

# Will a ban on cold calling make any real difference to the scam industry?

Submitted by: Key Loans & Mortgages Limited t/a KIS Finance

Thursday, 11 May 2023

---

About this article

- About the ban on pension calling being expanded to all financial services
- Fraud accounts for 40% of all crime in the UK
- With most scams originating from overseas, why we are so powerless to stop them – some new ideas
- Why scammers are so convincing and how the UK setting up foreign call centres in the past helped to train the scammers who are causing so many problems today – some new thoughts
- Why this is a growing problem so unlikely to go away – some new ideas
- What can we do to fight scammers – includes some new ideas
- How to avoid being scammed

-----

The level of financial scams in the UK has now reached such a level that the Government is planning to extend the current ban on cold calling, in relation to pensions, to cover all financial products, as a further step to try to protect the public.

In 2019 the ban was introduced on pension cold calling, in a bid to eliminate the devastating impact on lives caused by pension scams, which saw people cheated out of their life's savings. Action Fraud found that the average victim of pension fraud lost a staggering £75,000.

Despite efforts to improve public awareness of scams, fraud still accounts for around 40% of all crime in the UK, with the cost estimated to be in the region of £7bn a year. As a key source of funding for organised crime, the importance of stopping financial scams has never been greater. KIS Finance (<https://www.kisbridgingloans.co.uk/>) has looked into whether the new legislation will make any real difference or whether the scam industry has become too imbedded to be defeated so easily.

## Rebuilding public confidence in the finance sector

The public's confidence in the finance sector is being undermined by the fear of falling victim to a

scam and it's for this reason that the Government is now looking to stop the scammers at source. By outlawing cold calling on all financial products, including insurance and cryptocurrency, the plan is to make it more difficult for scammers to contact their victims in the first place. Anyone receiving a cold call, in relation to any form of financial product, can be confident that the call is a scam and that they are not dealing with a legitimate finance company, as a legitimate company would not be making an illegal call.

Of course, scammers can sound very convincing but the advice to anyone receiving a cold call is to simply hang up and report the matter.

Why are scammers so convincing?

One of the biggest challenges to tackling scams is that many of those perpetrating these crimes are extremely convincing. This can in part be traced back to where a large part of the scam industry originates from in India.

The early 2000s saw a massive growth in overseas call centres for numerous banks, building societies and insurance companies, who invested heavily in technical and customer services training for the large teams they employed there. However, when the market shifted away from using overseas centres, the scammers moved in. With high unemployment and the associated poverty, the market was just right for scammers to exploit the skills that had been left behind.

With unemployment currently running at around 10% and over 37 million people looking for work in India, it's hardly surprising that scammers are able to recruit the numbers they need to operate on such a huge scale. With few job options for the young and educated, scammers have been able to build a strong base and very profitable industry, that they are unlikely to walk away from any time soon.

What other steps are being taken to tackle scammers?

Unfortunately, the more aware people have become of scams, the more sophisticated the scammers have become in their attempts to fool people into thinking that they are dealing with a legitimate company. The Government plan to work with Ofcom to try to clamp down on "spoofing", where scammers impersonate legitimate UK phone numbers to fool the recipient into believing that they are in contact with the genuine UK based company and not speaking to someone thousands of miles away where the UK police have no jurisdiction.

The proposals will also cover banning "SIM farms" which fraudsters use to simultaneously text thousands of recipients with scamming messages.

The new National Fraud Squad is being introduced to replace the current Action Fraud service, to try to

improve public confidence that the issue of scams is being dealt with effectively. This will involve the recruitment of 400 new specialists, whose goal will be to crack down on those committing the offences, as without the legitimate threat of action being taken there is currently little to deter the fraudsters. However, this is unlikely to have any impact on the large proportion of scams which originate abroad.

With 96% of crimes reported to Action Fraud being closed without a successful outcome, it is questionable whether the new National Fraud Squad will have any more success in deterring the scammers.

