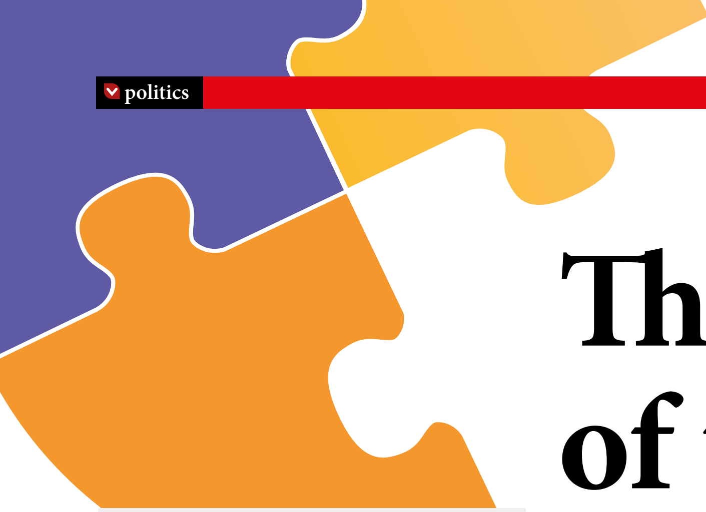

The final piece of the puzzle?

Summary

• The government has confirmed plans to expand the Online Safety Bill to include paid-for advertising, after over a year of campaigning, although key details are still awaited.

• Pension scams remain a concern despite the changes, with scammers expected to evolve, prompting calls for a more holistic approach to digital scam issues.

• The Online Advertising Programme could present an opportunity to take a broader scope, although experts remain doubtful over the effectiveness of self-regulation.

Following the industry victory to include paid-for advertising in the Online Safety Bill, Sophie Smith considers what this will mean for savers and the work that is still needed to protect members from bad actors in an increasingly digital world

After growing industry, political and regulatory pressure, the government recently confirmed plans to extend the Online Safety Bill (OSB) to include paid-for advertising just over a week before introducing the bill to parliament.

Calls for change in this area have been growing for some time, with household names including Martin Lewis, Dawn French, Sir Richard Branson and Rob Brydon calling on the Prime Minister to 'urgently' extend the bill, alongside similar calls from The Treasury, the Work and Pensions Committee, and the Joint OSB Committee.

The Financial Conduct Authority (FCA) also called for legislative change, with similar messages shared by the City of London Police, the Personal Investment Management and Financial Advice Association (PIMFA), the Investment Association, Quilter, B&CE and countless more private companies and industry bodies.

Perhaps unsurprisingly, the extension of the bill has therefore been highlighted as a "huge moment for the safety of all internet users", with Joint OSB Committee chair, Damian Collins, suggesting that the UK is "leading the world with legislation to finally hold social media companies for the offences that take place on their platforms".

The changes have also been welcomed by the pensions industry and Pensions Minister, Guy Opperman.

Speaking to *Pensions Age,* Opperman, states: "I welcome the expansion of the OSB to include illicit online adverts on social media and search engines.

"This will help defend consumers from pensions scams that are increasingly driven by fake websites and advertising that entices people to engage with scammers online."

Falling into place

Adding to this, Pension Scams Industry Group (PSIG) chair, Margaret Snowdon, highlights the move as a "huge step forward", clarifying however, that the devil will be in the detail.

Indeed, Aviva UK financial crime director, Paul Pisano, says that, whilst the inclusion of paid-for adverts is "crucial" in offering greater protection to members, it will be important to review the draft legislation of the OSB in detail to ensure it lives up to the government's aim for the UK to be the safest country in the world online.

Association of British Insurers (ABI) chief fraud and financial crime officer, Mark Allen, also points out that whilst the change will help protect savers, it will, of course, take time to come to fruition.

"During the interim, the tech platforms must play a more proactive role," he suggests. "We understand that the Online Fraud Steering Group is working with a number of tech platforms to this end. It might, for example, result in the introduction of a tech sector charter that would comprise a series of sector commitments to strengthen resilience against online scams. The ABI would be supportive of such a charter, which would be overseen by the revamped Joint Fraud Taskforce and chaired by the Minister for Security."

Allen also argues that the legislation should be passed before the end of this parliamentary session to avoid any further delay, particularly as it comes at a time of sharp rises in the cost of living and increased financial stress, and "we know that fraudsters target and exploit people with low financial resilience".

A temporary fit?

Whilst the extension may be a victory

for savers, Snowdon emphasises that this "is not the end of pension scams", warning: "There are still many ways to get at people and their savings and as the population ages, more people come into the cross hairs of scammers. We therefore need to improve reporting and be better able to spot the bad actors."

"Scammers will always find a way. I would hate to think that everyone thinks 'job done' and stops paying attention to pension scams. A priority for government should be recognising and helping victims of scams and stop the deep-seated belief that financial victims only have themselves to blame."

These concerns are shared by Allen, who warns that the tactics used by scammers change rapidly, explaining that whilst these regulations empower various stakeholders to take stronger actions, it will still be important to encourage reporting of pension scams and improve intelligence exchange within the industry and public sector.

Agreeing, Transparency Task Force (TTF) founder, Andy Agathangelou, says that although momentum may slow down, sadly, there will always be more work to do, with one key priority now being to ensure that bad practitioners are unable to become repeat offenders.

In addition to this, Agathangelou argues that more joined-up thinking will be needed on an international basis, urging the UK government to lead non-UK jurisdictions to follow suit.

"Scammers will exploit every weakness in the defensive wall, so there needs to be comprehensive, joined up thinking, internationally," he explains. "The authorities need to operate strategically, and not just tactically."

