compared with 56% of a control group who had not used the service. However, as Pension Wise would be the first to acknowledge, the take-up of the service is extremely low. The number of appointments made with Pension Wise is rising—there were 66,000 in 2016-17—but that is still extremely low compared with the number of pension scheme members exercising pension freedoms.

Latest figures from HM Revenue and Customs show that some 772,000 people withdrew more than £6.5 billion from their pension pots in 2017. An FCA survey found that only one in eight 55 to 64-year-olds who plan to retire in the next two years and who have a defined-contribution pension had used the Pension Wise service in a 12-month period. Although traffic to Pension Wise’s website is quite high, it is not a sufficient substitute for access to tailored and personalised advice. As Baroness Altmann said in the Work and Pensions Committee,

“When you introduce pension freedom into a marketplace that has never really been encouraged to engage with pensions and mostly does not understand much about them, obviously you need an expert to help you.”

[Jack Dromey]

The National Employment Savings Trust has said that it was concerned

“that people appear to be making decisions based solely on a read of the Pension Wise website”,

and from what we have been told about the experience of others, that is absolutely right. The main means of promoting Pension Wise advice is through signposting by pension providers and through advertising.

2.45 pm

The Government have said that

“demand for Pension Wise has been very responsive to paid advertising”,

but the DWP cut the advertising budget by 10% to just £4.5 million in 2017-18. Currently, pension providers are required to inform members of the availability of pensions guidance—this is known as signposting—at various stages of the pension freedoms decision-making process.

Under current arrangements, between four and six months before the intended retirement date, the scheme member must be sent a “wake-up pack” including, among other documents, a “clear and prominent statement” signposting to free, impartial pensions guidance alongside a recommendation to seek appropriate guidance or advice. Next, there is a reminder, six weeks before the client’s retirement date. After that there are further signposts to Pension Wise when there is communication with clients about their decumulation options or about facilitating access to pension funds; then, if appropriate, there is a further signpost to guidance as part of risk warnings when the client has made a decision to access pension savings.

When the Work and Pensions Committee looked at the prospect of mandatory guidance, it was told that it would cause “anger and dissatisfaction” with the pensions system and would be likely to lead to a watering down of the guidance given as it would become just a box-ticking exercise. Default guidance means that everyone will be made either to take the guidance or explicitly state that they do not want it—a system that should lead to an increase in the take-up of guidance. A Conservative Member, the hon. Member for East Renfrewshire (Paul Masterton), said on Second Reading:

“I remain hugely attracted to the principle of default guidance, mirroring the approach taken to auto-enrolment”—a good parallel—

“with statutory opt-out provisions...if we are looking for something as close as possible to a silver bullet, default guidance is probably it.”—[*Official Report*, 22 January 2018; Vol. 635, c. 78.]

I could not agree more strongly.

A system of default guidance would be of particular benefit now to those Carillion workers—who knows who will be next?—who may be looking to transfer their pension pot in the coming months, not least to avoid such tragic stories as the one I have told today about Port Talbot steelworkers. Many have been approached by “introducers” looking to make money out of their precarious position. Default guidance would at least give them the chance to receive expert and impartial advice before taking such an important decision.

The Minister has made welcome statements and the Government made positive noises on Second Reading about the need for what is sometimes termed a “further nudge” towards the guidance given by Pension Wise, rather

than the current system of signposting. It is unclear why the Government refuse to accept the amendment suggested by the Work and Pensions Committee, which we support. The Government’s watering down—that is what it is—of the Lords amendment on default guidance is wrong. In the words of Baroness Altmann,

“the Government seems to have bowed to industry pressure and proposes to weaken consumer protection for pension customers. By removing a clause introduced in the House of Lords, designed to protect consumers’ pensions better, more people are at risk of losing their hard-earned savings in scams, frauds and unwise pension withdrawals.”

She is absolutely right.

We wait to hear what the Minister will say. We are not satisfied with what the Government have said thus far. It comes down to the simple reality that there is access to high-quality independent guidance that people can count on, and that if people choose not to take it that must be explicit beyond any doubt. It must be unambiguous so that there can be complete confidence that we will not have people, at a time of crisis in their lives, being seduced into making bad decisions for their future.

Has there been some movement? Yes. Have the Government yet gone far enough? No. I wait to hear from the Minister.

Guy Opperman: May I be clear, Mr Rosindell, that I should speak to amendment 33 and the Government new clauses in the round?

The Chair: Yes.

Guy Opperman: I am grateful. I will therefore attempt to answer the points made by the hon. Member for Paisley and Renfrewshire South as well. I will take her points first, because there is a sequential approach.

Effectively, we are all dealing with three drafts. The House of Lords, in its wisdom, produced clause 5(2). Subsequently, the Work and Pensions Committee, of which my hon. Friend the Member for Brentwood and Ongar is a member, assessed that and produced what is in reality Labour’s amendment 33—the amendment is a straightforward lift from that Select Committee. The Government then went away and produced new clauses 1 and 2 to see if we could improve on it.

I take on board everything that the hon. Member for Birmingham, Erdington said. It is manifestly the case that we all want to see the full guidance. We are about to have a precise discussion as to which is the best way to get to the objective we all seek. The Work and Pensions Committee was sure, as are the Government, that clause 5(2) is not good enough and we can improve it massively. Therefore, with no disrespect to the hon. Lady, we will reject her amendments because they are to clause 5(2).

The principle is the same: how can we best improve the drafting from the House of Lords? There are a variety of points, and I hope the Committee will bear with me as I set out a little detail. The Government amendments are specifically in keeping with the intent of the Work and Pensions Committee, and go further. They make provision for all schemes providing flexible benefits, including all defined-contribution schemes regardless of whether they are personal, stakeholder or occupational pension schemes, including in Northern Ireland.

I will make two points at the outset. First, the Work and Pensions Committee’s recommendation does not include occupational pensions, so in any event it is

fundamentally deficient, because one would definitely want that. Secondly, Northern Ireland is not included. While there is no representative from Northern Ireland on the Committee—the hon. Member for Strangford (Jim Shannon) has not intervened like he normally does—we are in a situation where I have due respect to our good brethren from Northern Ireland, and we are including Northern Ireland in the provisions, which neither of the other provisions had done.

