

# Pensions Act 2004

# **2004 CHAPTER 35**

# PART 2

# THE BOARD OF THE PENSION PROTECTION FUND

# CHAPTER 2

# INFORMATION RELATING TO EMPLOYER'S INSOLVENCY ETC

# Modifications etc. (not altering text)

- C1 Pt. 2 modified in part (9.3.2005 for specified purposes, 1.4.2005 for specified purposes, 6.4.2005 in so far as not already in force (except ch. 4)) by The Pension Protection Fund (Multi-employer Schemes) (Modification) Regulations 2005 (S.I. 2005/441), regs. 1, **2-60**, 71, 72
- C2 Pt. 2 modified (8.3.2005 for specified purposes, 6.4.2005 in so far as not already in force) by The Pension Protection Fund (Partially Guaranteed Schemes) (Modification) Regulations 2005 (S.I. 2005/277), regs. 1(1), 2-11

Insolvency events

# 120 Duty to notify insolvency events in respect of employers

- (1) This section applies where, in the case of an occupational pension scheme, an insolvency event occurs in relation to the employer.
- (2) The insolvency practitioner in relation to the employer must give a notice to that effect within the notification period to—
  - (a) the Board,
  - (b) the Regulator, and
  - (c) the trustees or managers of the scheme.

- (3) For the purposes of subsection (2) the "notification period" is the prescribed period beginning with the later of—
  - (a) the insolvency date, and
  - (b) the date the insolvency practitioner becomes aware of the existence of the scheme.
- (4) A notice under this section must be in such form and contain such information as may be prescribed.

# Modifications etc. (not altering text)

C3 S. 120 modified (6.4.2005) by The Pension Protection Fund (Multi-employer Schemes) (Modification) Regulations 2005 (S.I. 2005/441), regs. 1(1)(d), 61, 62(1) and amendment to earlier affecting provision (1.8.2005) by The Occupational Pension Schemes (Miscellaneous Amendments) Regulations 2005 (S.I. 2005/2113), regs. 1(2), 10(4)

#### **Commencement Information**

- II S. 120(1)(2) in force at 6.4.2005 by S.I. 2005/275, art. 2(7), Sch. Pt. 7
- I2 S. 120(3)(4) in force for the purpose only of conferring power to make regulations, orders or rules, as the case may be, 10.2.2005; and for all other purposes at 6.4.2005 in so far as not already in force by S.I. 2005/275, art. 2(3), Sch. Pt. 3

### 121 Insolvency event, insolvency date and insolvency practitioner

- (1) In this Part each of the following expressions has the meaning given to it by this section—
  - "insolvency event" "insolvency date" "insolvency practitioner".
- (2) An insolvency event occurs in relation to an individual where—
  - (a) he is  $[^{F1}$  made] bankrupt or sequestration of his estate has been awarded;
  - (b) the nominee in relation to a proposal for a voluntary arrangement under Part 8 of the Insolvency Act 1986 (c. 45) submits a report to the court under section 256(1) or 256A(3) of that Act which states that in his opinion [<sup>F2</sup>the individual's creditors should] consider the debtor's proposal;
  - <sup>F3</sup>(c) .....
    - (d) he executes a trust deed for his creditors or enters into a composition contract;
    - (e) he has died and—
      - (i) an insolvency administration order is made in respect of his estate in accordance with an order under section 421 of the Insolvency Act 1986, or
      - (ii) a judicial factor appointed under section 11A of the Judicial Factors (Scotland) Act 1889 (c. 39) is required by that section to divide the individual's estate among his creditors.
- (3) An insolvency event occurs in relation to a company where—
  - (a) the nominee in relation to a proposal for a voluntary arrangement under Part 1 of the Insolvency Act 1986 submits a report to the court under section 2 of that Act (procedure where nominee is not the liquidator or administrator) which

**Changes to legislation:** Pensions Act 2004, Chapter 2 is up to date with all changes known to be in force on or before 10 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear

in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

states that in his opinion [<sup>F4</sup>the proposal should be considered by a meeting of the company and by the company's creditors;]

- (b) the directors of the company file (or in Scotland lodge) with the court documents and statements in accordance with paragraph 7(1) of Schedule A1 to that Act (moratorium where directors propose voluntary arrangement);
- (c) an administrative receiver within the meaning of section 251 of that Act is appointed in relation to the company;
- (d) the company enters administration within the meaning of paragraph 1(2)(b) of Schedule B1 to that Act;
- (e) a resolution is passed for a voluntary winding up of the company without a declaration of solvency under section 89 of that Act;
- [<sup>F5</sup>(f) a winding up becomes a creditors' voluntary winding up under section 96 of that Act (conversion to creditors' voluntary winding up);]
  - (g) an order for the winding up of the company is made by the court under Part 4 or 5 of that Act.

