

Protecting members from scams

March 2021

2020 brought a strengthened focus on pension scams, with the Pensions Regulator, the Pensions Advisory Service (TPAS - soon to be MoneyHelper) and the Financial Conduct Authority (FCA) joining forces to highlight the increased risk of scams during the Covid-19 pandemic.

This culminated in the Pensions Regulator launching an initiative asking pension administrators and others to sign up to their Scams Pledge to help protect members from pension scams.

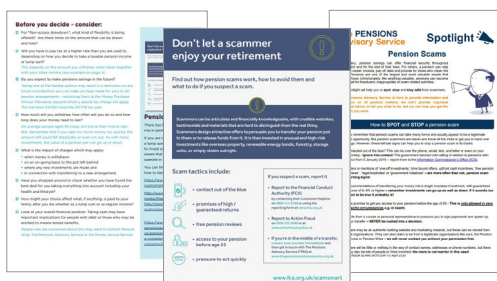
LCP is pleased to say that as part of our ongoing commitment to protecting members and helping prevent pension scams, we not only signed up to the pledge, but also self-certified that we follow its principles as well as the Code of Practice issued by the Pension Scams Industry Group (PSIG).

This isn't new though, as our Pensions Administration team has for many years had robust procedures and communications in place to help keep members' benefits safe from fraudsters.

Member communications



- **We include regular warnings**
In our transfer packs, benefit statements, regular communications and member websites we include warnings about scams such as the Pensions Regulator's leaflet, and suggest members visit <https://www.fca.org.uk/scamsmart>.
- **We always send communications to members**
Regardless of who initiates the request, we always send transfer packs directly to the member. That way we can be certain that all the scam warnings get to the member.
- **We explain the need to take independent advice**
We also explain that normally members will need to take independent advice before a transfer can proceed. But we also remind them that TPAS offers a free service they can use to discuss their options whether it's about taking a transfer or retirement benefits.



Transfer procedures



- **We refer 'red flag' cases to our specialist Scams Group**
Most transfers don't give cause for concern - many are made to well-known receiving arrangements such as insurance companies. Other cases that may need a closer look are referred to our specialist Scams Group. The Group will identify and investigate any red flags and, where needed, contact the member. In many cases further investigation provides reassurance about receiving arrangements. If anything out of the ordinary remains after investigation, we contact the trustees before taking any further action.
- **We check that the member's adviser has the appropriate specific FCA authorisation**
In particular that they are authorised to advise on pension transfers.
- **We ask members to complete a short questionnaire**
Building on our existing process, we also introduced a short member questionnaire for all transfer requests. This comprises 10 simple yes/no questions, with the option to include additional information, to help get a feel for whether the member has been cold-called, if they are under undue pressure to complete the transfer, whether they have been given full information of costs and investments and so on. This has further streamlined the process and helped identify any red flags early on in the transfer process.

The Pensions Regulator's Scams Pledge

As a minimum, the Pledge expects 6 steps:

1. Regularly warning members about pension scams
2. Encouraging members asking for cash drawdown to get guidance from the Pensions Advisory Service (TPAS)
3. Getting to know the warning signs of a scam (including completing the new Trustee Toolkit module, which has been done by all members of LCP's specialist pension scams group)
4. Taking appropriate due diligence measures by carrying out checks on pension transfers and documenting pension transfer procedures
5. Warning members if they insist on high-risk transfers being paid
6. Reporting concerns about scams to the authorities and communicate this to the member.

<https://www.thepensionsregulator.gov.uk/en/pension-scams/pledge-to-combat-pension-scams>

The Pensions Regulator invites those who have taken action to implement all six steps to self-certify that they meet the principles of the pledge and use best practice in helping to combat scams.

Going beyond self-certification

The Pensions Regulator has urged those in the industry to not just sign up to the Pledge and self-certify that its requirements are met, but to go beyond this in the work they do to help combat pension scams.

The industry-wide Pension Scams Industry Group (PSIG) launched a Code of Good Practice in 2015, issuing the second version in 2019. While following the Code is voluntary, those who do should make sure their transfer processes remain in line with the Code. The Pensions Regulator has now urged pension administrators to follow the Code, as part of the Pledge to combat scams

LCP has been following the Code of Good Practice for some years. The Code is reviewed from time to time and updated to reflect regulatory and legislative changes, as well as the evolving nature of pension scams. Whenever the Code of Good Practice is updated, we carry out a detailed analysis to ensure that our procedures and communications are aligned to the latest version.

LCP is also proud to be a long-standing member of the Pension Scams Industry Forum and we attend their regular meetings to discuss and share the latest information, concerns and methods of combatting scams.

Want to know more?

If there's anything further you'd like to ask, please feel free to get in touch with your usual client contact or contact Daniel Jacobson, the lead of our Pension Scams Group (daniel.jacobson@lcp.uk.com).

