



TRUSTEE KNOWLEDGE UPDATE

November 2025 – January 2026

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LEGISLATION

[The Occupational Pensions \(Revaluation\) Order 2025](#)

(21 November 2025)

This sets out the minimum required level of revaluation of deferred pensions and the minimum amount by which DB pensions in payment must increase. With inflation outstripping the relevant caps, the Higher and Lower Revaluation Percentages for 1 January to 31 December 2025 are respectively 3.8% and 2.5%.

[Occupational Pension Schemes \(Collective Money Purchase Schemes\) \(Extension to Unconnected Multiple Employer Schemes\) Regulations 2025](#)

(15 December 2025)

These regulations remove the exclusions in the current legislation which prevent unconnected multiple employer CDC schemes ('UMES's) from operating. They also set out the authorisation and regulatory regime for UMESs following the Government's response to the consultation on the earlier draft regulations.

Changes from the draft regulations include:

- an amendment to allow organisations to establish a UMES without the need for a participating employer;
- a UMES will have 24 months to begin operating from the date on which TPR receives the application for authorisation (up from 18 months);
- changes to the actuarial equivalence, including a requirement to take into account guidance to be produced by the FRC;
- removal of the requirement for the scheme proprietor to only carry out activities that relate directly to its UMES;

- removal of a provision allowing tranching by employer. The Government continues to recognise the potential value of being able to tranche and will be undertaking technical consultation with key industry experts.

The regulations come into force on 31 July 2026, alongside an updated TPR Code of Practice.

[Employment Rights Act 2025](#)

(18 December 2025)

The Employment Rights Act has passed, along with an updated timeline. Provisions with potential relevance to the pensions industry, include:

- from **April 2026**, a 'day one' right to paternity leave and unpaid parental leave;
- from **January 2027**, 'fire and re-hire', or dismissal for not agreeing to specified contractual variations ("including variation of any term or condition relating to pensions or pension schemes"), will amount to unfair dismissal unless the employer can demonstrate that the reason for the variation is that it was facing financial difficulties threatening its viability, and that in all the circumstances it could not reasonably have avoided the need to vary;
- from **April 2027**, extension of the existing statutory parental bereavement leave regime so employees have a 'day one' right to take time off to grieve the loss of a loved one, with additional rights to protect pregnant employees.

In addition, from **October 2026**, the period for making Tribunal claims is being extended from 3 to 6 months. This specifically includes complaints (i) in relation to unpaid pension contributions in insolvency; (ii) by pension trustees not given time off to perform their duties and (iii) by employee representatives not given reasonable time to perform functions under the Pensions Consultation Regulations.

The Act also confirms that the Secretary of State's power to disclose information obtained in connection with the exercise of an enforcement function extends to disclosure to TPO and TPR.

See the CMS Employment team LawNows [here](#) and [here](#).

CONSULTATIONS AND DRAFT LEGISLATION

[Finance \(No.2\) Bill](#)

(4 December 2025)

The latest Finance Bill includes the provisions laying out the Government's proposed changes to inheritance tax and pensions, which will bring most unused pension funds and death benefits into scope of IHT for deaths occurring on or after 6 April 2027 (with personal representatives liable for reporting and paying it).

The Bill also contains the provisions which will apply the Finance Act 2004 pensions tax regime to collective money purchase schemes.

[National Insurance Contributions \(Employer Pensions Contributions\) Bill](#)

(4 December 2025)

This short Bill contains provisions to allow implementation of the Budget proposal to limit, from 6 April 2029, the amount of salary sacrifice pension contributions eligible for National Insurance Contribution (NIC) relief to £2,000 per annum.

The Bill delegates further detail of the measure to regulations, which are to follow.

[Trustees and governance, building a stronger future](#)

(15 December 2025)

DWP has issued a consultation on improving the governance standards of trust-based pension schemes:

- **Good governance:** This section considers market concerns around professional and sole corporate trustees, including conflicts of interest between professional trustees and other service providers. It also asks whether additional scheme governance requirements are needed for DC megafunds.
- **Trustees and their appointment:** DWP asks for views on whether trustee appointments should be subject to additional controls, and about TPR's existing powers to intervene in relation to trustees. It also confirms plans to establish a Trustee Directory for use by TPR.
- **Skills and knowledge:** This section asks what skills trustees need to perform their role, and what higher statutory standards for professional trustees might look like. It also considers support for lay trustees, and whether trustee accreditation should be extended to all trustees.
- **Member voice:** DWP seeks views on how trustee boards can ensure they take member perspectives into account in decision-making.
- **Administration:** The consultation asks whether TPR should be given oversight of administrators and/or wider administration services, and if there should be mandatory minimum standards.