(4) An insolvency event occurs in relation to a partnership where-

- (a) an order for the winding up of the partnership is made by the court under any provision of the Insolvency Act 1986 (c. 45) (as applied by an order under section 420 of that Act (insolvent partnerships));
- (b) sequestration is awarded on the estate of the partnership under section [<sup>F6</sup>22 of the Bankruptcy (Scotland) Act 2016] or the partnership grants a trust deed for its creditors;
- (c) the nominee in relation to a proposal for a voluntary arrangement under Part 1 of the Insolvency Act 1986 (as applied by an order under section 420 of that Act) submits a report to the court under section 2 of that Act (procedure where nominee is not the liquidator or administrator) which states that in his opinion [<sup>F7</sup>the proposal should be considered by a meeting of the members of the partnership and by the partnership's creditors;]
- (d) the members of the partnership file with the court documents and statements in accordance with paragraph 7(1) of Schedule A1 to that Act (moratorium where directors propose voluntary arrangement) (as applied by an order under section 420 of that Act);
- [<sup>F8</sup>(e) the partnership enters administration within the meaning of paragraph 1(2) (b) of Schedule B1 to that Act (as applied by an order under section 420 of that Act).]
- (5) An insolvency event also occurs in relation to a person where an event occurs which is a prescribed event in relation to such a person.
- (6) Except as provided by subsections (2) to (5), for the purposes of this Part an event is not to be regarded as an insolvency event in relation to a person.
- (7) The Secretary of State may by order amend subsection (4)(e) to make provision consequential upon any order under section 420 of the Insolvency Act 1986 (insolvent partnerships) applying the provisions of Part 2 of that Act (administration) as amended by the Enterprise Act 2002 (c. 40).
- (8) "Insolvency date", in relation to an insolvency event, means the date on which the event occurs.
- (9) "Insolvency practitioner", in relation to a person, means-

- (a) a person acting as an insolvency practitioner, in relation to that person, in accordance with section 388 of the Insolvency Act 1986;
- (b) in such circumstances as may be prescribed, a person of a prescribed description.
- (10) In this section—

"company" means a company [<sup>F9</sup>as defined in section 1(1) of the Companies Act 2006] or a company which may be wound up under Part 5 of the Insolvency Act 1986 (c. 45) (unregistered companies);

"person acting as an insolvency practitioner", in relation to a person, includes the official receiver acting as receiver or manager of any property of that person.

- (11) In applying section 388 of the Insolvency Act 1986 under subsection (9) above-
  - $F^{10}(a)$  ....
    - (b) section 388(5) (which includes provision that nothing in the section applies to anything done by the official receiver or the Accountant in Bankruptcy) must be ignored.

