

HERBERT SMITH FREEHILLS RESPONDS TO NEWS THAT PENSIONS REGULATOR MOVES TO SECURE BHS PENSION SCHEME

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Firm news

Responding to news that the Pensions Regulator has succeeded in its latest attempt to protect the pensions of 19,000 BHS pensions scheme members, Rachel Pinto, partner in Herbert Smith Freehills' pensions practice says that "this should serve as a wake-up call for directors of companies with defined benefit pension schemes."

Her comments come as Dominic Chappell, who owned the high street retailer, has been ordered to pay £9.5 million into the BHS pensions scheme after an appeal against the Pension Regulator's ruling failed.

Pinto adds: "Given the new, extremely wide regulatory powers proposed in the Pension Schemes Bill, this is likely to be a sign of things to come. By the end of this year, the Pensions Regulator could well have the power to bring criminal prosecutions and impose fines of up to £1 million on directors and investors who it deems to have caused material detriment to a defined benefit pension scheme. Those penalties will be on top of any contributions that it may demand are paid under contribution notices such as the one imposed on Mr Chappell."

Pinto's comments follow research by Herbert Smith Freehills which revealed that more than half (57%) of directors, trustees and pension professionals believe that the new criminal offences, for company directors who fail in their duties towards their DB scheme would change the way that company directors engage with their scheme.

The research, conducted in autumn 2019, also found that 20% of respondents thought that the new criminal offences would cause most concern for directors. This was second only to a potential clamp down on dividend payments, which 53% of respondents thought would cause most concern.

To find out more about the proposed new criminal and regulatory sanctions, click [here](#).

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