

# Too good to be true?

Understanding consumer experience of pension scams a year on from pension freedoms



**citizens  
advice**

## Executive Summary

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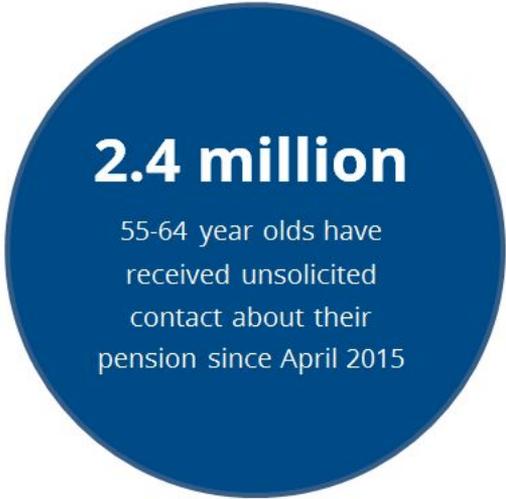
April 2015 saw the introduction of 'the biggest change in a century' to private pensions - known as pension freedoms.<sup>1</sup> These freedoms give consumers greater choice over how to access their pension savings by removing the effective requirement to buy a guaranteed income product.

As a charity that helps consumers to find the best solutions for their personal circumstances, Citizens Advice welcomes these new freedoms. However, we also recognise that flexibility could expose consumers to new scam risks. Our own data suggests that those eligible to use pension freedoms are more vulnerable: over 55s are 70% more likely than our overall client base to visit us for help with fraud and scams.<sup>2</sup>

In addition to significant financial losses for consumers, scams can pose a risk to wider confidence in the pension system. This can affect consumers' saving levels, investment choices, use of pension freedoms and use of financial guidance or advice.

This report adds to a body of evidence on pension scams developed by Citizens Advice since April 2015.<sup>3</sup> It focuses upon the developing nature of pension scams and whether consumers are equipped to identify them. We have four key findings:

- **Consumers are receiving high levels of unsolicited calls.** We calculate that 10.9 million consumers have received unsolicited contact about their pension since April 2015. This includes 2.4 million consumers aged 55-64, who are those most likely to be interested in pension freedoms.<sup>4</sup>
- **Many people are being offered pension reviews or advice.** This represents a focus shift from financial returns to other services. We found that 8.4 million consumers have been offered unsolicited pension advice or reviews in the last year. This poses a genuine risk of reducing confidence in legitimate financial advisers.
- **Most consumers are unable to spot scam warning signs.** Our research reveals an alarming lack of knowledge amongst consumers. In an experiment in which research participants were shown mock advice adverts, almost nine in ten (88%) consumers selected a pension advice offer containing pension scam warning signs.
- **Consumers are most likely to turn to informal sources to check for a scam.** With consumers struggling to identify pension scams, it is increasingly important that they can find reliable information on offers. We found that the three top



**2.4 million**

55-64 year olds have received unsolicited contact about their pension since April 2015

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<sup>1</sup> HM Treasury, [Freedom and choice in pensions: government response to the consultation](#), 2014

<sup>2</sup> Last year Citizens Advice helped people with over 7,000 scam and fraud issues. Citizens Advice Management Information 2014/15

<sup>3</sup> Citizens Advice, [Consumer experience of pension and pensioner scams before April 2015](#), April 2015. Citizens Advice, [People targeted repeatedly with pension scams, say Citizens Advice](#), August 2015.

<sup>4</sup> Based on [ONS population estimates](#) and polling by Populus for Citizens Advice.

sources for checking pension offers are informal such as asking family or checking a company's website, but our experience suggests that these are not always reliable.



This research shows that more action is needed to reduce consumer detriment through pension scams. Citizens Advice recommends:

- 1. Pension firms should work with Project Bloom members to continue promoting awareness of scam warning signs to consumers.** This could be done through general promotion, materials with pension statements and information at key life stages. Emphasis should be placed on ignoring and reporting unsolicited contact, being aware of unrealistic returns and knowing where to go to authenticate an offer.
- 2. Extend the Financial Conduct Authority (FCA) ScamSmart portal to include scam warnings for possible advice/review scams.** This would ensure consumers who are unsure if a pension offer is related to an investment or advice are supported through one portal.
- 3. Bodies such as Action Fraud and the Information Commissioner's Office should continue monitoring levels and types of pension contact and respond to emerging scams/trends.** Monitoring and responding to the growth in offers of pension reviews or advice would help reduce the number of unsolicited calls to consumers.
- 4. Financial advisers should avoid using lead generators who make unsolicited calls or use high pressure tactics.** This would help promote the reputation of financial advice and guidance, as well as reducing confusion for consumers around pension scams.

**Citizens Advice delivers pension guidance on behalf of the Treasury, under the Pension Wise brand. This report reflects the views of Citizens Advice as a consumer champion in the financial services market, and not the views of Pension Wise or the Treasury.**

# Chapter 1 - Introduction

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In April 2015 a major change to the private pensions system removed the effective requirement to purchase a guaranteed income at retirement.<sup>5</sup> This has introduced new pension freedoms for consumers.

As a charity that helps consumers find the best solutions to their own issues, Citizens Advice supports this greater flexibility. However, we and other organisations are also aware that more flexible access to pensions can make consumers more vulnerable to scams. Our initial concern was confirmed through an increase in contact by pension scammers and nuisance callers.<sup>6</sup>

To mark the introduction of pension freedoms last April, we published a report exploring the existing threat of scams and the potential risk for change under the new rules. We followed up later that year by looking at early signs of how consumers were being affected by pension scams. We found early evidence suggesting that scams may be evolving in the light of the new freedoms.<sup>7</sup>

This report builds on our previous work by exploring, one year on, the developing nature of pension scams and other unsolicited contact. It also asks whether or not consumers can identify if a pension offer is genuine and what they do if they suspect they have encountered a scam.