#### **Textual Amendments**

- F1 Word in s. 121(2)(a) substituted (6.4.2016) by The Enterprise and Regulatory Reform Act 2013 (Consequential Amendments) (Bankruptcy) and the Small Business, Enterprise and Employment Act 2015 (Consequential Amendments) Regulations 2016 (S.I. 2016/481), reg. 1, Sch. 1 para. 18
- F2 Words in s. 121(2)(b) substituted (6.4.2017) by The Deregulation Act 2015 and Small Business, Enterprise and Employment Act 2015 (Consequential Amendments) (Savings) Regulations 2017 (S.I. 2017/540), reg. 1, Sch. 1 para. 4(2) (with reg. 4)
- F3 S. 121(2)(c) omitted (1.10.2015) by virtue of Deregulation Act 2015 (c. 20), s. 115(7), Sch. 6 para.
  2(18) (with Sch. 6 para. 3); S.I. 2015/1732, art. 2(e)(i)
- F4 Words in s. 121(3)(a) substituted (6.4.2017) by The Deregulation Act 2015 and Small Business, Enterprise and Employment Act 2015 (Consequential Amendments) (Savings) Regulations 2017 (S.I. 2017/540), reg. 1, Sch. 1 para. 4(3) (with reg. 4)
- F5 S. 121(3)(f) substituted (6.4.2017) by The Deregulation Act 2015 and Small Business, Enterprise and Employment Act 2015 (Consequential Amendments) (Savings) Regulations 2017 (S.I. 2017/540), reg. 1, Sch. 1 para. 4(4) (with reg. 4)
- **F6** Words in s. 121(4)(b) substituted (30.11.2016) by The Bankruptcy (Scotland) Act 2016 (Consequential Provisions and Modifications) Order 2016 (S.I. 2016/1034), art. 1, **Sch. 1 para. 26(6)(a)**
- F7 Words in s. 121(4)(c) substituted (6.4.2017) by The Deregulation Act 2015 and Small Business, Enterprise and Employment Act 2015 (Consequential Amendments) (Savings) Regulations 2017 (S.I. 2017/540), reg. 1, Sch. 1 para. 4(5) (with reg. 4)
- **F8** S. 121(4)(e) substituted (10.11.2005) by The Pension Protection Fund (Insolvent Partnerships) (Amendment of Insolvency Events) Order 2005 (S.I. 2005/2893), arts. 1, 2
- **F9** Words in s. 121(10) substituted (1.10.2009) by The Companies Act 2006 (Consequential Amendments, Transitional Provisions and Savings) Order 2009 (S.I. 2009/1941), art. 1(2), Sch. 1 para. 243(7) (with art. 10)
- **F10** S. 121(11)(a) omitted (30.11.2016) by virtue of The Bankruptcy (Scotland) Act 2016 (Consequential Provisions and Modifications) Order 2016 (S.I. 2016/1034), art. 1, Sch. 1 para. 26(6)(b)

# Modifications etc. (not altering text)

- C4 S. 121 applied (1.4.2005) by The Occupational and Personal Pension Schemes (General Levy) Regulations 2005 (S.I. 2005/626), regs. 1(2), **8(3)**
- C5 S. 121(3)(d) applied (with modifications) (8.2.2011) by The Investment Bank Special Administration Regulations 2011 (S.I. 2011/245), reg. 1, Sch. 6 para. 4 (with reg. 27(a))

 C6 S. 121(3)(d) modified (8.7.2021) by The Payment and Electronic Money Institution Insolvency Regulations 2021 (S.I. 2021/716), reg. 2, Sch. 3 para. 4 (with reg. 5) (as amended (4.1.2024) by The Payment and Electronic Money Institution Insolvency (Amendment) Regulations 2023 (S.I. 2023/1399), regs. 1(2), 4)

#### **Commencement Information**

- I3 S. 121(1)-(4)(6)(8)(9)(a)(10)(11) in force at 6.4.2005 by S.I. 2005/275, art. 2(7), Sch. Pt. 7
- I4 S. 121(5) in force for the purpose only of conferring power to make regulations, orders or rules, as the case may be, 10.2.2005; and for all other purposes at 6.4.2005 in so far as not already in force by S.I. 2005/275, art. 2(3), Sch. Pt. 3
- I5 S. 121(7) in force at 30.6.2005 by S.I. 2005/1720, art. 2(2)
- I6 S. 121(9)(b) in force at 25.6.2014 by S.I. 2014/1636, art. 2

#### Status of scheme

# 122 Insolvency practitioner's duty to issue notices confirming status of scheme

- (1) This section applies where an insolvency event has occurred in relation to the employer in relation to an occupational pension scheme.
- (2) An insolvency practitioner in relation to the employer must—
  - (a) if he is able to confirm that a scheme rescue is not possible, issue a notice to that effect (a "scheme failure notice"), or
  - (b) if he is able to confirm that a scheme rescue has occurred, issue a notice to that effect (a "withdrawal notice").
- (3) Subsection (4) applies where—
  - (a) in prescribed circumstances, insolvency proceedings in relation to the employer are stayed or come to an end, or
  - (b) a prescribed event occurs.
- (4) If a person who was acting as an insolvency practitioner in relation to the employer immediately before this subsection applies has not been able to confirm in relation to the scheme—
  - (a) that a scheme rescue is not possible, or
  - (b) that a scheme rescue has occurred,

he must issue a notice to that effect.