The Government amendments will ensure that there is what we consider proper consideration and co-operation between the Financial Conduct Authority, the Secretary of State and the single financial guidance body so that the FCA rules and regulations are effective, workable and consistent. This is a discrete, important point. The Work and Pensions Committee amendment would require the FCA to impose rules on pension scheme members, but the FCA's general rules do not entitle that, so the amendment is defective in that way. It also sets out delivery channel exclusions, which would not be appropriate for primary legislation.

The proposal is that these regulations should be informed by consultation. I think all parties agree on that but suggest different mechanisms to get there. Before the hon. Member for Birmingham, Erdington jumps to his feet, I get that such a consultation needs to be speedy—this is not something for the long grass. The regulations will then reflect informed consultation, with all bodies working together to create the right integrated form, allowing for updates and changes in technology, current user needs, best practice and research on existing rules and regulations as well as taking into account potential exceptions.

It is a brave Minister who starts to give exceptions to the rule, but I will give an example that may assist the Committee. If an individual has very, very small pots, as many people do—perhaps of £10 or £12—and wishes to transfer them or consolidate them, the nature of the advice, guidance and default in relation to that person will possibly be very different to the British steel worker we are dealing with in south Wales or Scunthorpe.

On the specific amendments, we with the broad consensus that we can do more. I have set out new clause 1, which is the effective replacement of clause 5(2). The specifics are that we believe that there are greater criteria and tests in the Government amendments than there are in the Work and Pensions Committee amendment.

Alex Burghart (Brentwood and Ongar) (Con): I speak as a member of the Work and Pensions Committee. As we set out, clause 5(2) is an improvement on the original legislation. I believe that the amendment made by the Opposition—it is very flattering to see the wording from the Work and Pensions Committee report—was an improvement on that, but new clause 1 and 2 are an improvement on that amendment for the reasons the Minister has set out. All schemes are involved, and the Opposition amendment places the onus on the individual, whereas the Government's amendments place the onus on trustees or management, which is a preferable way of proceeding. Does the Minister agree?

Guy Opperman: My hon. Friend is right to make that point. The provider will be required to ask members and other beneficiaries looking to access or transfer their pension benefits if they have received either pensions

guidance or independent financial advice. If the member indicates that they have not received guidance or advice, the provider will have to recommend that they seek it. The provider will also have to ask the member whether they want to wait while they access guidance or advice, or, crucially, to confirm that they want to proceed without receiving it.

That will do two things from a behavioural nudge perspective—I suspect we will talk about behavioural nudges at great length. First, asking the scheme member if they would like to wait before accessing their pensions benefits so that they can receive guidance will give a clear steer that receiving guidance is the default option. Secondly, asking people to confirm that they want to access their pension without first receiving guidance ensures that the scheme member has to take an active decision to opt out. We believe that that strikes the right balance. It ensures that people are encouraged to take guidance without removing the element of personal choice. It also does not inconvenience those who have already accessed appropriate guidance or independent financial advice.

I could give a number of different quotes, but I will cite Tom Selby, the senior analyst at AJ Bell, who described the original auto guidance idea as weak and said that our proposal represents an improvement. He said:

“Automatically enrolling members into guidance for each transfer or every time they took money from their own pension pot—when they have already decided what they want to do—would have caused massive delayed and huge complaints.”

It was by no means clear, previously, that

“it would have a material impact on the take-up of guidance. It therefore risked being...ineffective.”

He added:

“The new amendment is a vast improvement and, in the short term, should help increase awareness of the importance and value of advice and guidance. It also gives the Financial Conduct Authority breathing room to consult on alternative nudges towards guidance that have been shown by research to be effective.”

The amendments also ensure that the occupational pension schemes that provide flexible benefit are covered—they are not covered by the Work and Pensions Committee's suggestion—including those in Northern Ireland. Our proposals seek to ensure consistency of approach between personal and stakeholder pension schemes, which are regulated by the FCA, and occupational pension schemes.

Mike Amesbury (Weaver Vale) (Lab): It is a pleasure to serve under your chairmanship, Mr Rosindell. I have a point of clarity. Surely a move from recommended guidance to default guidance would result in a higher up-take of independent advice and guidance.

Guy Opperman: We are into behavioural economics and nudge theory. In broad terms, imposing greater barriers to force people to do things should in principle get a greater take-up. However, there is a fine line. If we place too many hurdles in the way of the individual, they will not move anything even if it is in their interest, and they simply will not engage with the process. While one may agree or disagree with the concept of pension freedoms and having the ability to choose whether to consolidate pots or access them to do with them whatever one wishes, that freedom is available. One therefore has to be careful because, if there are too many barriers in the way, people simply will not engage with that policy.

3 pm

No doubt I will soon be passed some very technical note giving a much better answer than I have given, in which case I will be happy to try to expand on it. The principle is that we all want more people to take guidance when they need it. That is the whole concept of the behavioural nudges that we are trying to wrestle with to find the right way forward. I will move on, but if I need to come back to the hon. Member for Weaver Vale in more detail, I will.

We believe that the amendments provide a skeleton on which a nudge can be grafted, and that they provide latitude for the rules and regulations, which should be consulted on as a matter of speed, to set out exactly how the interaction between the scheme and the member will take place, including how the questions and recommendations in individual cases are phrases, so as to make the nudge as effective as possible. Within that framework, the FCA and the Department will, for example, require schemes to provide members with a separate letter expressly recommending that they either take pensions guidance or indicate in writing that they do not want that guidance.

The amendments will also provide scope for the FCA and the Department to update rules on technology and customer needs as they change over time. Again, I could list various organisations that support the Government's approach, but the Association of British Insurers highlights that

"it is important that any amendment gives the FCA and DWP scope to make rules that will have the desired impact on consumer behaviour and should allow government and the industry to find the right practical solution, having worked through the challenges." I cannot overstate that we are all in the same ballpark in desiring pensions guidance to be effective on an ongoing basis, and it is right that the details should be set out speedily and that the rules and regulations should come forward as a matter of urgency.

