

Pension scams

Information for pensions professionals

Visit www.pension-scams.com



Pension scams: the facts

Pension scheme members can now access their pension savings in new ways and scammers will try to tempt them with promises of one-off investments, high returns, pension loans or upfront cash. Most of these are bogus.

Pension scam models are also changing. Many scammers are directing members to transfer into single member occupational schemes (known as SSAS) in an attempt to escape scrutiny.

Your members could lose all of their money and face charges and a tax bill from HMRC for withdrawing their pension savings.

Make sure you signpost your members to the government's Pension Wise service to understand their options.

Please read and direct your members to our booklet which tells them how to spot a scam. You can download it at www.pension-scams.com.

Most members with defined benefits will have to take appropriate independent advice from an FCA-authorized adviser before transferring their benefits. You might also want to encourage members with defined contribution benefits to take advice before making any decisions.

Thousands of people have lost their life savings after falling for a scam.

Don't let your members be next.

How you can help protect members



1. Read and share the member scams booklet

Visit The Pensions Regulator's website to find more information, a video and a download link for the booklet at www.pension-scams.com and read the scams literature.



2. Check the details

Check the information you have against the checklist tables on pages 4 and 5. Carry out due diligence on all transfer requests – see page 6.



3. Proactively engage with members at risk

Contact any member who you believe may be at risk to establish whether they understand the implications of their transfer and clarify any points in the checklist tables. You may also want to direct them to Pension Wise to discuss their retirement options.



4. Direct members to The Pensions Advisory Service

Ask members to call TPAS to discuss the implications of their transfer, including tax issues.



5. Raise the alarm

Alert Action Fraud if a member insists on proceeding with a transfer that you believe may be a scam.

Scheme transfer checklist

If a member is asking for a scheme transfer, you can use this checklist to find out more about the receiving scheme and how the member came to make the request. Answering **yes** to any of these questions individually does not necessarily indicate a pension scam, but if several features are present there may be cause for concern.

The nature/status of the scheme	
Is the scheme to which the member wants to transfer:	How to establish:
<ul style="list-style-type: none"> newly or not registered for tax purposes with HMRC, whether it is an occupational or personal scheme (including SIPPs)? 	<ul style="list-style-type: none"> check the scheme is registered with HMRC for tax purposes: ask the pension scheme in question for documentary evidence of their registration. You can also write to HMRC for confirmation
<ul style="list-style-type: none"> a personal pension (eg a SIPP) where the scheme operator is not authorised by the Financial Conduct Authority (FCA)? 	<ul style="list-style-type: none"> check the scheme operator is authorised with the FCA (www.fca.org.uk/register)
<ul style="list-style-type: none"> a recently set up small self-administered scheme (SSAS), where the member is a trustee? 	<ul style="list-style-type: none"> ask the member
<ul style="list-style-type: none"> sponsored by a newly registered employer? sponsored by a dormant employer? sponsored by an employer that is geographically distant from the member? 	<ul style="list-style-type: none"> obtain employer information from scheme in question check with Companies House for details of the employer status (www.companieshouse.gov.uk)
<ul style="list-style-type: none"> connected to an unregulated investment company? 	<ul style="list-style-type: none"> ask the receiving scheme for details of their investment service providers check these providers with the FCA (www.fca.org.uk/register)

Description/promotion of the scheme	
Do descriptions, promotional materials or adverts:	How to establish:
<ul style="list-style-type: none"> include the words 'loan', 'savings advance', 'cash incentive', 'bonus', 'loophole', 'preference shares', 'one-off investment opportunities', 'free pension reviews' or 'government endorsement'? allude to overseas investments? hint at unusual, creative or new investment techniques? 	<ul style="list-style-type: none"> ask the member for copies of promotional materials, emails or letters about the scheme ask the member about the way the receiving scheme has been described to them over email/text/phone