The consultation closes on **5 March 2026**.

GOVERNMENT AND PARLIAMENT

[Budget 2025](#)

(26 November 2025)

The Budget contained a number of announcements relating to pensions.

Salary sacrifice arrangements: Currently, where an employee agrees to sacrifice a portion of their salary in exchange for the same amount being invested in their pension scheme, pension contributions

are exempt from both employer and employee NICs. The Budget caps the “NIC free” amount for employee contributions at £2,000 from **6 April 2029**. NICs (both employee and employer) will apply at the marginal rate on contributions in excess of that amount. The income tax saving on salary sacrifice (and other pension contributions) will continue, as will the NIC savings on employer contributions.

PPF increases: Indexation, based on CPI and capped at 2.5%, will be provided on pre-April 1997 pensions in the PPF and FAS where the original scheme provided for such increases. This will apply from January 2027.

Surplus payments to members: From April 2027, the Government will enable DB schemes to pay surplus payments directly to members over normal minimum pension age.

IHT and pensions: In relation to the proposed IHT reforms from April 2027, personal representatives (PRs) will be given a power to direct pension scheme administrators to withhold 50% of taxable benefits for up to 15 months for IHT, and PRs will be discharged from liability for payment of IHT on pensions discovered after receiving HMRC clearance.

Collective DC: Unconnected, multiple employer Collective Money Purchase schemes will be able to apply to become registered schemes, with HMRC having the power to reject registration where a scheme is not authorised by TPR.

See our [CMS LawNow](#).

HMRC

[Newsletter 174](#) (30 October 2025)

This newsletter sets out actions non-UK resident pension scheme administrators must take ahead of 6 April 2026. From that date all scheme administrators must be UK resident.

The newsletter also provides further information on points raised about the return of lump sums following [Newsletter 173](#). HMRC confirms it may challenge alternative interpretations of the tax consequences of tax-free lump sums that have been returned after 5 December 2024, when it considers the position was made clear. HMRC expects schemes to tell members of their reduced lump sum allowance and lump sum death benefit allowance or report unauthorised payments in the usual way.

[Newsletter 175](#) (27 November 2025)

This newsletter leads with a round-up of the pensions-related Budget announcements on salary sacrifice, inheritance tax and payment of scheme surplus to members.

There are updates on the re-branded “Check your pension protections and enhancements” online service, and the reporting of transfers to qualifying recognised overseas pension schemes (QROPS) on the Managing pension schemes service.

HMRC also asks schemes to remind members to be wary of companies marketing schemes that claim to reduce exposure to future Budget changes, and to obtain suitable professional advice.

[Newsletter 176](#) (18 December 2025)

The last newsletter of 2025 provides further detail on Finance Bill changes introducing a requirement for tax adviser registration from May 2026. HMRC confirms that:

- providing information to members (e.g. providing information about annual allowance charges or holding pre-retirement information sessions) is not caught by the requirement to register;
- the proposed exemption from the requirement to register for interactions with are mandated by legislation reflects pensions

industry feedback that the legislation could otherwise have brought pension scheme administrators and practitioners into scope.

The Newsletter also contains updates on transfers to qualifying recognised overseas pension schemes, offsetting unauthorised payments under the public service pensions remedy and a reminder of the 31 January submission deadline for the pension scheme return.

THE PENSIONS REGULATOR

[Member data guidance](#)

(18 November 2025)

TPR has issued revised member data guidance setting out its expectations and providing best practice examples to help schemes achieve better data management capability. Alongside the guidance TPR has issued a [press release](#) urging trustees to get dashboards-ready by treating data as a strategic asset and has also published a report on its engagement exercise on data quality.

[TPR probes barriers to investment in private markets and infrastructure](#)

(8 December 2025)

TPR is investigating the range of investment vehicles available to pension schemes, their limitations, barriers and enablers, with an emphasis on UK investment. This year, TPR is engaging with large DB and DC schemes, and in 2026 it will share findings with the Government and publish a market oversight report.

