



Combining forces

Summary

- Collaborative cross-industry initiatives developed during the past decade to fight pension scams include the Pension Scams Industry Group (PSIG) and the Pension Scams Action Group (PSAG – formerly called Project Bloom).
- PSIG’s work includes recent publication an Interim Practitioner’s Guide, prior to a new Code of Good Practice that will follow the next set of new regulations to be issued by DWP. It is also planning to lead development of a scams intelligence database to help the pensions industry share intelligence more quickly and easily.
- PSAG members’ work to defeat scammers includes intelligence sharing, TPR’s Pledge campaign and the FCA’s ScamSmart awareness campaign and resources.
- Effective industry collaboration is clearly vital as scammers continue to develop new ways to defraud pension scheme members and savers.

▶ In the latest *Pensions Age* focus on scams, David Adams looks at the extent and effectiveness of collaborative efforts, both within and beyond the pensions industry, to take the fight to the scammers

The headline figures for pension scams are grim, but it’s the victims who lose some or all their pension benefits who really matter. Recent research from the Money and Pensions Service (Maps) found that “the emotional and physical cost of being scammed, alongside the financial cost, is significant” and may cause “poorer health, loss of confidence, and breakdown in relationships,” according to Maps senior policy manager, Jackie Spencer.

The pensions industry is well aware of its duty of care to pension savers and of the need for schemes and pension providers to work together and alongside

scheme sponsors, regulators and other policymakers in the fight against the scammers. Collaborative initiatives developed during the past decade include the Pension Scams Industry Group (PSIG) and the Pension Scams Action Group (PSAG – formerly known as Project Bloom), which is led by The Pensions Regulator (TPR).

“Industry groups such as PSAG and PSIG are working to coordinate and target efforts to combat scams and fraud ... addressing systemic issues to make it easier for consumers to understand, avoid and report scams to the appropriate place,” says Spencer.

She highlights the need for “dynamic”

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monthly meeting of industry figures that focuses on pension scams threats and trends.

At present it is seeking to help shape new regulations being introduced by the DWP that will allow pension trustees and providers to block transfers and/or refer consumers to guidance in cases where they identify scamming risks. In March 2023, PSIG published an *Interim Practitioner’s Guide* in anticipation of the proposed regulations. Its view – based on the collective view of members across the pensions industry – was that the proposed regulations did not reflect the original policy intent and would stop too many legitimate transfers, while loading new risks onto trustees and providers.

The interim guide is designed to offer practical help while the DWP reviews and amends the draft regulations. It contains guidance on topics linked to due diligence for transfers, including use of ‘clean lists’ of pension arrangements known to be unconnected to scammers, as well as member communications and data protection.

PSIG chair and PASA president, Margaret Snowden, describes the process by which PSIG updates its *Code of Good Practice* as “a perfect example of cross-industry collaboration”. Its other activities at present include working with various parts of government involved in fighting other types of scams and fraud; and trying to encourage the Treasury Select Committee to launch an enquiry into pension scams.

It also intends to lead development

of a scams intelligence database to help the pensions industry share intelligence more quickly and easily. It has taken legal advice on the best way to structure such a service in order to mitigate legal risks linked to data protection and defamation claims through classification of the database as an arm of law enforcement. “That will cost a lot of money, so it depends on the industry backing us, financially,” says Snowden. “But I see huge industry support for everything that we do.”

PSAG: Regulators and government supporting the industry

PSIG is also a core member of the Pension Scams Action Group (PSAG), alongside TPR, the DWP, the Treasury, the FCA, Maps and the National Economic Crime Centre. Key PSAG objectives include raising public awareness of scams, intelligence sharing to inform policymaking and support enforcement, promotion of good practice; and victim support.