To summarise, the Government amendments will mean that anyone not taking guidance or advice before accessing their pension benefits will be doing so after being asked explicitly to opt out of receiving it. I accept that the detail is still to be set out. I will make it utterly clear on the Floor of the House.

I have addressed the point on clause 5(2) and set out the numerous ways in which we consider that the Work and Pensions Committee—I revere and respect its great leader and all its members—is wrong in its approach. I should have made the point at the outset that, although I will seek to amend the Bill and will resist any Opposition amendments, I am very happy to go away and assess the nature of the debate and to try to provide more detail on Report and Third Reading. However, for the present purposes, I commend the Government amendments to the Committee and will resist the others.

Yvonne Fovargue: With respect, I think the Minister probably underestimates the public's disengagement with pensions. I sat through many pensions discussions when I worked with Citizens Advice, and also discussions on my own pension, and I stared out the window and wondered when I could stick nails under my fingernails—and I was vaguely interested in the subject.

I praise the work of the Behavioural Insights Team, of which I am a big fan. It is about time we made policy based on what people actually do, rather than what we think they should logically do. It has some interesting

analysis. The extent of consumer distrust and disengagement was evident from the trials of the Behavioural Insights Team's pre-retirement "wake-up" packs last year. Those trials were run in collaboration with Pension Wise, the free pension guidance provider. The packs had a limited impact on the number of customers who subsequently used guidance. The strongest performing wake-up pack increased customers' likelihood of calling Pension Wise by only 3.5%. Nothing indicates better the impact of disengagement and distrust and the low capability. It is unrealistic to expect customers to absorb the level of information required from provider communications or online contact. The FCA's retirement outcomes review found that only 10% of customers had even read the pre-retirement wake-up guides, which also indicates why provider signposting is likely to have a limited impact.

Pension providers have exploited that inertia. Three previous investigations into the old annuity market identified low levels of shopping around and poor awareness of the available product options. That is still evident today on a timeline that has been produced, showing attempts since 2001 to make an impact on people's awareness of pensions.

The FCA retirement outcomes review interim report said:

"We are concerned that consumers motivated by mistrust in pensions"—

I do not think that trust has been increased by such matters as Carillion, the state pension scheme or women of state pension age. It brings distrust of the whole pensions system, whether state pensions, occupational pensions or cash purchase pensions, which make it extremely difficult to understand what will be paid at retirement age.

The report goes on to say that such people "may be making uninformed decisions that result in paying more tax than they would have paid otherwise...or missing out on the benefits of staying invested"

and that they

"do not always take advantage of the help and guidance".

People need to take advantage of that before making a decision. It is not like switching bank accounts. People cannot switch pensions for a year and then think, "Actually, I'm not very happy and I want to go back." It is a long-term decision, and an important one.

Let us stop pretending that the wake-up packs are a legitimate source of information, and not build on them. I am pleased that we will consider measures further, but they need to be strengthened now. New clause 1 does not strengthen anything; it weakens it. Relying on looking at it later is not good enough for something as important as a pension.

Mhairi Black (Paisley and Renfrewshire South) (SNP): I apologise for my lateness, Chair; there were travel disruptions outwith my control. No discourteousness was intended. I appreciate the Minister saying that he would get in touch with me about my amendment.

Guy Opperman: On the hon. Lady's previous amendment, which we did not get to, I will write to her before Report or Third Reading with a detailed answer.

Mhairi Black: I also appreciate the Minister's honesty in getting straight to the point and saying that he will reject amendments 40 to 41. To return to my point, I think that if we do not strengthen clause 5, it will be a

real missed opportunity. The Lords amendment was a welcome move in the right direction—that is why I was quite looking forward to building on it—so it is a disappointment to hear him say that the Government will carry on with this watered-down version.

It seems totally counter-productive if we are now at a stage where we acknowledge as we write policy that people do not understand pensions and they do not have a clue about them, on the whole. That is the gist. People want someone to hold their hand through the process, not ask them, “Have you had advice?” “No, I haven’t.” “Right. Okay, we’ll move on.” The Minister said that the onus would be put on the individual. To me, what the Government are suggesting does put the onus on the individual rather than on an independent body to hold people’s hands and guide them through the process. It seems like a missed opportunity. Forgive me if this is the wrong time, but I will press amendments 40 and 41 to a vote at the appropriate time.

Craig Mackinlay (South Thanet) (Con): It is always a pleasure to serve under your chairmanship, Mr Rosindell. I declare a couple of interests: I am a member of the Institute of Chartered Accountants in England and Wales and of the Chartered Institute of Taxation. Part of the Chartered Institute of Taxation has a low-income tax reform group, which includes a couple of charities that play a leading role in helping those who are on low pay: TaxAid and Tax Help for Older People. Before my time in Parliament, I was the north Kent volunteer, as a member of the Chartered Institute of Taxation, for Tax Help for Older People. Often there would be a widow or widower facing consequences that they did not quite know how to deal with, and that would be where the charity came in to help. Obviously, a lot of that work now happens through our surgeries on a weekly basis.

We live in a different world now, with auto-enrolment accumulating very nicely among millions of people across the country. If we are having difficulty today, we will have some very serious money in the future that needs to be dealt with, and people will need appropriate advice. I mentioned on Second Reading that the amounts involved across the country over the next 10, 15 or 20 years could amount to literally hundreds of billions of pounds.

Even without auto-enrolment, there are a number of choices that people need to take on board. Someone may be lucky enough to have a defined-benefits scheme. They are in the descendancy, for many reasons, but I have heard of instances of people who work for banks, in particular, having a defined-benefits scheme. They could be cashing that in, and thinking about a change to a different scheme of up to 50 times the annuity rate. Again, we are talking about very big figures.

People need to make a number of choices at various stages when approaching retirement: whether they should have a defined-contribution pot; whether an annuity is right for them—probably not a decision that many people are making, given the current low interest rates—and whether to change provider. I can see there being hundreds of thousands, if not millions, of people in a few years’ time who have been using NEST, for instance—the easy provider that many small employers are using—reaching the age of 55 or above and asking themselves, “Well, what now? Would changing to a different provider be better for me? Would a draw-down facility on my pension be best? Should I consider the inheritance tax benefits?”

