



Dear Member

We are writing to you as you may be considering transferring your pension. In these times of financial uncertainty, we are asking you to be very careful. Since the coronavirus outbreak began, stock markets have fallen and are likely to go up and down for some time. However, your pension remains a safe, long-term investment for your retirement, and transferring it is a serious decision so please do not do anything in haste.

If anyone approaches you directly to offer transfer advice, be on your guard. The government has banned cold calling for pensions, so if anyone calls you out of the blue about yours, just hang up – it could be a scam. You can also visit the ScamSmart website at www.fca.org.uk/scamsmart to check the firm you are dealing with is regulated and to see whether what you're being offered is a known scam or has the signs of a scam.

There are two types of pension – defined benefit (DB) and defined contribution (DC). If you have a DB pension, the benefits you'll get in retirement (including how much you get paid each month) are specified – whereas with a DC pension, your benefits will depend on the performance of investments and the level of contributions made by you and your employer before your retirement.

Legislation gives you the right to 'transfer' your pension. However, whilst you have this right, in most cases, transferring out of a DB pension scheme into a different type of pension arrangement is unlikely to be in your best long-term interests as you'll be giving up a valuable level of predictability in your retirement income. You will also give up the protection that is offered by the Pension Protection Fund (PPF), in case your employer becomes insolvent.

The PPF has a duty to protect people with an eligible defined benefit pension when an employer becomes insolvent. So, if you are a member of an eligible DB scheme and your employer goes out of business and cannot afford to pay you the benefits due then the PPF will pay you compensation. This provides an important safety net if your scheme can't pay what was promised. More information on the PPF and the level of protection it gives to eligible DB schemes can be found at: <https://www.ppf.co.uk/who-we-are>

Please remember that you can't change your mind once you've transferred out of a DB pension.

It is therefore really important that you get guidance or advice before making a decision. The Pensions Advisory Service (TPAS) is part of the Money and Pensions Service and offers free specialist pensions guidance and will help answer any questions you may have. If your transfer value is more than £30,000, you are required by law to take advice from a suitably qualified financial adviser regulated by the Financial Conduct Authority (FCA), before you can transfer your benefits to a DC pension scheme.

Take your time to make all the checks you need – you can find suggested questions to ask your adviser on the FCA's website: <https://fca.org.uk/consumers/what-ask-adviser> with further information on pension transfers at <https://www.fca.org.uk/consumers/pension-transfer>

We hope that you are able to stay safe and well in these difficult times.

Yours sincerely



Nicola Parish
The Pensions Regulator



Megan Butler
Financial Conduct Authority



Alex Connolly
The Money and Pensions Service

Dear Sir or Madam,

Have you had your **free** appointment with Pension Wise?

Pension Wise is a free and impartial government service to help you understand what you can do with your pension money.

We offer telephone or face-to-face appointments with our highly-trained professionals.

You'll get:

- guidance on how to make the best use of your money
- information about tax when taking money from your pension
- tips on getting the best deal, including how to compare products, get financial advice and avoid scams

9 out of 10 people who have had a Pension Wise appointment would recommend it to friends and family, so book yours now. We're looking forward to hearing from you.

Yours faithfully,



Jamey Johnson
Deputy Director, Pension Wise



cut out and keep

Book your **free** appointment now

It's easy to book your appointment, simply call:

 **0800 280 8880**

Or for more information, visit www.pensionwise.gov.uk

Don't let a scammer enjoy your retirement



Find out how pension scams work, how to avoid them and what to do if you suspect a scam.



Scammers can be articulate and financially knowledgeable, with credible websites, testimonials and materials that are hard to distinguish from the real thing. Scammers design attractive offers to persuade you to transfer your pension pot to them or to release funds from it. It is then invested in unusual and high-risk investments like overseas property, renewable energy bonds, forestry, storage units, or simply stolen outright.

Scam tactics include:



- contact out of the blue



- promises of high / guaranteed returns



- free pension reviews



- access to your pension before age 55



- pressure to act quickly

If you suspect a scam, report it

- Report to the Financial Conduct Authority (FCA)
by contacting their Consumer Helpline on **0800 111 6768** or using the reporting form at www.fca.org.uk
- Report to Action Fraud
on **0300 123 2040** or at www.actionfraud.police.uk
- If you're in the middle of a transfer, **contact your provider immediately** and then get in touch with The Pensions Advisory Service (TPAS) at www.thepensionsadvisoryservice.org.uk

Four simple steps to protect yourself from pension scams

1

Reject unexpected offers

If you're contacted out of the blue about your pension, chances are it's high risk or a scam. Be wary of free pension review offers. A free offer out of the blue from a company you have not dealt with before is probably a scam. Fortunately, research shows that 95% of unexpected pension offers are rejected.*

2

Check who you're dealing with

Check the [Financial Services Register \(www.register.fca.org.uk\)](http://www.register.fca.org.uk) to make sure that anyone offering you advice or other financial services is FCA-authorised.