Success in protecting savers from scammers “relies on effective collaboration between the pensions industry, government and other authorities,” says a spokesperson for TPR and PSAG. “We are currently enhancing PSAG’s multi-agency capability to bolster the sharing of intelligence and co-ordinate our efforts effectively ... This will involve developing greater access to a wider network of law enforcement agencies and regulators, creating opportunities for closer partnership working.”

In 2022 PSAG and the National Fraud Intelligence Bureau (NFIB) published a joint threat assessment on emerging scam risks, highlighting a growth in the use of brand impersonation and ‘cloned’ company websites; and measures scammers were using to get around the 2019 ban on pensions cold calling. The regulator’s spokesperson says PSAG is also exploring “creation of a dedicated PSAG scams hub to co-ordinate

preventative action in response to evolving threats; and for the industry and pension schemes “to use clear language on scams and provide information on what to look out for ... how to report it and how to claim compensation. Industry and schemes should gather and review information about scams, then share it with consumers, schemes and regulators.”

PSIG: Promoting good practice and information sharing within the industry

PSIG has been working along these lines since its foundation in 2014. It published its first *Code of Good Practice* for the industry in 2015, with protection for consumers, particularly around pension transfers, at the heart of its work. Its advisory board includes legal firms, pensions companies, the Pensions and Lifetime Savings Association (PLSA) and the Pensions Administration Standards Association (PASA). PSIG also runs the Pension Scams Industry Forum, a

intelligence and direct fraud disruption and prevention activity”.

TPR claims that its own Pledge campaign, launched in 2020, for which pension schemes pledge to combat scams – a form of arms-length cross-industry collaboration – has made significant progress. By May 2023 more than 600 schemes had made the pledge and 324 had completed self-certification to demonstrate the extent of their work to this end.

“Trustees and administrators have a vital part to play by reporting any suspicions about pensions scams, however small, to the authorities,” says the regulator’s spokesperson. “These reports provide TPR and our PSAG partners with the vital intelligence we need to fight fraud and criminality.”

The need to persevere

These initiatives complement anti-scammer initiatives run by other PSAG members, such as the FCA’s ScamSmart public awareness campaign and online resources. A spokesperson for the FCA also stresses the value of collaboration. “We are also seeking to enhance the working relationship between not just ourselves and other regulatory partners,

but to continue to collaborate with the wider regulatory family and consumer organisations like PensionWise.” In addition, the Wider Implications Framework helps the FCA, TPR and Maps to work with the Financial Ombudsman Service and the Financial Services Compensation Scheme (FSCS) on issues linked to fraud and scams.

PLSA deputy director of policy, Joe Dabrowski, believes the various cross-industry collaborations listed above have had some positive effects, but he is concerned these collective efforts may have lost momentum in recent months. “Maybe we’ve seen a slight slowdown in activity from the FCA and others,” Dabrowski suggests. “They’ve obviously got other things on their plate, but it’s important they don’t take their foot off the pedal.” He is also worried about the emergence of new risks – perhaps in relation to the introduction of the pensions dashboards, for example.

For Snowdon, the next important milestone will be the completion of the DWP’s review of its new regulations. She and many others in the industry think it is vital that the regulator finds the right balance between freedom and safety when seeking to protect consumers

looking to transfer pensions.

But overall, she wants to see a greater contribution from regulators and government to the fight against scammers. “It feels like we have lots of industry collaboration, the industry wants this to be tackled, but what we’re missing is collaboration from some of the authorities,” she says. “TPR and the DWP are committed to stopping scams, but it takes a long time to get agreement through regulation and law.

“Industry collaboration is excellent – everybody wants to stop scammers. But it’s not just down to the industry: we do need help from government, regulators and law enforcement to do this.”

The regulator’s spokesperson asserts that regulators and the industry “are making important strides in the fight against scammers, but we acknowledge there is more that can, and must, be done”.

That is unarguable: The scammers will not be scaling back their nefarious activities, so the industry’s efforts to defeat them, building on the collective work of the past decade, must also be relentless.

Written by David Adams, a freelance journalist

