

Institute and Faculty of Actuaries, **Regulatory Board**

Subject	Pensions on Divorce – review of recent disciplinary cases
Meeting date	14 May 2024
Previous Steer/Approval	September 2022 – approval of pensions on divorce as a thematic review topic March 2024 – approval of thematic review report and associated Board actions
Related horizon scan code	-
International issues considered?	No, UK only
Author	David Gordon, Senior Review Actuary
Reviewer	Sarah Borthwick, Interim Regulatory Board Secretary
Purpose	Noting

A: Executive summary

1. When agreeing actions in relation to the Pensions on Divorce (PoD) thematic review, the Board asked for information on recent relevant disciplinary cases.
2. The Executive has prepared a summary of such cases. These fall broadly into three categories:
 - Quality of advice, including errors
 - Service related issues, including delays in providing reports
 - A combination of both quality and service.

Apart from delays, allegations varied in nature and appear to be case-specific.

3. Although there have been several allegations, these remain a very small proportion of the PoD cases undertaken by actuaries each year. Further, it is more appropriate to draw conclusions from the thematic review itself, which the Board has already done, than a small number of individual disciplinary cases.
4. The Executive recommends the Board notes this paper and takes no further action beyond those already agreed in March in relation to the thematic review.

B: Introduction

5. In September 2022 the Board initiated a series of further thematic reviews. This included the work of actuaries carrying out PoD work. The number of recent disciplinary determinations was one of the reasons why the Board chose this topic.
6. In March 2024 the Board held an interim meeting to approve the PoD thematic review report and to decide on Board actions in response to the report. The agreed actions included:
 - Ask Pensions Board to establish a working group to look at the methodologies used by actuaries and to investigate ways to reduce delays in obtaining information from pension schemes and providers;

- Include commentary in the report foreword to emphasise the importance of commissioning IFoA actuaries to carry out this type of work; and
 - Remind such actuaries to have a complaints process and to share that with divorcing couples.
7. The Board also asked for an analysis of recent discipline cases to inform any further action.
 8. The thematic review report was subsequently published as planned on 22 April 2024 and publicised in the usual way through IFoA channels and publications. There will be a webinar to share the findings on 30 May.

C: Analysis of cases

9. The IFoA Disciplinary Investigations Team provided the Actuarial Monitoring Scheme (AMS) team, which carried out the thematic review, an anonymised schedule of allegations received from 1 January 2016 to 31 March 2024 where the respondent carries out PoD work.
10. [REDACTED]
11. Very broadly 80% of the allegations related to quality, with 50% also complaining of poor service (delays and/or communications). 20% were service only. Apart from delays, the team found that the nature of the allegations was varied and specific to each case. A more detailed summary table is set out as **Appendix 1**. The proportions for the allegations found to be misconduct were similar.
12. To provide some context, overall, the IFoA received 169 allegations against members from 2016 to 2023, an average of 21 a year. An average of six allegations a year (or 28%) were technical in nature. Further information on the governance of the disciplinary scheme is set out in **Appendix 2**.
13. Considering allegations of a technical nature in isolation, PoD cases could be seen to be relatively high proportion of such allegations.

D: Commentary

14. The nature of the work of PoD actuaries and the types of firms carrying out the work was described in the thematic review report.
15. PoD actuaries are providing advice directly¹ to the public and moreover the advice is bring provided on an unbiased 'single joint expert' basis for divorcing couples who may often be in conflict. The review found around 2,400 PoD reports are currently prepared each year.
[REDACTED]
16. PoD work is unlike the work of most other actuaries who do not engage directly with the public as they work within institutions or provide advice and assistance to businesses. If the users of

¹ The work is strictly being provided to the Family Court but the primary readers are the divorcing couples and their solicitors

their actuarial advice and services are dissatisfied, they may often be content by remedial actions, perhaps through the organisation's complaints processes (for example errors corrected, work refined, processes improved or fees rebated or other monetary compensation), without feeling the need to raising an allegation under the Disciplinary Scheme.

17. The AMS team heard the PoD actuaries also offered these remedial actions, if asked, but in some instances allegations were instead made directly to the IFoA by one of the divorcing parties or their solicitors. (The thematic review also found that PoD actuaries did not publicise their own complaints processes, which may also lead to some parties going directly to the IFoA – this point was taken up by the Board in emphasising the need for such processes in the report foreword.)

F: Conclusions

18. The Board commissioned this thematic review in 2022 in the context of a number of disciplinary determinations relating to PoD actuaries. It has now received the review, in which the vast majority of PoD actuaries took part, and has agreed several actions to address the findings. The Executive believes this has provided valuable information to the Board on the work of actuaries in this field and has been the appropriate course of action.
19. The Executive recommends that no additional actions are appropriate specifically relating to the further analysis of allegations in this paper.

G: Appendices

- **Appendix 1** – Disciplinary case summaries
- **Appendix 2** – Summary of Disciplinary Scheme governance