We are now in a new world where pensions are a very generous potential inheritance tax-saving product. They might also ask, “What are the factors of my health?” Health might play a very big part in whether someone wants to take all their income now as a full draw-down, or eek it out into the future. There will be a multitude of choices that people should make. People’s personal tax position should also never be forgotten, so that they take their pension in the most efficient way possible.

I would call this group of amendments, very simply, “the scam blockage and advice enlightenment measures.” They are very welcome and, from what I have seen of the Government’s proposals, I am fully supportive of them. I think they take on board the suggestions of the Work and Pensions Committee. However, I have spoken many times, and remain concerned, about what constitutes advice. I note in new clause 1(1)(d) that the FCA will be entitled to put together rules about what constitutes advice.

I remain concerned that somebody with a smaller pot—perhaps a pot of £30,000, which will be a very common position for many people to be in under auto-enrolment in the future—may get involved with SFGB and take the full advice. They will be told, “These options are available to you.” However, I do not think that the legislation provides for advising people what the best provider and tax situation is for them. It is still hoped in new clause 1, as good as it is, that people go and get advice. That advice is simply not available in the market because independent financial advisers will look at a small pot and say, “Well, for the fees involved, I don’t really want to take you on.”

I have spent considerable time pushing for flexibility under FCA rules to allow people to see an IFA on almost a no-liability basis. Instead of the IFA having to do a full “know your client” assessment, which takes a long time and costs a lot of money, I propose an appointment with no liability on the IFA’s part. That would at least give people some help and guidance, which is infinitely better than none.

3.15 pm

That point leads me to the role of organisations that work closely with people, such as citizens advice bureaux, Age UK, TaxAid and Tax Help for Older People. Those organisations are trusted by Her Majesty’s Revenue and Customs as semi-agents, as it were. As advisers working for free, they should be able to get involved with people’s affairs without going through the whole rigmarole of engagement letters and liability. There is a case to be made that some of those institutions accepted by HMRC, such as Tax Help for Older People and specialists within Age UK and citizens advice bureaux, should be able to tick the box to say, “Yes, guidance has been given, we have had an assessment, and it is now safe to proceed under Government new clause 1.”

That is a very broad interpretation of where we are. I am not sure how we can put it into the Bill on Report, but it relates to an issue that I will continue to raise throughout my time in Parliament: people need advice. Allowing advice on the basis of no liability for the advisers would at least mean advice being given where none is given at the moment.

Jack Dromey: This has been a good debate, with some powerful contributions. I absolutely agree with the hon. Member for South Thanet on the scale of

[Lords]

[Jack Dromey]

some of the problems. Those include some welcome problems with auto-enrolment, but also situations in which people with their backs against the wall are being taken advantage of. The sheer scale is immense, so it is hugely important to get this right. As the hon. Gentleman said so compellingly, it is crucial that we should be confident that the mechanism for default guidance is robust and will work.

My hon. Friend the Member for Makerfield made a typically powerful and well informed contribution. A provider recently spoke to me about “pension ignorance”—I am not sure that I would quite use those words, because they sound a wee bit insulting, but I know what he meant. There is a lack of knowledge about pension entitlements, because pensions are very often seen as being in the distance. My hon. Friend was absolutely right to raise that point. As I argued earlier, neither the take-up of currently available advice nor the trials to improve take-up inspire us to believe that the Government have got it right yet.

The Minister described our amendment as the Labour amendment, which of course it is—we tabled it. However, I dare to say that it was the product of the Work and Pensions Committee, working on a cross-party basis—a collective wisdom with which we agree. The Minister’s point about the importance of looking at pensions in the round is correct, because we are looking at the totality of pension arrangements for the future. He said, with good intent, that there would be a speedy process to consider regulations at a future stage. The problem is that we have to get it right when we specify in the Bill what the expectations of Parliament are.

Let us compare the Government’s proposals with the status quo. Interesting work has been done to compare the FCA’s conduct of business sourcebook—COBS—with Government new clause 1. It would seem that the Government have not moved as far as they should have, so it is important that we get this crucial issue right in the Bill. Of course the Minister is right when he says that circumstances vary enormously, but we strongly believe that there is an absolute principle that must be enshrined in law. Crucially, it is not about erecting barriers. On the contrary, we want to help people to make their decision and ensure that they have access to the advice and guidance necessary when they come to make that decision.

The wording proposed is not yet good enough. Ultimately, we seek an outcome in the Bill that puts it beyond any doubt that the individual can be shown to have made a conscious decision and to have decided not to access that guidance. The Minister has referred to a nudge, which has its place but, frankly, a nudge alone, in the traditional sense of the word, is not enough at this stage. We need a strong statutory obligation and entitlement. I stress again that the consequences of what happens if things go badly wrong are heartbreaking. We have all seen it. That is why there is a determination across the House to ensure that some of the abuses of the past are not carried forward. For that to be the case, we need strong and unambiguous law.

The Minister has said that the Bill is a skeleton that we can put flesh on the bones of. The hon. Member for South Thanet made the point, which I understand, that this will be a significant issue on Report. To be frank,

there is no flesh on these bones to show what needs to be done at the next stage. I hope that the Minister will listen not only to us and to the Work and Pensions Committee, but to the widespread expressions of people who are reputable in a vast industry—of course, there are people to the contrary, but they are not particularly fazed by what we propose—who recognise the importance of what we are arguing. I hope that the Minister will hear their voices as well as ours.

Question put, That the amendment be made.

The Committee divided: Ayes 6, Noes 8.

Division No. 2]

AYES

Amesbury, Mike
Black, Mhairi
Dromey, Jack

Fovargue, Yvonne
Foxcroft, Vicky
Reeves, Ellie

NOES

Burghart, Alex
Donelan, Michelle
Glen, John
Latham, Mrs Pauline

Mackinlay, Craig
Milling, Amanda
Opperman, Guy
Tracey, Craig

Question accordingly negated.

Amendment made: 2, in clause 5, page 4, line 13, leave out subsection (2).—(Guy Opperman.)

