

Pension Scams – Help your employees be ScamSmart

Would you give your pension fund or advise your employees to give their pension fund to a man you have just met who owns a jet ski and has a tan?

You and your employees would have seen the Financial Conduct Authority (FCA) and The Pensions Regulators (TPR) advert telling you not to let scammers enjoy your pension savings. They have joined forces on the campaign to raise awareness of the common tactics used by fraudsters.

The introduction of ‘Pension Freedoms’ in 2015 gave people greater access to their pensions by allowing new flexibilities with regards to how those over age 55 can take their benefits. Whilst this was widely welcomed and subsequently used, sadly, the same change in rules also presented opportunities for criminal gangs to defraud savers of their lifetime retirement savings.

With confusion in the minds of some people about what flexibility rules mean, this has created a grey area that scammers like to exploit and prey on people’s lack of knowledge in this area. Very rarely are pension funds recovered if they have been scammed, leaving people reliant on the State Pension.

Scamming is a big issue and is being taken very seriously. [The Commons Select Committee announced last week](#) that it is to examine the impact of Pension Freedoms and the protection of pension savers. The FCA and TPR stated that in 2018, 180 people reported to Action Fraud that they had been the victim of a pension scam, losing on average £82,000 each. More alarmingly, they believe that only a minority of pension scams are ever reported.

So has Scamming been on the increase during Covid 19?

The Department of Work & Pensions (DWP) publication “[DWP’s response to the coronavirus outbreak](#)”² recognises that people facing financial hardship may also be looking at their pension savings as an extra form of support. It is important that these savers are protected from decisions not in their best interests and do not see their savings fall into the hands of opportunistic scammers.

How Employers can help?

Employer can have a big part to play in preventing their employees being scammed. This is particularly the case given that employees so often look to their employer for initial guidance in such matters.

Employers can help raise awareness of this criminal activity by display an [FCA/TPR ScamSmart poster](#) in workplaces to raise awareness of the issues and include reminders of the risks in their regular Employee Benefits updates. Employers can also signpost employees to generic impartial guidance via the government funded service, [Pension Wise](#).

In addition, we would strongly encourage Employers to provide employees with more access to group pension surgeries and/or targeted sessions on pension retirement options via remote webinars and video calls during the on-going crisis.

For more information the above topic, please speak to your usual Wingate Consultant or contact us via info@wingatebs.com or on (T)01883 332260.