



# Are you combating scams?

Helping Trustees and administrators to protect  
their members from pension scams

# Combating pension scams

In 2015, XPS Pensions Group launched our Scam Protection 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 Pension Scams Industry Group (PSIG) 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.**

Our Scam Protection Service also enables trustees to meet the due diligence requirements of The Pension Regulator's pledge.

## 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

No upfront fee being paid to IFA

2

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

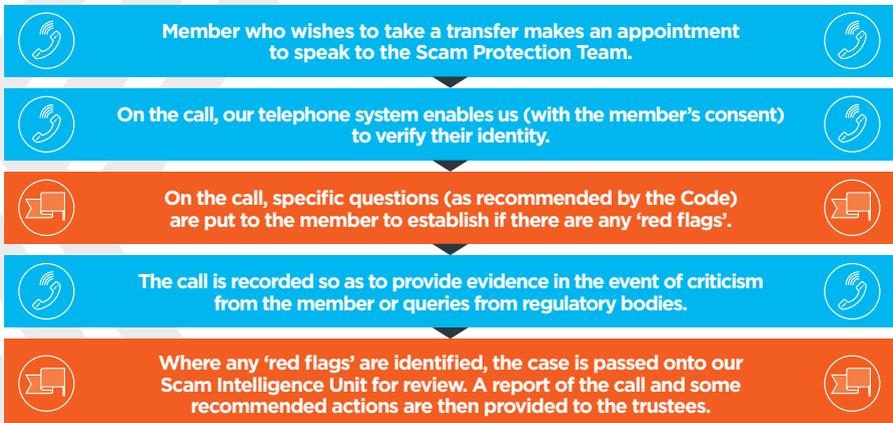
Unless the first step is completed robustly, it is impossible for trustees to make this decision with confidence.

# 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 and TPRs pledge. 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 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.

**4,600**

**Members protected**

**£1.1bn**

**Transfers protected**

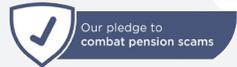
**250+**

**Schemes protected**



XPS was awarded **Technology Services of the Year** at the 2020 Pensions Expert awards for the impact our tech-driven solutions.

The Pension Regulator's pledge initiative empowers trustees to commit to a step change in making members aware of scam risks. XPS believe the only way to minimise the opportunities for scammers is for trustees to communicate directly with transferring members and the pledge recognises this. XPS are proud to have signed up to the pledge.



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



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## Award winning



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