[Guidance Administration of a pension scheme](#)

(9 December 2025)

As noted in the [press release](#), TPR has replaced its [Administration of a DC Pension Scheme guidance](#) with new guidance which applies to all types of scheme. The guidance covers TPR's expectations in a range of areas, including:

- Trustees should understand the scheme's **IT system** and seek evidence that it is adequate for their scheme's needs to deliver a secure, accurate and continuous service.
- **Member communication** is important, including considering member feedback and communication preferences.
- All schemes must monitor **contributions**, with DB schemes being conscious of notification requirements, and DC schemes ensuring accuracy and investing DC contributions quickly and accurately.
- The guidance acknowledges that processing **member transfers** is a balance between promptness and due diligence against scams.
- **Records** should be kept of trustee meetings and decisions, scheme documents, member data and financial transactions.
- TPR considers it good practice to keep a **data management strategy** to capture approach to member data.
- TPR considers it important to have a **business continuity plan** (BCP) in place to consider various potential disruptions, and a **disaster recovery plan**.
- There is a new requirement to put in place an **administration policy**.
- There is checklist of key terms which should be in the **administration contract**, as well as guidance on how to set and evaluate **performance measures**.
- There is guidance on how to review **administration reports** and the minimum points they should cover.
- Finally, TPR considers it important to have a clear and well-documented **administration procedure manual**.

There is also a shift of emphasis throughout the rewritten guidance to encourage trustees to actively monitor their administrators, and

challenge them if standards are inadequate. TPR also encourages schemes to focus on member experience and feedback.

Comment:

Trustees should be aware of TPR's expectations and use the guidance as a practical framework to improve administration and oversight.

[Collective defined contribution \(CDC\) Code of Practice consultation](#)

(19 December 2025)

TPR is consulting on an updated code of practice for CDC schemes, extending it from single and connected employer schemes to unconnected multi-employer schemes (UMES).

The draft Code is aimed at trustees and corporates considering offering CDC, to help them understand TPR's approach to authorisation and supervision, and the standards that need to be met when operating a CDC scheme. It includes sections on:

- Definition of a CDC scheme: the legislative requirements for a scheme or section, and how to separate from other benefits.
- Authorisation process: including contents, timing, fees and authorisation criteria.
- Systems and processes: effective administration and scheme governance - with checklists on IT requirements, governance structure, investment and member communications.
- Scheme proprietor: a requirement for UMES, who will be assessed for fitness and propriety, and must provide accounts.
- Fitness and propriety: who is subject to these standards, evidence to provide and how they are assessed.
- Financial sustainability: access to financial resources. All CDC schemes should produce a costs, assets and liquidity plan (CALP)

and multi-employer CDC schemes will need to produce a business plan.

- Continuity strategy: submitted as part of the authorisation application, this sets out how members' benefits will be protected following a triggering event.
- Promotion or marketing: a new criterion, applying to UMES, covering content and process for marketing materials.
- Sound scheme design: as demonstrated by the viability report, certified by an actuary and supported by professional advice.
- Supervision and enforcement: continuous TPR monitoring of authorised CDC schemes.

The consultation closed on **13 February 2026**.

CASES

[3i PLC v Decesare](#) - *“accrued rights or interests” fetter did not prevent future service changes*

(21 November 2025)

The scheme amendment power provided that no modification could be made to *“diminish... the accrued rights or interests of any Member or other person in respect of benefits already provided under the Plan”*.

The scheme had closed to accrual in 2011 and was now in wind-up, with the trustees having consulted with members about distributing scheme surplus to the employer. However, following the Court of Appeal decision in [BBC v BBC Pension Trust](#) concerning the meaning of “interests”, the trustees sought the Court's confirmation as to whether the amendment power fetter permitted amendments to terminate or reduce the rate of future accrual of benefits.

The Court agreed that it did. The adjective “accrued” governed each of the nouns *“rights or interests”* and there was nothing to suggest that

the relevant 'interests' were concerned with future service accrual. The start and end point of the analysis was the natural meaning of the fetter, seen in context, which was preventing amendments to the scheme which would diminish past service benefits.

Comment:

This is unlikely to be the last case on interpreting amendment power fetters, especially as schemes continue to undertake due diligence in the context of buy-outs with insurers. It may however provide a useful steer for schemes which contain similar wording.

THE PENSIONS OMBUDSMAN

CAS-54901 [Mr S](#) (BMW (UK) Operations Pension Scheme) - Deputy Ombudsman rejects 'regret claim' involving non-statutory transfer (25 November 2025)

In this Determination, the member complained that the trustees of his original occupational scheme should not have allowed him to transfer to a liberation scheme in April 2015.

The Deputy Pensions Ombudsman found that Mr S had no statutory right to transfer, as he purported to exercise his statutory right to a CETV after expiry of the three-month guarantee period provided by legislation. However, the scheme had a discretionary power to make non-statutory transfers on a member's "written request".

In the Deputy Ombudsman's view, the transfer application form signed by the member had been worded widely enough to cover both statutory and non-statutory transfers. Neither party had considered at the time whether Mr S was exercising a statutory right and it did not matter: the amount of the transfer, the receiving scheme and the rights he would receive under it were the same.

