

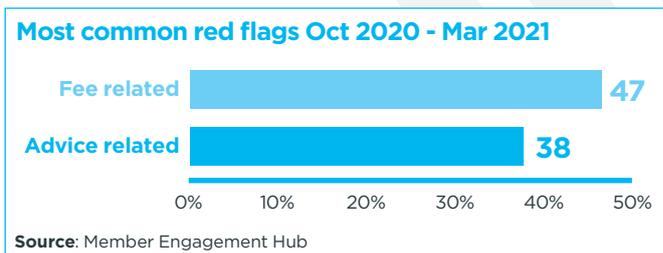
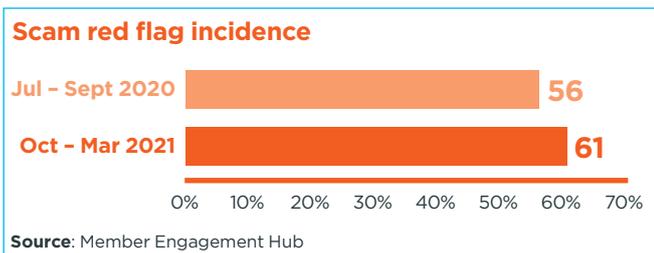
Protecting members against pension scams

There continues to be industry focus on protecting members from pension scams. The Pensions Regulator recently made a call for trustees and the industry to pledge to do all they can to protect members. The pledge initiative includes clear guidance around appropriate due diligence and what best practice looks like for trustees and administrators, helping them to take appropriate action to safeguard and inform their members.

Scam red flags experience

We are continuing to see an increase in the number of red flags identified by our Scam Protection Service. Over the six months to March 2021, we saw scam red flags in over 60% of transfers covered by the service.

Members lack of understanding of the fees involved continues to be an issue, which could indicate members are transferring to arrangements that could be detrimental to their retirement outcomes.



XPS Scam Protection in Numbers

5 years' **5,100**

Experience

Cases

£1.2bn

Of transfers

1,600

Cases with red flags

£345m

Of pension transfers
protected



Award winning

Our service won **Technology Services of the Year** at the 2020 **Pensions Expert awards** for 'the impact its tech-driven solutions have had on the fight against pension scams.'

Figures as of March 2021



About us

Since 2015 we have spoken to over **5,100 members** about their pension transfers. Each member story is individual and has allowed us to build up experience in identifying and responding to the trends in pension scams. It has also allowed us help many trustees to take steps to protect members. A couple of such examples are set out below.

Mr A



Mr A's transfer paperwork appeared legitimate.

Our **Scam Protection Service** identified two red flags and on subsequent investigation found out the adviser involved in the case was not authorised, other individuals involved had previously been arrested and the lead adviser was under police investigation.

After the trustees provided Mr A with this information, he decided not to transfer saving his pension pot and **preventing a 55% tax charge on top.**



55%

Tax charge saving

Mrs B



Mrs B lived overseas and was approached at her place of work by someone who encouraged her to transfer her pension.

Again the paperwork appeared legitimate. However several red flags were identified by our **Scam Protection Service**. The subsequent investigation found that the IFA who appeared on the FCA register was in fact working with unregulated introducers and cold callers overseas. The IFA firm was then reported and had their permissions removed.

Once this was discussed with Mrs B she decided not to transfer, again saving her pension pot and **preventing a 55% tax charge.**



55%

Tax charge saving

About XPS Scam Protection Service

The default position for attempting to identify scams is often 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. 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. The service:

- **Is built** on (and has contributed to) the Combating Pension Scams Code of Good Practice, published by the Pension Scams Industry Group (PSIG).
- **Enables** trustees to meet the due diligence requirements of The Pension Regulator's pledge.
- **Identifies whether** one or more of 45 possible scam red flags exist for each pension transfer.
- **Identifies red flags** that may not be discovered through use of paperwork alone.
- **The service supports trustees** (where required) to undertake necessary follow on investigation and action, including engagement with the member.

For further information

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