

Protect Your Members From Scammers

The pensions industry has been facing problems due to criminals scamming scheme members out of their pension savings for years. Faced with a member's statutory right to make a transfer, trustees are often helpless to prevent members making life changing decisions even where they suspect a transfer is not in the member's best interest.

The plight of scheme members, who are scammed out of their pension savings and left in poverty in retirement, continues to be of great concern to both trustees and the Pensions Regulator.

The Regulator has just refreshed its pension scams material and called upon pension scheme trustees to communicate this new material to scheme members.

The Regulator's new material is described below and links to it provided. Draft wording for a member communication is also provided in the Appendix.

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Background

The Regulator leads a taskforce of government, regulators, financial services bodies and criminal justice agencies (Project Bloom) to disrupt and prevent scams. It is continuing to work with its partners to make scamming as difficult as possible for the criminals who prey on members' pension savings.

One effect of Project Bloom is that criminals have become more sophisticated in their fraudulent activities. As part of its ongoing scorpion campaign the Regulator has issued a range of new resources to help trustees and savers spot the danger signs of a scam.

The Regulator Issues New Material

On the back of the recent [government consultation on pension scams](#) which closed in February, the Regulator has again refreshed its pension scams materials. The Regulator asks trustees to direct pension scheme members to its new information. It says in its video to trustees, that there are plenty of opportunities to do this, for example whenever they ask for a valuation or transfer, or when the trustees send them their annual benefit statement.

The Regulator recently confirmed that it supports the government's proposals to ban cold calling and limit members' statutory right to transfer their pension savings.

New material includes:

- Videos for both pension scheme [trustees](#) and [members](#) aimed at protecting them from scammers and warning them of the typical tactics that scammers use.
- An [online scam-spotting tool](#) for members considering transferring their pension savings. Clicking any one of the signposts below brings up a warning that the transfer has the hallmarks of a scam and directs you to the Pensions Advisory Service.
 - A free pension review.
 - Guaranteed returns on your investment.
 - Low tax/tax free rates including tax free lump sums.
 - Exotic sounding and/or overseas investments.
 - Pressure to sign quickly.
- A [five-step guide](#) to help pension scheme members protect themselves. This guide urges members to use financial advisers who are authorised by the Financial Conduct Authority. It also tells people who are cold called to put the phone down.
- A [scheme transfer checklist](#) for trustees listing features to watch out for when a member requests a transfer and what to do if a feature is present. It stresses that trustees are expected to play their part, by staying alert and conducting due diligence.

Action For Trustees

Trustees should watch the video. They should also bring the new material to the attention of their members in line with the Regulator's request. Draft wording which could be used to do this in a newsletter or annual benefit statement is provided in the Appendix.

Comment

The fight against pension scammers has been an ongoing one for many years with the scammers getting more sophisticated in their approach. We are seeing a reduction in the amount of fake schemes being registered, and an increase in investment scams, following the introduction of pension flexibilities in 2015.

Trustees face an unenviable task in trying to protect scheme members in the face of their statutory right to transfer. Administrators are now spending a considerable amount of extra time dealing with transfer cases as the requirements get (for good reason) ever more onerous and time consuming. The government proposals in its consultation are a step in the right direction, as is the Pensions Regulator's continued action on this front. But more needs to be done, both by HMRC in the form of due diligence in registering pension schemes, and changes to the legislation, if fraudsters are to be encouraged to move on from what they see as a lucrative pension pot.

Meanwhile pension transfers will continue to get harder and more expensive to progress, as trustees and their administrators are expected to become more and more like policemen, investigating every transfer unless it's to a known destination like an insurance company.

Appendix

Draft Wording For Inclusion In Member Communication

Pension scams, where people are tricked by scammers into handing over their pension savings, or investing in high risk investments, are on the increase since the introduction of pension flexibilities in 2015. They are so prevalent that the Pensions Regulator has asked trustees to bring to members' attention new material it has produced on the topic in an attempt to reduce the number of people whose lives are ruined by fraudsters.

Many of the offers you may hear about are very convincing and take many forms. The Regulator tells you what to do if you are cold called – put the phone down. The same goes for unsolicited texts or e-mails. If you don't give fraudsters the chance to talk to you then you can't be fooled. Genuine organisations, the government and associated bodies, would never contact you this way. The government is also in the process of making cold calls on pensions matters illegal.

The Pensions Regulator has produced:

- A video for pension scheme members aimed at protecting them from scammers and warning them of the typical tactics that scammers use.
<https://www.youtube.com/watch?v=uoJATkGRL9Y&feature=youtu.be>
- An online scam spotting tool for members considering transferring their pension benefits.
<http://www.thepensionsregulator.gov.uk/individuals/dangers-of-pension-scams.aspx>
Clicking any one of the signposts below brings up a warning that the transfer has the hallmarks of a scam and directs you to the Pensions Advisory Service.
 - A free pension review.
 - Guaranteed returns on your investment.
 - Low tax/tax free rates including tax free lump sums.
 - Exotic sounding and/or overseas investments.
 - Pressure to sign quickly.
- A five step guide to help pension scheme members protect themselves. This guide urges members to use financial advisers who are authorised by the Financial Conduct Authority (FCA).
<http://www.thepensionsregulator.gov.uk/individuals/dangers-of-pension-scams.aspx>
You can check that your adviser is authorised by the FCA by using their register on the website:
<https://register.fca.org.uk/>

The pensions industry and authorities are working hard to identify the scammers and close them down. However, it is not easy to distinguish pension scams from genuine pension arrangements until complaints start to come in by which point it is usually too late. At the end of the day however, it is your responsibility to check everything yourself, and not to make a life altering mistake. Remember if the offer looks too good to be true then it's likely to be a scam.

Authors

Gary Crockford, Technical Services Manager
John Dunkley, Senior Technical Consultant
Nikki Williams, Senior Technical Consultant

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