This is a concern shared by the broader industry too, as The Investing and Saving Association (Tisa) head of technical policy and regulation, Lisa Laybourn, warns that the newly introduced elements of the bill are "not a silver bullet" and will need to be analysed to ensure any gaps that could be exploited by criminals are closed.

She continues: "Given the sophisticated techniques employed by scammers, there needs to be a commitment to keep this issue under review. Legislation needs to be flexible enough to easily adapt to a constantly changing scam activity.

"We are spending more and more time online, and the rapid evolution of the online advertising ecosystem means that a regulatory framework that is fit for purpose and agile enough to keep pace with a rapidly changing environment is urgently required."

Commenting in response to these concerns, however, Opperman says that he also wants media companies to "go further and be vicariously liable for the content on their platforms".

"Alongside our transfer regulations, which came into force in November, these measures will help crack down on fraudsters trying to trick people into moving their pension pots into scam accounts," he continues.

"As scammers' techniques evolve, so must our defences, which is why we continue to work with industry, regulators and law enforcement to enhance consumer defences and stop scammers in their tracks."

Allen also suggests that, amid the changes to the OSB, it would be timely to review the pension cold-calling ban launched in 2017 so it can better support other scam-prevention initiatives, with the ABI backing a more holistic approach that covers all forms of digital communication channels.

Adding more pieces

In an ever-more digital world, the importance of online safety is increasingly urgent, with industry experts warning that the lack of trust around online advertising and tools could jeopardise the uptake in digital tools, such as the pensions dashboards.

Whether or not advertising will be allowed on the dashboards is yet to be confirmed. However, Allen suggests that, to encourage engagement with pensions, it will be important to allow signposting of reliable advice and guidance services within the dashboard's ecosystem.

Given this, Allen explains that the potential shift of needs brought by dashboards means the regulator will need to develop a holistic approach towards the advice and guidance boundary and consider whether some signposting can be seen as advertising.

"As part of this," he says, "we expect dashboards will be subject to related FCA rules and the new online advertising initiatives to protect users from fraudulent content."

Snowdon also says that the treatment may depend on what is being advertised, stressing that whilst there may not be a place for adverts on the Money and Pensions Service (Maps) dashboard, commercial dashboards would need to be able to stand behind adverts they allow on their sites. "Advertising is not all bad," she clarifies, emphasising that this can be useful, but need to be "honest and transparent".

If the pensions industry wants to keep up, it will need to ensure that pension savers are properly protected, as Snowdon stresses that pension savings are not just a nice to have, but an essential.

"It is nothing short of tragedy when people lose what they have built up because of the current power of search engines and social media," she adds, warning that many more people will have lost their savings to bogus advisers, investments and cloned firms amid the delays already seen in introducing greater protections.

And whilst Agathangelou acknowledges that the changes to the Online Safety Bill may be a case of "better very late than never", this is clearly an area that will need ongoing care and consideration to ensure protections evolve at a pace with the scammers.

Written by Sophie Smith

Creating a supportive frame

Alongside the changes to the Online Safety Bill, the government has launched its long-awaited consultation on the Online Advertising Programme (OAP), which intends to complement its work to establish a pro-competition regime for digital markets, with "significant interactions" expected between the programme and the bill.

Under the programme, harmful or misleading adverts, such as those promoting negative body images, and adverts for illegal activities such as weapons sales, could be subject to tougher rules and sanctions. Influencers failing to declare they are being paid to promote products on social media could also be subject to stronger penalties.

Aviva UK financial crime director, Paul Pisano, suggests that this will lead to relevant online platforms taking a more active and stringent approach to vetting advertisers and 'raising the bar' for those seeking to abuse such advertising methods.

"It should also ensure relevant regulatory powers cover online advertising more effectively as is already the case with traditional offline advertising," he continues. "This should mean better engagement from online platforms in tackling the issue head-on."

TTF founder, Andy Agathangelou, however, argues that transparency will be key to the success of the OAP, suggesting that it should share regular or quarterly updates on the programme and any cases/organisations found to be falling foul of the legislation.

More broadly, Agathangelou argues that the strength of the response on this issue must be "firm, robust and tenacious", stating: "The UK's stance on tackling all kinds of financial malpractice, malfeasance, misconduct, mis-selling, scamming, fraud, economic and financial crime is woeful. Our lack of activity in this space has created a situation where the crooks are so confident that they will not get investigated and prosecuted that it's 'open season for scammers.'"

The consultation considers a number of regulatory options, ranging from a continuation of the self-regulatory framework through to full statutory regulation, which would involve appointing a statutory regulator with "tough enforcement powers".

The latter perhaps seems more likely, however, as Pisano also notes that the evidence to date suggests self-regulation might not be the most effective approach, with online platforms only taking action to begin verifying financial services advertisers after significant pressure from the Financial Conduct Authority (FCA) and wider industry.

"Greater regulation is key to compelling online platforms to address this issue," he continues, arguing that a statutory regulatory seems like a "clearer way forward in compelling online platforms to adhere to minimum standards that the regulator can determine and enforce".

This sentiment is echoed by PSIG chair, Margaret Snowdon, who stresses that there are already many self-regulatory measures and good practice standards that have not succeeded.

"Statutory regulation is needed, but it needs to be bold and it needs to look beyond the advertiser to the designers and the platforms," she adds. "It needs to have real teeth and a will to engage."

One 'priority need' highlighted by Snowdon, for instance, is the proper vetting and verification of those who place adverts, which she says could be done through a modified blue tick scheme.

"I also believe that host platforms should be accountable for consumer losses – whether through a compensation scheme or a levy remains to be seen," she adds.