This amendment removes subsection (2) of clause 5 (inserted by the Lords), which required the FCA to make rules requiring trustees or managers of personal and stakeholder pension schemes to ask whether members have received guidance before accessing or transferring their pension. This duty is developed in the new clauses inserted by NC1 and NC2.

Clause 5, as amended, ordered to stand part of the Bill.

Clause 6

DELEGATION OF FUNCTIONS TO DELIVERY PARTNER ORGANISATIONS

Question proposed, That the clause stand part of the Bill.

Guy Opperman: In the circumstances, I am delighted to say that I do not believe this clause is controversial.

Question put and agreed to.

Clause 6 accordingly ordered to stand part of the Bill.

Clause 7

DEBT RESPITE SCHEME: ADVICE TO THE SECRETARY OF STATE

Jack Dromey: I beg to move amendment 34, in clause 7, page 5, line 24, leave out subsection (1) and insert—

“(1) The Secretary of State must, within the period of six months beginning with the day on which this Act comes into force, introduce a debt respite scheme.”

This amendment will require the Secretary of State to set up a debt respite scheme within 6 months of this Act coming into force.

The Chair: With this it will be convenient to consider the following:

Amendment 35, in clause 7, page 5, line 35, leave out subsections (3) to (5).

This amendment is consequential to Amendment 34.

Clauses 7 and 8 stand part.

Jack Dromey: The amendment would require the Secretary of State to set up a debt respite scheme within six months of the Bill coming into force.

A “breathing space” is a scheme that stops debts from increasing by freezing interest and charges, and halting enforcement action, allowing families the time and space they need to get back on their feet. This morning I told the story of a victim of domestic violence who fled and then got herself into a downward spiral of debt. She said: “I borrowed to pay my debts. I then had to borrow to pay my debts. I then had to borrow to pay my debts.” What she would have greatly enjoyed, if it had been in operation at the time, is a breathing space to halt the downward spiral and allow her to sort out her finances, and indeed her life and the lives of her children.

While we welcome the fact that the Government have committed to a debt respite scheme with the introduction of the new body, those vulnerable people who are stuck in a cycle of problem debt cannot afford to wait. A debt respite scheme gives people who are suffering from debt problems the breathing space to stabilise their financial situation and get on a more stable footing.

One survey showed that 60% of people said that their financial situation had stabilised once all of their creditors agreed to freeze further interest charges and enforcement action. In a world where credit is easier to access than ever before, it is all the more likely that some will fall into problems with debt. Therefore, it is incumbent on the Government to ensure that these people are not left to suffer alone, and that they receive the support and guidance they need to climb back out of the downward spiral of debt.

StepChange, a debt charity, has estimated the wider social costs of current debt problems to be £8.3 billion. Currently, 2.9 million households are at crisis point with severe, unmanageable debt problems. Some 21 million people are struggling with their bills; 18 million people are worried about making their income last until payday; and research by the Money Advice Service found that, for nearly 9 million people, financial difficulty had progressed to more serious and persistent arrears, with bills and debts described as an ever more heavy burden.

Debt has wider social effects. StepChange polled its clients. Seventy-four per cent. said that debt had affected their sleep patterns; 43% said that debt worries left them unable to concentrate at work; 6% said it caused changes to work attendance, such as arriving late or taking more time off; and 2% said that it led to them losing their job. If that evidence was scaled up, it would point to 2.9 million people with severe debt problems, which potentially means nearly 60,000 people out of work as a result of problem debt.

In addition, 57% of indebted parents said debt put their current or most recent relationship under strain. Some 7% said their relationship actually broke up because of debt, and children in households experiencing debt problems were more than twice as likely to say they had been bullied at school.

3.30 pm

I am sure that every member of the Committee has personal experience of heartbreaking cases in their constituencies where people are immersed in debt, and of the price they pay and how they suffer. Crucially, debt respite gives them the time and opportunity to sort their lives out. I know that the Minister agrees in principle and that there is common ground across the House that a debt respite scheme should be established, but it is a question of how quickly that can be made to happen. It is our strong view that it ought to be achievable within six months of the Bill becoming law.

Michelle Donelan (Chippenham) (Con): Does the hon. Gentleman agree that rushing a scheme could impact the effectiveness of debt respite? Although I completely agree with everything he said about the problems that can be incurred via debt, it is important to get this crucial element of the Bill correct and to liaise with organisations such as StepChange and the others he mentioned.

Jack Dromey: The hon. Lady is absolutely right. It is important that we get this right at the next stages of the Bill. I do not disagree for one moment. Having said that, let me distinguish between two things. Making substantial changes to the machinery of government to deliver a new function willed by Parliament can take a long time, so the SFGB probably will not be operational until May 2019. I understand that. However, it is not beyond the wit of man or woman to send an unambiguous message now, on the face of the Bill, to those who are responsible for unreasonable pressure being put on people in debt that they are not allowed to do so. Introducing that within six months of the Bill becoming law is eminently achievable.

I stress again that I am the first to recognise that great change sometimes takes time to implement, but to be frank, given the times we are living through, I do not want people who could get respite to spend another six months not getting it. There is no good reason not to give them respite. As I said when we started this morning, we want to strengthen a good Bill, and inject into it a greater sense of urgency as appropriate.

Yvonne Fovargue: I thank the Minister for his letter about breathing space and the other issues, but it gave me another question for him. He mentioned a six-week breathing space period. I have said this many times: please, please talk to debt advisers. Six weeks is really not enough time.

Alex Burghart: I appreciate the point the hon. Lady is about to make, because I heard her make it in the Chamber the other day, but does she acknowledge that the six-week breathing space in Scotland has been effective? That is an interesting example of effective legislation coming out of the Scottish Parliament. Although a longer breathing space may be preferable, six weeks has been shown to be effective up there.

Yvonne Fovargue: It may have been shown to be effective, but it has not been shown to be the right amount of time. The average debt in Scotland takes four months to handle, so six weeks is not the right amount of time. People have regularly asked for extensions to the six weeks.

Alex Burghart: To re-emphasise the point—I promise not to come back on it again—that the six-week breathing space in Scotland has led to a reduction in bankruptcies. It has been successful in that respect. It is wrong to suggest that six weeks is wholly inadequate.

