

5 tips to avoid soaring pension scams caused by COVID-19

Submitted by: BlueSky Public Relations Ltd

Thursday, 16 April 2020

Pension scams soared by 400% last month so Dr Anna Tilba from Durham University Business School (<https://www.dur.ac.uk/business/>) has outlined the five best ways to avoid being caught out.

“Coronavirus is creating favourable conditions for scammers who prey on the vulnerable people and take advantage of panic, uncertainty and financial strain,” she says.

For those thinking of transferring their pensions, her following tips are useful in the fight against financial fraud:

1. If the ‘opportunity’ comes out of the blue offering stable and very high investment returns it is probably a scam
2. Do not talk to cold callers who want to discuss pension plans either by phone, text, email or social media
3. Be extra vigilant if someone is offering a ‘free pensions advice’ or a ‘free pension review’ before the age of 55
4. Do not be rushed into making important pensions decisions – pressure selling is a big red flag for financial scams
5. Make sure your pensions advisors are regulated by the UK’s Financial Conduct Authority (visit FCA’s ScamSmart website <https://www.fca.org.uk/scamsmart> for more details)

The latest report from Action Fraud documents a 400% increase in scams relating to Coronavirus in March with total losses reaching £970,000. In addition to online shopping fraud, romance fraud, charity and lender fraud, some phishing emails contained investment schemes and pensions advice.

Fraudsters are pressuring people to transfer their entire pension savings into ‘safer’ financial options in order to protect from future economic depression, employer insolvency or to be able to access them earlier, Tilba warns. Scammers often charge extremely high transfer fees, leaving retirement prospects of victims in ruins.

The UK Pension Regulator has released a special Covid-19 Update for pension fund trustees. The update urges trustees to be more vigilant about pension scams.

The Pensions Regulator is also launching new guidance to help employers freeze their defined benefit obligations for three months to ease their financial burden in response to the economic fallout from Covid-19.

/ENDS

For more information or to speak with Dr Tilba, please contact Stephanie Mullins on smullins@bluesky-pr.com or call +44 (0)7983983988.