



Finance Act 2004

2004 CHAPTER 12

PART 4

PENSION SCHEMES ETC

CHAPTER 7

COMPLIANCE

[^{F1}Relief from liability in respect of returned unauthorised member payments

[^{F1}266B Scheme's liability

- (1) This section applies where—
 - (a) the scheme administrator of a registered pension scheme has become liable to the scheme sanction charge in respect of an unauthorised member payment, and
 - (b) property or money is transferred, or a sum paid, towards a registered pension scheme pursuant to [^{F2}a relevant order] as a result of the unauthorised member payment.
- (2) The scheme administrator may, within the period of one year beginning with the day on which the property or money is transferred, or the sum paid, claim relief from the relevant proportion of the scheme sanction charge.
- (3) The relevant proportion of the scheme sanction charge is—

$$\frac{\text{ASO}}{\text{UMP}}$$

where—

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ASO is the amount subject to the [^{F3}relevant] order, that is the aggregate of the market value of any property and the amount of any money transferred, or the amount of the sum paid, towards a registered pension scheme pursuant to the [^{F4}relevant order] in respect of the unauthorised member payment, and

UMP is the amount of the unauthorised member payment.

- (4) But if ASO is greater than UMP, the relevant proportion of the scheme sanction charge is the whole of it.

[In this section “relevant order” means an order under any of the following—

- ^{F5}(5) (a) section 16(1), 19(4) or 21(2)(a) of the Pensions Act 2004 (orders for money etc to be restored to pension schemes), or
- (b) Article 12(1), 15(4) or 17(2)(a) of the Pensions (Northern Ireland) Order 2005 (corresponding provision for Northern Ireland).]

Textual Amendments

- F1** Ss. 266A, 266B and cross-heading inserted (6.4.2006) by [Finance Act 2005 \(c. 7\)](#), [Sch. 10 paras. 4, 64\(1\)](#)
- F2** Words in s. 266B(1)(b) substituted (with effect in accordance with Sch. 7 para. 16 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [Sch. 7 para. 15\(2\)](#)
- F3** Word in s. 266B(3) inserted (with effect in accordance with Sch. 7 para. 16 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [Sch. 7 para. 15\(3\)\(a\)](#)
- F4** Words in s. 266B(3) substituted (with effect in accordance with Sch. 7 para. 16 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [Sch. 7 para. 15\(3\)\(b\)](#)
- F5** S. 266B(5) inserted (with effect in accordance with Sch. 7 para. 16 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [Sch. 7 para. 15\(4\)](#)

Modifications etc. (not altering text)

- C16** S. 266B modified (6.4.2006) by [The Registered Pension Schemes \(Splitting of Schemes\) Regulations 2006 \(S.I. 2006/569\)](#), regs. 1(1), 3(1)(2), [Sch. 3 Pt. 1](#)

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 236ZA inserted by [S.I. 2024/357 art. 2\(2\)](#)