

Pension scams and online harms

Parliamentary Brief

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the
people's
pension



Pension scams: a growing problem

[Protecting People's Pensions: Understanding and Preventing Scams](#), published by the Police Foundation and The People's Pension in September 2020, called for urgent and decisive action to be taken by the police, Government, regulators and the pensions industry to stop scammers stealing people's life savings.

Although it is widely acknowledged that the true size of the problem is unknown, we commissioned YouGov [research](#) which indicated that as many as 240,610 people in the UK may have fallen victim to pension scammers. We calculated that the total could be as high as £14.6 billion, based on the average pot of £63,700.

Key findings from our report

- On average in a single year, victims lost £91k to pension scammers (some lost as much as £1m);
- From 13 pension providers alone, almost a thousand customers with combined savings of £54m were targeted by scammers in 2019;
- The situation may worsen as scammers exploit vulnerabilities from financial hardship caused by the coronavirus crisis.

Pension Schemes Act

Although Pensions Minister Guy Opperman has given welcome assurances that powers to override the right to transfer in cases of suspected scams will be included in the Pension Scheme Act's regulations, a loophole remains when it comes to online activity:

- The **cold calling ban**, which came into effect in 2019, prohibits cold calling in relation to pensions *except* where the recipient of the call consents to it, or has an existing relationship with the caller;
- Our scams report revealed that some pension company representatives described customers that had been "groomed" by scammers not to engage or

listen to advice from ceding companies, and were "insistent" on transferring their pensions with disastrous results;

- The FCA acknowledges that **online platforms**, including social media, are playing an increasingly significant role in promoting potentially harmful financial information to consumers, including promotions leading to pension scams. This online activity circumvents the cold calling ban, as it *does not* cover online activity.

We believe the law must be updated to keep pace with this fast moving digital environment.

Scope of Online Safety Bill

The proposed forthcoming Online Safety Bill, expected to be announced in the Queen's Speech, provides an opportunity to update the law in this respect, as it will create a new regulatory framework for online safety.

However, the Bill excludes both 'financial harms' and online advertising, creating a digital loophole for scammers to jump through, to the detriment of consumers. **We urge Government to include financial harms and online advertising in the scope of the Bill.**

Who we are

The People's Pension is a leading workplace pension scheme from the not-for-profit B&CE Group, with more than five million pension savers from over 98,000 employers and £13 billion assets under management.

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