Will the new legislation make a difference?

Whilst the new measures may help, the key will be raising public awareness so that anyone contacted by phone or text will immediately know that the call is not legitimate. However, scammers have long relied on finding new ways to commit fraud and with 41 million adults in the UK targeted by suspicious calls and texts last summer alone, the risk is that they will still manage to exploit the vulnerable.

With a large part of the scam industry originating abroad and therefore outside of the jurisdiction of UK legislation, the question is whether the new legislation will actually do much to reduce the number of scam victims who fall prey to the ever-evolving scam sector.

Phoebe Griffiths (<https://www.kisbridgingloans.co.uk/author/phoebe-griffits/>), fraud expert at KIS Finance says:

“Raising public awareness is the key to defeating the scammers. Despite all the efforts to date, the problem still persists as people continue to fall for the scammers’ stories and lies.

If the Government wants the new legislation to really make a difference, they need to invest in a large scale public awareness campaign, to reinforce the message that if you receive a cold call in relation to your finances it’s a scam - no matter how convincing they sound!

It’s often the elderly who are prime targets for the scammers, so any information campaign needs to think about how this group receive their news. On-line information is not enough. Public information on TV and radio will be key to reaching this demographic and reinforcing the message that they should always hang up the phone if they receive this type of call.

Potentially trusted organisations, such as Age UK, could support an information campaign to help get the message out to the most vulnerable. Ironically, it could even be that a telemarketing campaign could be an effective way to reach those who would entertain a sales phone call.

If people are concerned about a call that they have received, they should ring their bank or the relevant body direct themselves, using the telephone number provided on their bank card or on other paperwork that they have received. Never call back on a number provided by the caller as this will all be part of the

scam.

Those with elderly or vulnerable relatives would do well to help protect them by reinforcing this message and advising their relative to speak to them if they are concerned over any calls that they have received.

It will only be by actively working to raise awareness and reducing their success rates, that we will be able to stamp out the scammers and stop them in their tracks ”

The key ways to avoid being scammed

Always hang up on cold calls

Genuine finance companies and bodies such as HMRC will never call you or text you out of the blue to either offer you a financial product or to discuss your personal financial situation. If you receive a call just hang up. If you receive an email or text don't respond as it is likely to be a scammer on the lookout for victims, so just ignore it. If you are worried that an email might legitimately be from your bank, then don't reply to the email, but go to their official website and message them from there.

Don't give out personal details

Never give out your personal details on the phone, even if the caller says they are from your bank or another business that you use. Hang up and call the bank / company back using the correct contact details from their website.

However, be wary of calling straight away from your own phone, as the fraudster might still be on the line and able to listen in on your call. Instead, use a different phone to ensure that your personal information stays safe.

If it seems too good to be true it's almost certainly a scam

If you are offered an amazing rate of return on an investment or a chance to invest in an unusual opportunity, then do your homework. If something looks too good to be true it's almost certainly a scam and designed to draw you in. Never part with your money without looking into things carefully and perhaps discuss it with a trusted friend or relative if you are in any doubt.

Take your time

If someone is pushing you to make a quick decision or is telling you the offer is only available for a

limited period of time, then be cautious. Legitimate companies won't pressurise you to make a decision.

Further guidance on fraud prevention and avoiding becoming a victim of scamming are available in the detailed guides on our website.

<https://www.kisbridgingloans.co.uk/guide-to-fraud-prevention/>

[ENDS]

full report at:

<https://www.kisbridgingloans.co.uk/guide-to-fraud-prevention/will-a-ban-on-cold-calling-make-any-real-difference-to-the-scam->

About KIS Finance:

KIS Finance are an independent finance broker specialising in bridging finance, development finance, commercial mortgages, equity release, and secured loans. Their team of advisors have considerable experience across multiple different areas of the finance sector, as well as insurance and compliance.

Contact details:

Sue Andrews  
sue@kisfinance.co.uk  
01884 669099