- (5) For the purposes of this section—
  - (a) a person is able to confirm that a scheme rescue has occurred in relation to an occupational pension scheme if, and only if, he is able to confirm such matters as are prescribed for the purposes of this paragraph, and
  - (b) a person is able to confirm that a scheme rescue is not possible, in relation to such a scheme if, and only if, he is able to confirm such matters as are prescribed for the purposes of this paragraph.
- (6) Where an insolvency practitioner or former insolvency practitioner in relation to the employer issues a notice under this section, he must give a copy of that notice to—
  - (a) the Board,
  - (b) the Regulator, and
  - (c) the trustees or managers of the scheme.

- (7) A person must comply with an obligation imposed on him by subsection (2), (4) or (6) as soon as reasonably practicable.
- (8) Regulations may require notices issued under this section-
  - (a) to be in a prescribed form;
  - (b) to contain prescribed information.

#### Modifications etc. (not altering text)

C7 S. 122 modified (6.4.2005) by The Pension Protection Fund (Multi-employer Schemes) (Modification) Regulations 2005 (S.I. 2005/441), regs. 1(1)(d), 61, 62(2) and amendment to earlier affecting provision (1.8.2005) by The Occupational Pension Schemes (Miscellaneous Amendments) Regulations 2005 (S.I. 2005/2113), regs. 1(2), 10(4)

#### **Commencement Information**

- I7 S. 122 in force for the purpose only of conferring power to make regulations, orders or rules, as the case may be, 10.2.2005; and for all other purposes at 6.4.2005 in so far as not already in force by S.I. 2005/275, art. 2(3), Sch. Pt. 3
- I8 S. 122 in force at 6.4.2005 by S.I. 2005/275, art. 2(7), Sch. Pt. 7
- **I9** S. 122(1)(2)(4)(6)(7) in force at 6.4.2005 by S.I. 2005/275, art. 2(7), **Sch. Pt. 7**
- I10 S. 122(3)(5)(8) in force for the purpose only of conferring power to make regulations, orders or rules, as the case may be, 10.2.2005; and for all other purposes at 6.4.2005 in so far as not already in force by S.I. 2005/275, art. 2(3), Sch. Pt. 3

#### 123 Approval of notices issued under section 122

- (1) This section applies where the Board receives a notice under section 122(6) ("the section 122 notice").
- (2) The Board must determine whether to approve the section 122 notice.
- (3) The Board must approve the section 122 notice if, and only if, it is satisfied—
  - (a) that the insolvency practitioner or former insolvency practitioner who issued the notice was required to issue it under that section, and
  - (b) that the notice complies with any requirements imposed by virtue of subsection (8) of that section.
- (4) Where the Board makes a determination for the purposes of subsection (2), it must issue a determination notice and give a copy of that notice to—
  - (a) the Regulator,
  - (b) the trustees or managers of the scheme,
  - (c) the insolvency practitioner or the former insolvency practitioner who issued the section 122 notice,
  - (d) any insolvency practitioner in relation to the employer (who does not fall within paragraph (c)), and
  - (e) if there is no insolvency practitioner in relation to the employer, the employer.
- (5) In subsection (4) "determination notice" means a notice which is in the prescribed form and contains such information about the determination as may be prescribed.

#### Modifications etc. (not altering text)

C8 S. 123 modified (6.4.2005) by The Pension Protection Fund (Multi-employer Schemes) (Modification) Regulations 2005 (S.I. 2005/441), regs. 1(1)(d), 61, 62(3) and amendment to earlier affecting provision (1.8.2005) by The Occupational Pension Schemes (Miscellaneous Amendments) Regulations 2005 (S.I. 2005/2113), regs. 1(2), 10(4)

#### **Commencement Information**

- III S. 123(1)-(4) in force at 6.4.2005 by S.I. 2005/275, art. 2(7), Sch. Pt. 7
- I12 S. 123(5) in force for the purpose only of conferring power to make regulations, orders or rules, as the case may be, 10.2.2005; and for all other purposes at 6.4.2005 in so far as not already in force by S.I. 2005/275, art. 2(3), Sch. Pt. 3