Trustees had to exercise a discretionary transfer power for its proper purpose, which was to permit non-statutory transfers, having regard

to the balance of the interests of transferring and non-transferring members. The trustees' duties to Mr S were not to unreasonably refuse his request, and to ensure that any transfer value was correctly calculated and paid. Mr S could not complain that the decision was made without a proper exercise of discretion when the discretion was exercised in accordance with his wishes.

The Deputy Ombudsman also reiterated the Ombudsman's view that:

- there was no legal requirement on trustees to conduct due diligence on pre-2021 transfers (save to the extent needed to establish any statutory right was met); and
- the statutory transfer right did not import a requirement for the transferring member to have "earnings", from any employer, at the time of transfer.

Comment:

This Determination underlines, in relation to pre-2021 transfers from occupational schemes, that it will be very hard for members to succeed before the Ombudsman with a 'transfer regret' claim - whether or not the member had a statutory right to transfer.

CAS-13126 [Mrs R](#) (HSBC Bank Pension Scheme) - evidence and burden of proof in transferred pension cases (3 December 2025)

Mrs R was employed by the bank between 1972 and 1990. She wrote to the scheme trustees asking for her pension to be put into payment, but the trustees said that they were no longer liable for her benefits as she had transferred out of the scheme in 1992.

The trustees had a guaranteed CETV illustration for the member from January 1991 and a ledger entry from September 1992 stating that her benefits had been transferred to a personal pension plan.

HMRC records suggested that Mrs R accrued benefits in the scheme between 1978 and 1984 which had transferred to the personal

pension provider; but that benefits for a final period of membership between 1986 and 1990 had remained in the original scheme.

The member said she had no memory of requesting any transfer to the provider and the provider's successors in business said they had no record of her.

The Deputy Pensions Ombudsman emphasised that the starting point was that *"the liability remains with the original pension scheme, unless it can be shown, on the balance of probabilities, that the deferred pension benefits were successfully transferred to another arrangement."* It was inherently unlikely that Mrs R would have initiated a substantial financial transaction and have no memory of it, and the complete absence of documentary evidence in relation to the alleged receiving plan suggested that Mrs R's deferred benefits were never transferred. The HMRC records could not be solely relied upon in this case because they were either incomplete, inconsistent or incorrect.

The trustees had provided no evidence of payment such as a cheque, receipt or bank record. The most plausible explanation was that the transfer was never successfully completed and that an administrative error occurred in updating the ledger entry and in updating HMRC.

The DPO also made a distress award of £1,000. The matter stemmed essentially from the trustees' failure to maintain complete and adequate records to prove either Mrs R's entitlements or that a valid transfer had taken place. *"The Trustee has acted as if it were for Mrs R... to disprove that a transfer took place, rather than for the Trustee to prove that it had made a transfer payment and had been discharged of all liability to provide Mrs R with a pension"*.

CAS-52655 [Mr M](#) (BIC UK Pension Scheme) - trustees could equitably recoup overpayments going back 22 years (12 December 2025)

This Determination followed a number of others on recovering overpayments made under this scheme, including the 'lead case' of

[Mr E](#) in April 2024. In that Determination, the Ombudsman held that as recoupment was an equitable remedy he had to consider whether it was fair in all the circumstances for the trustees to recoup the overpaid sums, and that to assess what was equitable for these purposes he would consider 'by analogy' the availability of a change of position or estoppel defence, despite those being legal defences rather than defences to an equitable claim.

In both [Mr E](#), and the subsequent Determination of [Mr & Mrs D](#), the Ombudsman held that virtually all the overpayments made were irrecoverable. However, in Mr M's case the Deputy Ombudsman came to a different conclusion on the facts, finding that it was equitable in all the circumstances for the trustees to recoup the £12,600 overpayment in full.

The main difference from previous cases was that Mr M had not demonstrated legal "detriment": he had not spent the money irreversibly, in circumstances where he would not have done so 'but for' the overpayment. Mr M continued to work between his pension coming into payment in 1999 and his retirement in 2019 and had sufficient means from other sources to maintain his standard of living.

Comment:

The Ombudsman's position is that trustees must satisfy themselves it is 'equitable' for them to exercise their right in principle to recoup past overpayments from future instalments of pension. This Determination is a useful reminder of the circumstances in which they may be able to do so.

[Pension overpayments - Information for members](#)

(16 December 2025)

The Pensions Ombudsman has developed this information sheet to help members understand the key issues that arise when a pension has been overpaid. The information includes the potential legal defences, and the requirement to engage with the scheme and provide evidence to support those defences.