If you don't use an FCA-authorised firm, you also won't have access to the Financial Ombudsman Service or the Financial Services Compensation Scheme. So you're unlikely to get your money back if things go wrong. If the firm is on the FCA Register, you should call the Consumer Helpline on 0800 111 6768 to check the firm is permitted to give pension advice.

Beware of fraudsters pretending to be from a firm authorised by the FCA, as it could be what we call a 'clone firm'. Use the contact details provided on the FCA Register, not the details they give you.

3

Don't be rushed or pressured

Take your time to make all the checks you need – even if this means turning down an 'amazing deal'. Be wary of promised returns that sound too good to be true and don't be rushed or pressured into making a decision.

4

Get impartial information and advice

The [Pensions Advisory Service \(www.thepensionsadvisoryservice.org.uk\)](http://www.thepensionsadvisoryservice.org.uk) – Provides free independent and impartial information and guidance.

[Pension Wise \(www.pensionwise.gov.uk\)](http://www.pensionwise.gov.uk) – If you're over 50 and have a defined contribution (DC) pension, Pension Wise offers pre-booked appointments to talk through your retirement options.

Financial advisers – It's important you make the best decision for your own personal circumstances, so you should seriously consider using the services of a financial adviser. If you do opt for an adviser, be sure to use one that is regulated by the FCA and never take investment advice from the company that contacted you or an adviser they suggest, as this may be part of the scam.

Be ScamSmart with your pension. Check who you are dealing with.

Pension Scams

For many, pension savings can offer financial security throughout retirement and for the rest of their lives. For others, a pension can help support career choices, pay off debt and provide for those who mean the most. Pensions are one of the largest and most valuable assets that people have. Unfortunately, like anything valuable, pensions can become the target for fraudulent, inappropriate or scam related activities.

This spotlight will help you to **spot, stop** and **stay safe** from scammers.

The Pensions Advisory Service is here to provide information and guidance on all pension matters; we can't provide regulated financial advice or tell you what to do, but we can help you get the support you need.



How to **SPOT** and **STOP** a pension scam

It's good to remember that pension scams can take many forms and usually appear to be a legitimate investment opportunity. But pension scammers are clever and know all the tricks to get you to hand over your savings. However, these tell-tale signs can help you to stop a pension scam in its tracks:

1. Contacted out of the blue? This can be over the phone, email, text, and letter or even on your doorstep - **Ignore this contact!** The government banned cold calling in relation to pensions with effect from 9 January 2019 – report them to the [Information Commissioner's Office \(ICO\)](#).
2. Offers or mentions of 'one-off investments', time bound offers, upfront cash incentives, 'free pension reviews', 'legal loopholes' or 'government initiatives' – **are more often than not, pension scam warning signs!**
3. Recommendations of transferring your money into a single overseas investment, with guaranteed returns of 6- 8% or higher – **remember investments can go up as well as down, if it sounds too good to be true it probably is!**
4. The promise to get you access to your pension before the age of 55 - **This is only allowed in very specific circumstances e.g. ill health.**
5. Visits from a courier or personal representative to pressure you to sign paperwork and speed up your transfer – **NEVER be rushed into a decision.**
6. There may be an authentic looking website and marketing material, but these can be cloned from real organisations. They can also claim to be from a legitimate organisations like ours, the Pension Service or Pension Wise – **we will never contact you without your permission first.**
7. There will be little or nothing in the way of contact names, addresses or phone numbers, but there may also be lots of people or firms involved- **the more is not merrier in this case!**

How to **STAY SAFE** from pension scams

If you transfer your pension savings into a scam, you run the very real risk of losing a significant part, if not all of your pension savings, as well as facing high commission or arrangement fees and [HMRC tax charges](#). But, there are a number of things you can do to help avoid scammers, protecting your pension and stay safe from scams:

