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FIVE MILLION PENSION SAVERS COULD PUT THEIR RETIREMENT SAVINGS AT RISK TO SCAMMERS

- **New figures show cold calls, exotic investments and early access to cash among most persuasive tactics used by fraudsters**
- **Those who consider themselves financially savvy are just as likely to be persuaded**
- **FCA and TPR join forces to warn pension savers as part of latest ScamSmart campaign**

The Financial Conduct Authority (FCA) and The Pensions Regulator (TPR) are joining forces again this summer to warn the public about fraudsters targeting people's retirement savings. This warning comes as new research suggests that 42%[1] of pension savers, which would equate over 5 million[2] people across the UK, could be at risk of falling for at least one of six common tactics used by pension scammers.

The likelihood of being drawn into one or more scams increased to 60% among those who said they were actively looking for ways to boost their retirement income.

Pension cold calls, free pension reviews, claims of guaranteed high returns, exotic investments, time-limited offers and early access to cash before the age of 55 could all tempt savers into risking their retirement income.

The research also found that those who consider themselves smart or financially savvy are *just as likely* to be persuaded by these tactics as anyone else.

Pension savers were tempted by offers of high returns in investments such as overseas property, renewable energy bonds, forestry, storage units or biofuels. However, exotic or unusual investments are high-risk and unlikely to be suitable for pension savings. Nearly a quarter (23%) of the 45-65-year-olds questioned said they would be likely to pursue these exotic opportunities if offered them.

Helping savers to access their pensions early also proved to be a persuasive scam tactic. One in six (17%) 45-54-year-old pension savers said they would be interested in an offer from a company that claimed it could help them get early access to their pension. However, accessing your pension before 55 is likely to result in a large tax bill for the saver.

23% of all those surveyed said they'd talk with a cold caller that wanted to discuss their pension plans, despite the government's ban on pension cold-calls this January. Nearly a quarter said they would ask for website details, request further information or find out what they're offering, even if the call came out of the blue.

Victims of pension fraud reported in 2018 that they had lost an average of £82,000[3]. Pension fraud can be devastating, as victims can lose their life savings and be left facing retirement with limited income. As a result, the regulators are joining forces to urge pension savers to be ScamSmart and to check who they are dealing with before making any decision on their pension. Last year's ScamSmart campaign resulted in more than 370[5] people being warned about unauthorised firms. This year's campaign is currently running on TV, radio and online.

Guy Opperman, Minister for Pensions and Financial Inclusion said:

"Pensions are one of the largest and most important investments we'll ever make, and robbing someone of their retirement is nothing short of despicable."
"We know we can beat these callous crooks, because getting the message out there does work. Last year's pension scams awareness campaign prevented hundreds of people from losing as much as £34 million, and I'm backing this year's effort to be bigger and better as we build a generation of savvy savers."

Mark Steward, Executive Director of Enforcement and Market Oversight, FCA, said:

"It doesn't matter the size of your pension pot – scammers are after your savings. Get to know the warning signs, and before making any decision about your pension, be ScamSmart and check you are dealing with an FCA authorised firm."

Nicola Parish, Executive Director of Frontline Regulation, TPR, said:

"Scammers don't care who they prey on or how many lives they wreck. If you ignore the warning signs you put yourself at risk of losing your savings.
"Victims are left devastated by what has happened to them. Make sure neither you nor any of your loved ones have to go through that ordeal."

Honey Langcaster-James, psychologist, added:

"Most people are confident in their ability to avoid being scammed. We tend to assume that it would never happen to us because we think we'd notice something if it wasn't right. But even the smartest and savviest among us can become victims of crimes and we do often have a 'blind spot'. Sophisticated scammers take advantage of this and use powerful psychological techniques to build trust and rapport and ultimately to influence our behaviour."

The regulators recommend four simple steps to protect yourself from pension scams:

1. Reject unexpected pension offers whether made online, on social media or over the phone
2. Check who you're dealing with before changing your pension arrangements – check the FCA Register or call the FCA contact centre on 0800 111 6768 to see if the firm you are dealing with is authorised by the FCA
3. Don't be rushed or pressured into making any decision about your pension
4. Consider getting impartial information and advice

Pension savers can test how ScamSmart they are by taking a new quiz on the ScamSmart site. Visit www.fca.org.uk/scamsmart to find out more.