Yvonne Fovargue: The number of bankruptcies is not the issue; they are actually quite rare. A very small proportion of the people who go to debt organisations are made bankrupt. It takes most people with the average amount of consumer debt four to six months to deal with it. Those are not people who would ever have looked at bankruptcy. Bankruptcy is not appropriate for them and would not even be considered.

The average number of consumer debts is rising, and creditors are slow at responding. People often forget to bring in a debt, and so they have to write to all the creditors and redo the statements. Six weeks is just about better than nothing, but I would say, from my long experience of dealing with debts, that four months is probably the minimum. We want to prevent creditors from delaying it until the six weeks is over and people have to go for extensions, which may or may not be granted. Some creditors—I have to be honest—delay it simply so they are not part of the solution.

Although I still think the length of time is inadequate, I welcome the proposal for a breathing space. Another issue with the length of time is that it is very difficult for people who suffer from depression or low-level mental health problems to make regular appointments, and they are often asked to come in all the time to deal with their debt. That needs to be taken into account. I welcome the move, but please do not be wedded to six weeks.

The Economic Secretary to the Treasury (John Glen): It is a pleasure to serve under your chairmanship, Mr Rosindell, and to participate in this stage of the process. I feel a bit like poacher turned gamekeeper, given that I was a member of the Work and Pensions Committee a few years ago when many of these matters were discussed. I remember having long discussions with my hon. Friend the Member for South Thanet and the hon. Member for Paisley and Renfrewshire South. It is still a matter of great sadness that I have not been to Paisley.

Amendments 34 and 35 would require the Government to implement a breathing space scheme within six months of the Bill's receiving Royal Assent. It is legitimate to press that point, because everybody on this Committee—this was striking on Second Reading—is concerned and feels a sense of urgency. Before I became a Minister, I spent time working with Members of other parties on the all-party group on hunger and food poverty. I visited South Shields and saw at first hand, in a community that is very different from mine in Salisbury, the distress that debt can cause. Now that I am a Minister and in a position to do something, I am extremely focused on ensuring that this happens.

Members of all parties agree that creating a breathing space scheme will have significant benefits for thousands of the most vulnerable families. However, it will need to be designed properly and implemented in partnership with the debt advice sector and creditors. Creating a scheme will ensure that vulnerable consumers have time to assess their financial situation and begin to deal with their debts. The Government are committed to establishing a scheme as quickly and effectively as possible, including

through the passage of the Bill. I am pleased that clauses 7 and 8 provide for the scheme's introduction, but it is worth acknowledging how complex some of these situations are and how complex the scheme may need to be. It includes both a breathing space and a statutory debt management plan. It involves significant co-operation among creditors, debt advisers and those accessing a breathing space, who in many cases could be leading chaotic lives.

I listened carefully to the hon. Member for Makerfield on Second Reading. I always have great respect for her when she speaks in the House. Today she talked about needing four months, and on Second Reading she talked about needing six months. She cited an example of somebody who may think they have all their debts lined up, and then another materialises later on. Those are the sort of complex situations that we need to come to terms with in the design of the scheme. There are significant questions about how debtors can access the scheme, which debts are included, how flexible the scheme can be, and how it ties in with existing statutory debt solutions.

Mike Amesbury: What does the Minister mean by “as quickly and as effectively as possible”? Would he give us a timeframe?

John Glen: I will come to that point and will be as explicit as I can, giving an indicative timeframe.

The scheme needs to be properly designed with consultation with experts in the debt advice and creditor sectors. That is key to ensuring that it works in practice and properly benefits the lives of the vulnerable people that we all want it to support.

The Government are clear that it will not be possible to conclude that process within six months of Royal Assent, which is what the amendment would require. However, I agree with the hon. Member for Makerfield that we must work quickly to establish the scheme, given the benefits it could bring to indebted individuals. To that extent, the Government have set out a clear timeline for the implementation of breathing space.

My officials are currently working hard to analyse responses to the Government's call for evidence on the scheme, which closed on 16 January. Following that process, we will consult on a single policy design proposal this summer. In tandem, we will ask the new body for advice on specific aspects of the scheme that it is well placed to advise on, to ensure the scheme is rolled out smoothly and embedded in the practices of the debt advice and creditor sectors. We will seek that advice immediately after the body is established, and it will be very tightly framed to ensure that the process does not delay the scheme's introduction.

Throughout the period, my officials will be drafting regulations to introduce the scheme and I can confirm that they will be laid as soon as possible in 2019. I feel the frustration of Members on, I suspect, both sides of the Committee. All I can say is that I will be doing everything I can and will be working very closely with the Under-Secretary of State for Work and Pensions, my hon. Friend the Member for Hexham, to make sure that we do this as quickly as possible.

Yvonne Fovargue: As one of those people who are feeling the frustration with the 2019 date, why do we have to wait for the establishment of this body when all

the debt charities and most of the creditors have been pressing for a breathing space under the old system? Why do we have to wait for the new body to do that?

John Glen: I acknowledge the problem, but having taken the trouble to move three entities into one single body and to make it an authoritative place for people to go to for reliable advice across different elements, it would be appropriate, given how central the debt problem is, for it to have a meaningful contribution to establishing the parameters of the scheme. That seems consistent with the objectives that we have set out and discussed, although I acknowledge the wide—although not complete—consensus.

I will reflect on the point made by my hon. Friend the Member for Brentwood and Ongar about the Scottish experience. It is interesting and instructive that that has iterated quite significantly over time over many years, albeit with a significantly smaller cohort of just 2,000 people. That tells us that lessons have to be learned through experience of work on the ground. I am extremely anxious that we get the best possible scheme designed by the time the process is concluded. This process balances speed with getting the policy right.

Yvonne Fovargue: I would also mention the independent review of the debt advice provision. It concluded very speedily. It was a very short process, and concluded over the Christmas period, in January. Will the recommendations in that have to wait to 2019 to be implemented? Some of them seem extremely sensible.

