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5 December 2016

*Dear Cathy,*

**Pension Schemes Bill 2016 – Day Two of Committee – Pension Scams**

During the debate last Tuesday on your amendment to make it an offence for a person to cold call in respect of pension savings, you asked the Government to confirm whether it is considering custodial sentences as well as fines for perpetrators of fraudulent cold calling scams.

I responded by explaining that the consultation will seek to understand what impact our proposals on tackling pension scams would have on legitimate firms and member transfer activity, and what, if any, legislative solutions might be available and proportionate to disrupt the scams. I also added that we will also be consulting on appropriate custodial sentences, although imposing them on people in different parts of the world is harder to achieve.

However, after consideration we have decided not to consult on custodial sentences. The government proposes giving the Information Commissioner's Office (ICO) the power to enforce the proposed ban on cold calling in relation to pensions. It believes that the ICO is well placed to do this due to its expertise in this area and broad range of enforcement options. The government proposes to give the ICO the ability to use their existing enforcement powers to impose civil sanctions on firms located or operating in the United Kingdom who breach the ban, including the power to issue fines of up to £500,000. Therefore, having considered the options, we consider the civil penalty regime that is proposed to apply to a breach of such a ban would be the appropriate sanction.

The consultation is due to be published today at 1pm. I enclose a copy. I hope that you will find much in the consultation to welcome, and encourage you to respond.

I am copying this letter to Lord McKenzie, Baroness Drake, Baroness Altmann and Lord Flight who also contributed to the debate. I will place a copy of this letter in the House libraries.

Yours sincerely,

David

**Lord Freud**  
**Minister of State for Welfare Reform**