# Board's duties

#### 124 Board's duty where there is a failure to comply with section 122

- (1) This section applies where in relation to an occupational pension scheme—
  - (a) the Board determines under section 123 not to approve a notice issued under section 122 by an insolvency practitioner or former insolvency practitioner in relation to the employer, or
  - (b) an insolvency practitioner or former insolvency practitioner in relation to the employer fails to issue a notice under section 122 and the Board is satisfied that such a notice ought to have been issued under that section.
- (2) The obligations on the insolvency practitioner or former insolvency practitioner imposed by subsections (2) and (4) of section 122 are to be treated as obligations imposed on the Board and the Board must accordingly issue a notice as required under that section.
- (3) Subject to subsections (4) and (5), where a notice is issued under section 122 by the Board by virtue of this section, it has effect as if it were a notice issued under section 122 by an insolvency practitioner or, as the case may be, former insolvency practitioner in relation to the employer.
- (4) Where a notice is issued under section 122 by virtue of this section, section 122(6) does not apply and the Board must, as soon as reasonably practicable, give a copy of the notice to—
  - (a) the Regulator,
  - (b) the trustees or managers of the scheme,
  - (c) the insolvency practitioner or former insolvency practitioner mentioned in subsection (1),
  - (d) any insolvency practitioner in relation to the employer (who does not fall within paragraph (c)), and
  - (e) if there is no insolvency practitioner in relation to the employer, the employer.
- (5) Where the Board—
  - (a) is required to issue a notice under section 122 by virtue of this section, and
  - (b) is satisfied that the notice ought to have been issued at an earlier time,

it must specify that time in the notice and the notice is to have effect as if it had been issued at that time.

**Modifications etc. (not altering text)** 

C9 S. 124 modified (6.4.2005) by The Pension Protection Fund (Multi-employer Schemes) (Modification) Regulations 2005 (S.I. 2005/441), regs. 1(1)(d), 61, 62(4) and amendment to earlier affecting provision (1.8.2005) by The Occupational Pension Schemes (Miscellaneous Amendments) Regulations 2005 (S.I. 2005/2113), regs. 1(2), 10(4)

#### **Commencement Information**

I13 S. 124 in force at 6.4.2005 by S.I. 2005/275, art. 2(7), Sch. Pt. 7

# 125 Binding notices confirming status of scheme

- (1) Subject to subsection (2), for the purposes of this Part, a notice issued under section 122 is not binding until—
  - (a) the Board issues a determination notice under section 123 approving the notice,
  - (b) the period within which the issue of the determination notice under that section may be reviewed by virtue of Chapter 6 has expired, and
  - (c) if the issue of the determination notice is so reviewed—
    - (i) the review and any reconsideration,
    - (ii) any reference to the PPF Ombudsman in respect of the issue of the notice, and
    - (iii) any appeal against his determination or directions,

has been finally disposed of and the determination notice has not been revoked, varied or substituted.

- (2) Where a notice is issued under section 122 by the Board by virtue of section 124, the notice is not binding until—
  - (a) the period within which the issue of the notice may be reviewed by virtue of Chapter 6 has expired, and
  - (b) if the issue of the notice is so reviewed—
    - (i) the review and any reconsideration,
    - (ii) any reference to the PPF Ombudsman in respect of the issue of the notice, and
    - (iii) any appeal against his determination or directions,

has been finally disposed of and the notice has not been revoked, varied or substituted.

- (3) Where a notice issued under section 122 becomes binding, the Board must as soon as reasonably practicable give a notice to that effect together with a copy of the binding notice to—
  - (a) the Regulator,
  - (b) the trustees or managers of the scheme,
  - (c) the insolvency practitioner or former insolvency practitioner who issued the notice under section 122 or, where that notice was issued by the Board

by virtue of section 124, the insolvency practitioner or former insolvency practitioner mentioned in subsection (1) of that section,

- (d) any insolvency practitioner in relation to the employer (who does not fall within paragraph (c)), and
- (e) if there is no insolvency practitioner in relation to the employer, the employer.
- (4) A notice under subsection (3)—
  - (a) must be in the prescribed form and contain such information as may be prescribed, and
  - (b) where it is given in relation to a withdrawal notice issued under section 122(2)(b) which has become binding, must state the time from which the Board ceases to be involved with the scheme (see section 149).