The scheme member	
Has the member:	How to establish
<ul style="list-style-type: none"> been contacted by an 'introducer'? been advised by a non-regulated adviser? taken no advice? decided to transfer after receiving cold calls, unsolicited emails or text messages, often from someone claiming to be from the government? 	<ul style="list-style-type: none"> ask the member about how he/she became aware of the receiving scheme check whether the advisers are approved by the FCA at www.fca.org.uk/register
<ul style="list-style-type: none"> pressured the trustees/administrators to carry out the transfer as quickly as possible? mentioned that your pension scheme has transferred funds to this arrangement before? 	<ul style="list-style-type: none"> check whether the member has contacted trustees/administrators to hurry along transfer since first submitting request
<ul style="list-style-type: none"> not received documentation from the new scheme? 	<ul style="list-style-type: none"> check whether the member has received documents
<ul style="list-style-type: none"> been told they can access their pension before age 55? been misled about the potential tax consequences? 	<ul style="list-style-type: none"> review promotional material for receiving scheme
<ul style="list-style-type: none"> been advised that there will be no contributions paid by themselves or the employer? 	<ul style="list-style-type: none"> ask what the member has been told about contributions

Trustees and administrators should take care to ensure that they have the exact name of the scheme correct – in some instances, dummy schemes have been set up with names that are almost identical to legitimate schemes.

Carrying out due diligence

If you have carried out proper due diligence and suspect that a receiving scheme may be involved in a scam you should make sure you communicate your suspicions to the member and record this communication, along with any decisions that they make.

The Pensions Regulator can't predetermine any future regulatory action it may take. However, where the transferring trustees or administrators can provide evidence for concerns that member funds may be at risk, this would be a factor to consider when deciding whether to take action in respect of the non-payment of a transfer.

The regulator can't waive a trustee's legal duty to carry out a transfer within the statutory deadline where the legislative requirements or requirements under the scheme rules are met, and expects the majority of transfer requests to be completed within this timeframe.

If the trustees of a transferring scheme need more time to carry out the due diligence steps in the code of good practice, and if they consider that they meet the criteria for an extension, they may apply for an extension to the normal six-month time period. Circumstances where an extension may be granted include when:

- the member has not taken all steps they need to take to carry out the transfer
- the trustees have not been provided with such information as they reasonably require properly to carry out what the member requires.

The application for the extension must be made within the six month time period. It should identify the grounds for the request for an extension, indicate the additional time required to effect the transfer and the reasons why the transfer can't be completed on time.

Where trustees suspect a pension scam they should consider making such an application as soon as due diligence raises concerns and they consider that the criteria to request an extension are met.

The Pensions Liberation Industry Group, which includes representative bodies from across the pensions industry, has published a code of good practice that sets out due diligence processes to combat pension scams. You'll find the code at www.combatingpensionscams.org.uk.

Approved financial advisers

The FCA regulates firms and individuals that provide financial advice. If someone claims to be a financial or pension adviser then members can check with the FCA to make sure they are authorised. It's important that members check this before they act on any pensions advice that they receive.

The FCA also regulates those responsible for operating SIPPs, personal- and contract-based stakeholder pension schemes. If you are concerned that a member of your scheme may have been targeted by a scam, then you can check whether the receiving pension provider is authorised by the FCA.

Visit www.fca.org.uk/register to perform these checks. If you have concerns about a firm or individual appearing on this register, contact firm.queries@fca.org.uk.

The Financial Services Compensation Scheme protects consumers who receive bad or negligent advice from a financial adviser who is authorised by the FCA. The FSCS can pay up to £50,000 per claim.

Tax-registered pension schemes

One of HMRC's functions is to protect the tax relief given to pension savings in registered pension schemes. Pension scams put this tax relief at risk.

HMRC has introduced checks on all applications to register a pension scheme and monitors activity throughout the life of a registered pension scheme. If HMRC does not believe a scheme is being set up as a genuine pension scheme, or does not believe the scheme administrator is a fit and proper person to undertake the role, it will not register that scheme. If a pension scheme has not complied with its pension tax obligations HMRC can impose sanctions on it which can include de-registering the scheme so that the scheme can no longer benefit from tax advantages.

If a scheme administrator has carried out due diligence checks on a transfer but still has concerns, they can request confirmation of the registration status of the receiving scheme from HMRC in writing to Pension Schemes Services, HMRC, FitzRoy House, Castle Meadow Road, Nottingham, NG2 1BD. **If the scheme isn't registered at all, you should not process the transfer.**

Information and guidance
on options when
approaching retirement:



www.pensionwise.gov.uk

Impartial information and
guidance on pensions:

The PENSIONS Advisory Service

0300 123 1047

www.pensionsadvisoryservice.org.uk

If you suspect a scam, call:

ActionFraud

National Fraud & Cyber Crime Reporting Centre

0300 123 2040

A cross-government initiative by:



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Information for trustees and
administrators

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