John Glen: I am grateful to the hon. Lady for making that point. I am aware of that report, which came through on 25 January. I have seen a summary of its recommendations. Officials are looking at it and I will be dealing with it as quickly as I can. I was assisted with typical helpfulness from colleagues on the House of Lords stipulation. The House of Lords was very keen that the new body should have input into the formulation of the scheme and the respite period—that is worthy of consideration.

3.45 pm

I have explained why we cannot accept the amendment. I cannot emphasise enough that requiring the scheme to be set up before the end of the year would risk the scheme not working for consumers or not being utilised by the sector in the optimal way. The scheme was a key manifesto commitment that we are working on apace, but it is too important a policy to be rushed through, as the amendment proposes. I am extremely focused on the policy. Given my experience, I have set out that it is one of the most important things that I will do in my time in office. I am committed to seeing it through. I hope that Members are reassured by that and that the hon. Member for Birmingham, Erdington will withdraw the amendment.

Jack Dromey: The Minister speaks with obvious sincerity, which is welcome. As has repeatedly come up in our proceedings today, whether our experience is from our constituency or otherwise, we have all seen the price that people pay as they sink ever more deeply into debt. I do not mind admitting that there was one particular case—it is not appropriate to go into the details—where, when my constituent walked out the room, I was in

tears because of what had happened to her. Her life was in a downward spiral. There is common ground and obvious sincerity, so the Government should act.

We will not push the amendment to a vote, but I suggest that the Government reflect further and come back on Report with the best possible timescale for implementation. I agree with my hon. Friend the Member for Makerfield: we should not necessarily have to await the formation of the new body. The scheme is a related matter to the function of the body—of that there is no doubt—but we have seen experiences such as the arrangements in Scotland. We also have the collective wisdom of the discussions in the sector and in the House of Lords. Everyone is determined to get it right. We just do not think that the scheme should be introduced a year beyond the Bill coming into effect in three or four months' time. We would be talking about it being a year and a half before we ultimately see this welcome mechanism introduced.

In not pushing the amendment to a vote at this stage, I ask the Government to reflect further and come back on Report on two things. First, we want clarity on what the Government think is necessary. The Minister has gone a long way towards that. We want clarity about how one goes about arriving at the default scheme. That relates to the mechanisms and who should be engaged. The Minister has referred to that already. Secondly, we want the quickest possible timescale to get the scheme introduced. If the Minister will respond accordingly on Report, I am prepared to withdraw the amendment.

John Glen: I am grateful for the hon. Gentleman indicating that he will withdraw the amendment. I observed closely what he said on clarity on the default scheme and having the quickest mechanism possible to bring it forward. I will reflect with my colleague the Under-Secretary of State for Work and Pensions, my hon. Friend the Member for Hexham and provide an update on Report.

Jack Dromey: I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 7 ordered to stand part of the Bill.

Clause 8 ordered to stand part of the Bill.

Clause 9

GUIDANCE AND DIRECTIONS FROM THE SECRETARY OF STATE

Question proposed, That the clause stand part of the Bill.

Guy Opperman: The clause gives the power to give guidance to the single financial guidance body and directions specifically on the way it exercises its functions. I do not believe that it is contentious.

Question put and agreed to.

Clause 9 accordingly ordered to stand part of the Bill.

Clause 10

SETTING STANDARDS

Question proposed, That the clause stand part of the Bill.

The Chair: With this it will be convenient to discuss clause 11 stand part.

Guy Opperman: I will briefly address the matter of the standards, which the clause will require the single financial guidance body to set out, and their enforcement and monitoring. The clause will require the FCA to review those standards and how the body is monitoring and enforcing those standards. We believe that is appropriate in the circumstances, and that we are creating this body with a degree of scrutiny in the right and proper way.

Jack Dromey: We rehearsed this morning the importance of the independence of the body, in terms of its operational role, on the one hand. On the other hand, there is common ground that there should be proper accountability and oversight. We are content with the proposed arrangements.

Question put and agreed to.

Clause 10 accordingly ordered to stand part of the Bill.

Clause 11 ordered to stand part of the Bill.

Clause 12

FINANCIAL ASSISTANCE FROM THE SECRETARY OF STATE

Jack Dromey: I beg to move amendment 36, in clause 12, page 8, line 10, leave out from “State” to “financial” and insert “must provide”.

This amendment proposes to adjust Clause 12(2) to strengthen the provisions on financial assistance from the Secretary of State related to the operation of the SFGB

The Chair: With this it will be convenient to discuss clause stand part.

Jack Dromey: The amendment proposes to adjust clause 12 to strengthen the provisions on financial assistance from the Secretary of State related to the operation of the single financial guidance body. The intention of the new body is to increase the number of people who receive financial guidance and advice—indeed, the ambition is to greatly increase it. This function is key to increasing financial awareness, education and inclusion across the country.

While the current services provided by the three bodies to be merged are greatly valued and appreciated by those who use them, I think there is common ground that they are not used enough. A primary function of the new body needs to be to increase take-up of the services it offers. For example, take-up of the services offered by Pension Wise is extremely low. The latest figures from HM Revenue and Customs show that some 772,000 people withdrew more than £6.5 billion from their pension pots in 2017. However, only 66,000 appointments were made with Pension Wise in 2016-17—approximately 8.5% of people.

An FCA survey found that one in eight 55 to 64-year-olds who planned to retire in the next two years and who have a defined contribution pension had used the Pension Wise service in a 12-month period. The FCA also found that 25% of pension transfers are withdrawing all, or virtually all, of the pension, with 19% withdrawing virtually all and 6% withdrawing all. What plan do the Government have for those who have withdrawn all their pension and may end up with nothing later in life? They may end up falling into the arms of the taxpayer, and the Government need to prepare for that.

While traffic to Pension Wise’s website is quite high, it is not a sufficient substitute for access to tailored and personal advice. Also, many of those looking for advice may not be completely digitally aware. As Baroness Altmann said in the other place,

“When you introduce pension freedom into a marketplace that has never really been encouraged to engage with pensions and mostly does not understand much about them, obviously you need an expert to help you.”

NEST has said that it is concerned

“that people appear to be making decisions based solely on a read of the Pension Wise website”.