#### **Modifications etc. (not altering text)**

C10 S. 125 modified (6.4.2005) by The Pension Protection Fund (Multi-employer Schemes) (Modification) Regulations 2005 (S.I. 2005/441), regs. 1(1)(d), 61, 62(5) and amendment to earlier affecting provision (1.8.2005) by The Occupational Pension Schemes (Miscellaneous Amendments) Regulations 2005 (S.I. 2005/2113), regs. 1(2), 10(4)

#### **Commencement Information**

- II4 S. 125(1)-(3)(4)(b) in force at 6.4.2005 by S.I. 2005/275, art. 2(7), Sch. Pt. 7
- I15 S. 125(4)(a) in force for the purpose only of conferring power to make regulations, orders or rules, as the case may be, 10.2.2005; and for all other purposes at 6.4.2005 in so far as not already in force by S.I. 2005/275, art. 2(3), Sch. Pt. 3

# Changes to legislation:

Pensions Act 2004, Chapter 2 is up to date with all changes known to be in force on or before 10 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. View outstanding changes

# **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. 18(5A) inserted by 2014 c. 19 s. 52(2)
- s. 18(6) words inserted by 2014 c. 19 s. 52(3)
- s. 18(8) words inserted by 2014 c. 19 s. 52(3)
- s. 23(1A) inserted by 2015 c. 8 Sch. 2 para. 26(3)
- s. 23(10A) inserted by 2015 c. 8 Sch. 2 para. 26(5)
- s. 38(1)-(1B) substituted for s. 38(1) by 2015 c. 8 Sch. 2 para. 27
- s. 38(7)(da) inserted by 2021 c. 1 s. 104(2)
- s. 43(1)-(1B) substituted for s. 43(1) by 2015 c. 8 Sch. 2 para. 28(2)
- s. 52(1)-(1B) substituted for s. 52(1) by 2015 c. 8 Sch. 2 para. 29
- s. 80(1)(a)(iib) inserted by 2021 c. 1 s. 109(3)
- s. 102(2)(a) words in s. 102(2) renumbered as s. 102(2)(a) by 2008 c. 30 s. 44(5)(a)
- s. 102(2)(b) inserted by 2008 c. 30 s. 44(5)(b)
- s. 103(1A) inserted by 2008 c. 30 s. 44(6)
- s. 117A inserted by 2008 c. 30 Sch. 10 para. 3
- s. 126(1)-(1B) substituted for s. 126(1) by 2015 c. 8 Sch. 2 para. 31
- s. 188(1)(ba) inserted by 2008 c. 30 Sch. 10 para. 6
- s. 189A inserted by 2008 c. 30 Sch. 10 para. 7
- s. 209(9) added by 2008 c. 30 Sch. 10 para. 8
- s. 291(4)(f) and word inserted by 2021 c. 1 Sch. 3 para. 19(b)
- s. 318(3)(a)(viii)-(x) inserted by 2015 c. 8 Sch. 2 para. 38(3)(a)
- s. 318(3)(b)(vi)-(viii) inserted by 2015 c. 8 Sch. 2 para. 38(3)(b)
- Sch. 4 para. 7(5)(b) inserted by 2008 c. 30 s. 44(8)(b)
- Sch. 4 para. 13(3) inserted by 2008 c. 30 s. 44(9)(b)
- Sch. 4 para. 7(5)(a) words in Sch. 4 para. 7(5) renumbered as Sch. 4 para. 7(5)(a) by 2008 c. 30 s. 44(8)(a)
- Sch. 7 para. 21(2)(c)-(cc) substituted for Sch. 7 para. 21(2)(b)(c) by 2008 c. 30
  Sch. 8 para. 11 (This amendment not applied to legislation.gov.uk. Sch. 8 para. 10 (3.1.2012) omitted without ever being in force by virtue of 2011 c. 19, Sch. 4 para. 20; S.I. 2011/3034 art. 3(i)(iv))