



Are you scam smart?

Helping Trustees and in-house administrators
to protect their members from pension scams

Combating pension scams

In 2015, XPS Pensions Group launched our Pension Scams Identification Service. This was as a direct response to concerns from our clients about the increasing prevalence of pension scams.

The service is run by our Member Engagement Hub – a team of truly member-focused experts – and is built upon guidance set out in the Code of Good Practice on combating pension scams. One of the key principles of the Code is that:

Trustees, providers and administrators should have robust, but proportionate, processes for assessing whether a receiving scheme may be operating as part of a pension scam, and for responding to that risk.

Spotting the tell-tale signs of scams

1

The critical first step in preventing a scam is to gather (and then analyse) information from the member with a view to identifying any 'red flags' which may be a sign of a scam.

The most typical red flags we see are:

Fees to the receiving scheme are unknown

Member has limited understanding of the receiving scheme

IFA is not authorised to provide transfer advice

High fees are being paid to the IFA or member is unaware of the fees

Member is unaware of the IFA who signed their paperwork

Member was cold called

2

At the second step the trustees must decide whether to proceed with the transfer or undertake further due diligence.

Unless the first step is completed robustly, it is impossible for trustees to make this decision with confidence.

Blocking the scammers

The default position for step one is to send the member a paper form to complete. This does weed out some situations where members are at risk of being scammed. However, it also suffers from some drawbacks. The key drawback is that many members who are being scammed will forward these forms straight to the scammers to complete on their behalf.

Our approach is to speak with the member over the telephone, as is now recommended in the Code. This increases the chances that the information provided is robust and that any suspicious activity is identified. It is an additional layer of protection for members and can be bolted onto any existing administration service.

How it works



Implementing the service

This is a low cost, standalone service which supports existing processes and provides an extra layer of protection for members. It can be overlaid onto any existing administration system, be it in-house or with a third-party provider.



Margaret Snowden
OBE
Chair of PSIG

On average, members lose £91,000 of their pension savings through scams which can have a devastating impact on their later life. XPS was the only employee benefit consultancy to contribute to our 2018 scam activity survey and we are very grateful to them for sharing their experience with us, their anti-scam service and depth of research is at the forefront of the industry.

XPS' specialist Member Engagement Hub is dedicated to helping schemes locate, protect and communicate with members. Services include:

- **Tracing, existence verification and mortality screening;**
- **Identifying** spouse data;
- **Scam prevention** support;
- **Trivial commutation** exercises; and
- **Managing** member option projects.

4,000

Members protected

£860m

Transfers protected

200+

Schemes protected

For further information, please get in touch with **Colin Miller, Jackie Warwick** or **Nicola Young** or speak to your usual XPS Pensions contact.



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Award winning



RATED TOP
for the fifth time in six years



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