- **Take your time** - Never be rushed into making a decision, scammers sometimes say offers are time-limited and will send a courier to pick up paperwork. It's your pension; you need to fully understand what you are being asked to do before making a decision.
- **Check who you're dealing with:**
 - **Are they FCA regulated?** – Before proceeding on any pension transfer make sure that the person or firm you are dealing with are regulated by the Financial Conduct Authority (FCA) and are authorised to provide pension advice. You can check whether your adviser is regulated through their dedicated [FCA Register](#).
 - **What's the scheme's HMRC status?** - Ask the scheme you are transferring from to check the schemes HMRC registration status, to make sure that it is real and authorised.
 - **Is the adviser or firm's reputation good?** Have there been complaints about the adviser, firm or investment? Do a thorough internet search. Also check on forums and social media for mentions and personal experiences.
 - **Where are they located and how easy is it to contact them?** Is their address a PO Box or a serviced office? Are they contactable about their registered office; is this a dedicated landline or just a random mobile number?
- **Ask, ask and ask again!** – Ask for a statement showing how your pension will be paid on retirement and ask who will look after your money till then. Also make sure you have copies of member documentation before you decide to transfer.
- **Listen to pension provider due diligence** – Scammers might warn that your current pension provider will try and stop you transferring out, under the sham that they just want to keep your money. This is not the case, your provider will have to do some very thorough due diligence checks on the scheme you're planning to transfer to. If they suspect a scam they have an obligation to protect your funds.
- **Are you comfortable with the risk?** – Investing your entire pension into one single investment could be very high risk, as investments go up as well as down. In fact, in the worst case scenario, you could lose all of your money. Minimising such risks, can often be achieved through a diverse investment portfolio. Having several investments among various investment categories, means you're able to reduce risks and protect your long term goals. If you're not comfortable with the level risk being suggested, you should carefully consider whether it is right for you.
- **Seek out an independent and impartial view** – You should check with our service first before proceeding with any offer that sounds too good to be true, **0800 011 3797 (Monday – Friday 9-5)**. We can help identify any scam activity, provide you with clear next steps and talk through any legitimate pension and retirement options you have.
 - You can also use our dedicated [pension scam online tool](#) than can help you identify a scam and give you a course of action depending on your circumstances and answers.

What to do if you think you're being or have been scammed

Depending on what stage of a scam you think you might be in there are different actions you might need to take. We have outlined two different scenarios below to help guide you through this process:

If you think you might have already been targeted and you've agreed to transfer your pension, you should do the following as soon as you're able:

STEP 1. Contact your pension provider immediately-

They may be able to stop the transfer if it has not already gone through.

STEP 2. Contact [Action Fraud](#) 0300 123 2040 and report the scam –

Action Fraud will collect the information and issue you with a police crime reference number. Reporting your experience to action fraud may provide vital intelligence that prevents others from falling victim. Their work is often behind the scenes with other crime agencies. You can see the status and update details of your case through their online crime report system.

If your money has been transferred and you're unable to contact the organisation or find out where your money is, or haven't received any notifications for some time, it's likely that it's a scam and your funds have been lost. You should:

STEP 1. Contact [Action Fraud](#) 0300 123 2040 and report it –

Action Fraud will collect the information and issue you with a police crime reference number. Reporting your experience to action fraud may provide vital intelligence that prevents others from falling victim. Their work is often behind the scenes with other crime agencies. You can see the status and update details of your case through their online crime report system.

STEP 2. Think about your financial position -

If you're a victim of a pension scam you may be struggling with a range of financial or personal issues during this time. You may need help with the pension options available to you going forward. Unfortunately, it is unlikely that we can put you back into the financial position you were in before. However, it might be helpful to discuss the situation with a Technical Specialist from our team and to consider next steps.

In addition to talking to you about your situation, we may suggest you access our appointment service, which can take you through some of the things you might want to consider when looking at rebuilding your savings. Please [contact us](#) (details on how to get in touch can be found on the last page of this document) direct if you feel that this is relevant to you.

STEP 3. Be aware of secondary scamming -

If you're a victim of a pension scam, you should also be aware of further unsolicited contact that offers to help recover your funds for a charge. Secondary scamming is common and can lead you to lose even more money. You should be very aware, that if you're pension has been lost to scammers the likelihood of recovering funds are very unlikely.

About Us

The Pensions Advisory Service (TPAS) works to make pensions accessible and understandable for everyone. We provide independent and impartial information and guidance about pensions, free of charge, to members of the public.

We help with all pension matters covering workplace, personal and stakeholder schemes and also the State Pension. We answer general questions, help with specific queries and offer guidance for people with complaints about their private pension scheme.

The Pensions Advisory Service is provided by



**Money &
Pensions
Service**

Contacting us



Pensions Helpline

(Monday-Friday 9am-5pm)

0800 011 3797



Online enquiry form

www.pensionsadvisoryservice.org.uk/online-enquiry



Web chat live

(Monday-Friday 9am-6pm
open late Tuesdays 7pm-9pm)

www.pensionsadvisoryservice.org.uk



Write to us

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