NOTES TO EDITORS

How do pension savers fare when faced with six common scam tactics?

1. **Offering exotic investment opportunities** - 23% of 45-65-year-old pension savers would pursue an offer of high returns in either overseas properties, renewable energy bonds, forestry, storage units or biofuels, even though these are high-risk investments and unlikely to be suitable for pension savings.

2. **Calls out of the blue** – 23% of 45-65-year-old pension savers would engage with a cold call from a company asking to discuss their pension plans.

3. **Offering early access to your pension pot** – 17% of 45-54-year-old pension savers would be interested in a company that offered to get them early access to their pension pot.

4. **Guaranteed high returns on your pension savings** – 13% of 45-65-year-old pension savers would pursue an offer guaranteeing returns of 11% on their pension savings.

5. **Offering to review your pension for free** – 10% of 45-65-year-old pension savers would say yes to a free pension review from a company they'd never dealt with before.

6. **Time-limited offers** – 7% of 45-65-year-old pension savers would say yes to a company who offered a special deal that won't be around for long and offered to send a courier to sign the paperwork immediately.

1. All figures, unless otherwise stated, are from Censuswide. The total sample size was 2,012 adults aged 45-65 with a pension. Fieldwork was undertaken between 24-28 June 2019. The survey was carried out online. The 42% figure is the percentage of the respondents who would take at least one or more actions that could expose them to a pension scam, when presented with six scam scenarios.
2. Population data is indicative based on FCA Financial Lives pension holder data. For more info: https://www.fca.org.uk/publications/research/understanding-financial-lives-uk-adults
3. Last year, 180 people reported to Action Fraud that they had been the victim of a pension scam, loosing on average £82,000 each. The true number of victims is likely to be higher as scams often go unreported and those affected may not realise they have been scammed for several years.
4. The latest ScamSmart pension scams advertising campaign launched on 1 July. The advertising includes TV, radio, online video and banner ads, and paid search.
5. The ScamSmart website, www.fca.org.uk/scamsmart, gives consumers tips on how to spot the techniques used by fraudsters and hosts the FCA Warning List.

The Warning List is a list of firms and individuals that the FCA knows are operating without its authorisation. The web tool helps members of the public search this list, find out more about the risks associated with an investment or pension opportunity and the steps they can take to avoid scams.

6. The Pensions Advisory Service provides free independent and impartial information and guidance.
7. If people aged 50 or over require free independent advice, they can contact the government-backed Pension Wise service. To book a free appointment, visit www.pensionwise.gov.uk/en.
8. A ban on pension cold calling came into force earlier this year. Firms that break the rules could face penalties of up to half a million pounds.
9. The FCA and TPR are members of Project Bloom. Bloom was created in 2012 and brings together government departments, agencies, regulators, law enforcement bodies and representatives of the pension industry to tackle pension scams. The partners are The Pensions Regulator, the Financial Conduct Authority, the Department for Work and Pensions, HM Treasury, the Serious Fraud Office, City of London Police, the National Fraud Intelligence Bureau, Action Fraud, the Pensions Advisory Service, the Pensions Scams Industry Group, the Money Advice Service, the Information Commissioner's Office, the Insolvency Service, Pension Wise, National Trading Standards and the National Crime Agency.
10. On 1 April 2013, the FCA became responsible for the conduct supervision of all regulated financial firms and the prudential supervision of those not supervised by the Prudential Regulation Authority (PRA).
11. The FCA has an overarching strategic objective of ensuring the relevant markets function well. To support this, it has three operational goals: to secure an appropriate degree of protection for consumers; to protect and enhance the integrity of the UK financial system, and to promote effective competition in the interests of consumers. Find out more information about the FCA.
12. TPR is the regulator of work-based pension schemes in the UK. Our statutory objectives are: to protect members' benefits; to reduce the risk of calls on the Pension Protection Fund (PPF); to promote, and to improve understanding of, the good administration of work-based pension schemes; to maximise employer compliance with automatic enrolment duties; and to minimise any adverse impact on the sustainable growth of an employer (in relation to the exercise of the regulator's functions under Part 3 of the Pensions Act 2004 only).