The Ombudsman would like schemes to share the information with members, ideally when informing them of an overpayment, or when a member queries the scheme's attempt to reclaim an overpayment.

Comment:

We welcome the issue of this factsheet, which provides a balanced summary of the overpayments position and will hopefully reduce the extent of disputes around these issues. Trustees and administrators should be building distribution of the factsheet into their overpayments policies and processes.

MISCELLANEOUS

FCA

[FCA launches Firm Checker to fight financial crime](#)

(10 December 2025)

Using data from the [FCA's Financial Services register](#), the FCA has launched a consumer-facing [Firm Checker tool](#) to help individuals understand if a firm has FCA authorisation for a particular financial product or service.

[The Value for Money Framework](#)

(8 January 2026)

The FCA is consulting, in conjunction with DWP and TPR, on updated proposals for its [Value for Money \(VFM\) Framework](#).

The proposed framework will cover all workplace pension schemes, whether trust-based or contract-based. It will initially apply in relation to default or quasi-default DC arrangements which have at least 1,000 members, or where there are fewer than 1,000 members but the arrangement is the sole or largest default arrangement under the scheme. The framework is built on four pillars:

- consistent measurement and disclosure, using metrics designed to assess VFM effectively;

- objective comparison - so trustees (or IGCs of contract-based schemes) can assess performance against the market on a consistent basis;
- transparency of outcomes, with public disclosure of investment performance, costs, and service quality;
- the need for trustees and providers to take specified action where an arrangement is assessed as not delivering VFM.

The main changes from [earlier](#) consultation proposals are:

- changes to the proposed VFM metrics, including the introduction of forward-looking metrics and streamlined service quality metrics;
- comparisons of value against a commercial market comparator group (enabled by a central VFM database), rather than three other arrangements;
- a four-point rating system (rather than a simple RAG rating), to allow identification of top performers. VFM assessments will be dark green for strong performance, light green for good value, amber for improvement, and red for poor value.

TPR has [welcomed](#) the consultation and produced its own [landing page](#) for trustees, as well as an [overview](#) and a [blog](#).

Consultation ends on **8 March 2026**. The regulators are working towards 2028 for the first VFM assessments to be required.

Comment:

This detailed and thorough paper is the blueprint for an enhanced VFM framework which could significantly affect the governance of DC pension schemes. Trustees and employers should ensure they are familiar with the proposals: we expect to hear more once the Pension Schemes Bill receives Royal Assent.

Other organisations

Pensions Dashboards Programme (PDP) [Supplementary guidance on benefit illustrations](#)

(November 2025)

This guidance supplements and clarifies the [data standards](#), with more detail on:

- the use of unavailable codes (where the pension scheme cannot provide data, for example “DBC” where a DB or cash balance benefit is being calculated, to be available within 10 working days);
- the requirement to provide a single value data illustration date (i.e. ‘as at’ date for the calculation) even where there are different components of benefit (although the guidance cross-references TPR’s guidance with an example of different illustration dates being a green breach, so only reportable if of material significance); and
- the option to provide multiple benefit illustrations, which could, for example, be relevant to members with distinct periods of accrual.

[Pensions Dashboards Programme \(PDP\) Reporting standards: latest update and consultation](#)

(28 January 2026)

The reporting standards for dashboards have been updated with various technical changes. PDP is holding a consultation on the changes, which closes on **25 March 2026**.

Report Fraud [Service goes live](#)

(4 December 2025)

Report Fraud has gone live, replacing Action Fraud, for use in England, Wales and Northern Ireland. The website includes a new [reporting hub](#) where trustees can report suspicions of fraud.

Financial Reporting Council (FRC) [Technical Actuarial Guidance: Confirmation under sections 101 and 105 of the Pension Schemes Act 2026](#)

(23 January 2026)

The FRC has issued technical actuarial guidance on the Pension Schemes Bill clauses providing a legislative ‘fix’ to long-running issues with historic pension scheme amendments under formerly contracted-out DB schemes.

The guidance considers the wording used in the relevant Bill clauses, the approach actuaries can take to data issues, and how to apply proportionality. It lists the types of evidence that actuaries may wish to review and take into account and gives examples of cases where further information either is - or is not - needed to allow confirmation.

The FRC notes that the guidance may be subject to further updating as the Bill progresses through the House of Lords.

For further information, see our [CMS LawNow](#).

Comment:

Trustees and employers with schemes that may have been affected by those issues should engage with actuaries in light of this development: particularly in circumstances (e.g. a buy-in) where prompt resolution is required.