If those looking to transfer their pension are only accessing the Pension Wise website, it means that they will not get the tailored specialist advice that they need at such a time. We must therefore ensure that as many as possible of the 772,000 people who take advantage of their pension freedoms every year receive the guidance that they need to make informed and reasoned decisions about what are usually large sums of money.

For this reason, having set out why this body matters and the scale of likely demand at the next stages, we are surprised that the Government, from some of the things that they have said, appear to expect to make a financial saving from the formation of the new body. The Government’s impact assessment states:

“One structure replacing three will reduce cost of guidance provision, releasing funds through these efficiencies...savings could be used to reduce the levies that industry pay to finance the government’s guidance provision.”

With the greatest respect, that is the last thing that should happen. We do not believe that the Government should use the formation of the new body to make savings and pass them on as reductions in the amount paid by the industry to finance the body. The industry has a responsibility to finance the body adequately through the levy system. The industry and the Government should use the efficiencies created by the new structure, as well as additional money in grants and levies, as appropriate, to drastically increase the services provided. In our view, that is essential to the success of the SFGB if it is to deliver the complete guidance service that people need.

I had a fascinating discussion earlier this week with the chief executive of the Pensions Advisory Service, and she referred to the extraordinary statistics on TPAS’s work and the take-up of it. She made the point, absolutely rightly, that more could be done with existing resources and economies of scale from bringing together the three organisations, but she went on to make the compelling point that so great is the likely demand at the next stages that much more will need to be done to finance the new body. Inescapably, unless it is properly resourced, the new body will not be able to discharge the functions that will fall upon it.

The chief executive gave some examples. She made the point again about not duplicating work done by other areas of Government such as research, and said that, in TPAS's experience, some things that are key to the services that it provides include, of course, the dashboard and the website, but also face-to-face guidance, which is crucial time and again. She talked about the specialisms necessary to help and inform decisions about options, saying that we should not dumb things down by having people give guidance by just reading off a list. She said that an advertising programme ought to be part of what the Government do, and that it could be done in a number of different ways. She also spoke about what I call the Carillion capacity—the capacity to respond at a time of crisis—as well the promotion of financial public awareness, which we debated earlier.

In conclusion, we hope for a statement from the Government that makes the point that the purpose of the new body is not to save money but to provide the kind of service that all people in all circumstances ought to be able to count on. The industry must play its part, but Government must be unambiguous that the body will be properly and fully resourced.

4 pm

Guy Opperman: Can I answer the point raised directly? It is absolutely the case that merging three bodies and having one building rather than three will create some degree of potential cost efficiencies, but we are absolutely of the view that those efficiencies should then be directed into frontline services. I can unequivocally give that assurance to the Committee.

The hon. Gentleman referred to the original response to the consultation. It is true that there is an expectation that rationalising the provision will create some operational efficiencies. One would expect that. However, that same response made it very clear that the intention was for any savings to be channelled to frontline delivery of debt advice, and money and pensions guidance. I could not be any clearer on that in any way whatsoever.

I manifestly want to make that point, but I also disagree that there will be an insufficiency of funding, and the reason for that, it seems to me, is threefold. First, this is effectively not taxpayer-funded; it is done by a levy. The levy is a moveable feast, depending upon the need identified by the individual organisation, and it is something that can be assessed and increased on an ongoing basis, to provide the service that, it seems to me, we all wish to ensure is there. Secondly, there is capacity to top up the levy, should the Secretary of State wish to do so, and the financial guidance body on an ongoing basis, and that additional funding can be provided.

The proposed amendment has the bizarre, counter-intuitive effect of removing the discretionary nature of the financial assistance that the Secretary of State can provide. I simply make the point that while we are keen to ensure that this body is run more efficiently, in terms of amalgamating most probably into the High Holborn offices of the Money Advice Service, we certainly believe that this is something the levy will be able to fund, and if it is the case that this expands the provision—the House of Lords seems to have done so and this House may do so as well—then the levy may go up to accommodate the need as has been described. With those assurances, I respectfully ask the hon. Gentleman to withdraw his amendment.

Jack Dromey: The assurance that this is not a cost-saving measure is very welcome, but I stress again: is there an economy of scale? Are there possibilities, for example, of freeing up, by locating in one location, which is very likely to be the case? All of that is absolutely true, but right at the start, as we go down this path, to see a welcome mechanism created, we need to be confident, and to send a message to the people out there that they can be confident, that the new organisation will be effective, dynamic and properly resourced. Therefore, on the basis of the assurances given, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 12 ordered to stand part of the Bill.

Clauses 13 to 20 ordered to stand part of the Bill.

Schedule 3

MINOR AND CONSEQUENTIAL AMENDMENTS RELATING TO PART 1

Amendment made: 19, in schedule 3, page 34, line 22, leave out paragraph 13—(*Guy Opperman.*)

This amendment removes the amendment to s.137FB of the Financial Services and Markets Act 2000 in the Schedule 3 which was needed in consequence of the Bill, because this is now dealt with in the new clause inserted by NCI.

Schedule 3, as amended, agreed to.

Clauses 21 to 23 ordered to stand part of the Bill.

Ordered, That further consideration be now adjourned.—(*Amanda Milling.*)

4.8 pm

Adjourned till Tuesday 6 February at twenty-five minutes past Nine o'clock.

[Lords]

Written evidence reported to the House

FGCB 01 The Claims Guys	FGCB 09 ABTA - The Travel Association
FGCB 02 John Lamidey MBE	FGCB 10 Consumer Finance Association (CFA)
FGCB 03 Equity Release Council	FGCB 11 Fair Telecoms Campaign
FGCB 04 Gary Nixon	FGCB 12 Lloyds Banking Group
FGCB 05 Jon Platt, Managing Director, JMP Partnership (IW) Ltd	FGCB 13 Association of Personal Injury Lawyers (APIL)
FGCB 06 Frankly Hughes Limited	FGCB 14 Age UK
FGCB 07 Low Incomes Tax Reform Group	FGCB 15 BlackLion Law LLP
FGCB 08 Just Group	FGCB 16 Alliance of Claims Companies
	FGCB 17 Macmillan Cancer Support
	FGCB 18 Association of British Insurers (ABI)