## Background

Last year Citizens Advice helped consumers with a scam or fraud issue every 17 minutes of the working day. Our own data suggests that those eligible to use pension freedoms are more likely to be affected: over 55s are 70% more likely than our overall client base to visit us for help with fraud and scams.<sup>8</sup> These issues may be increasing. Half (48%) of Citizens Advice staff think that since April 2015 there has been a rise in the total number of scams and 2 in 5 (42%) think there has been a rise in scams targeted at over 55s.

We define pension scams as fraudulent activity ultimately aimed at extracting money from consumers' retirement savings. These are generally initiated via unsolicited contact. Scams can include investment opportunities, access to savings before turning 55 and offers of advice or reviews. Nuisance calls can be scams but can also include firms offering lead generation for legitimate financial advisers or other companies. This can cause confusion and harm trust in financial advice if confused with scams. In Chapter 2 we further detail the different types of pension scam.

Figure 1 puts pension scams in the broader context of other scams and fraud we see across our service. It shows that almost a quarter (23%) of Citizens Advice staff have seen clients in their local office concerned about pension scams in the last 12 months. This puts pension scams at a comparable level to PPI and computer virus scams (29%).

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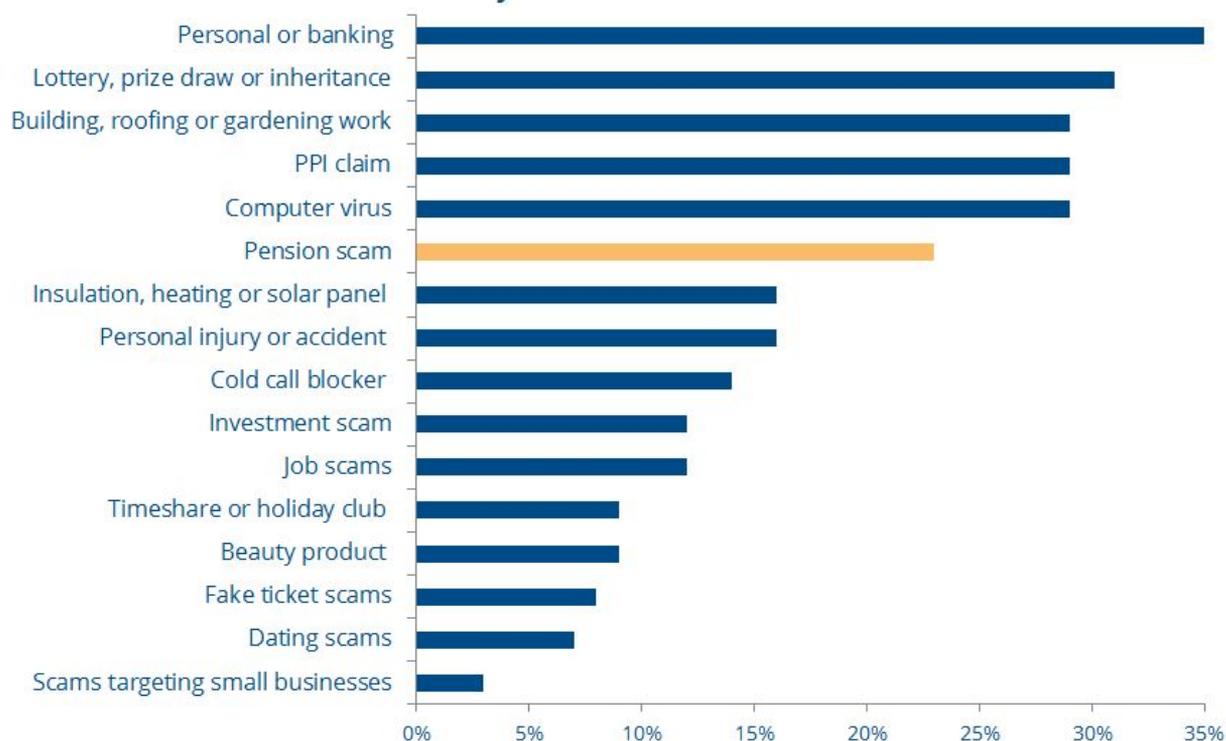
<sup>5</sup> This applied to Defined Contribution private pensions.

<sup>6</sup> Which?, [A third of over 55s hassled by dodgy pension sales](#), May 2015. Retirement Advantage, [Pension pot thieves prey on one in five people aged over 50](#), October 2015.

<sup>7</sup> Citizens Advice, [Press Release: People targeted repeatedly with pension scams, say Citizens Advice](#), August 2015.

<sup>8</sup> Citizens Advice Management Information 2014/15.

**Figure 1: Citizens Advice staff who have seen clients between February 2015 and February 2016 in their local office about ...**



In our experience pension scams are most frequently initiated by unsolicited telephone calls. Citizens Advice staff report that this was the most common method of contact in the last 3 months (See Figure 2 below).

**Figure 2: Pension Scam contact method in the last 3 months identified by Citizens Advice Staff**



As shown in our previous report,<sup>9</sup> pension scams can have significant human impact which can make the difference between either a comfortable or impoverished retirement. The latest figures from Action Fraud show that in the first six months of pension freedoms, the average pensioner affected by pension fraud lost £163,000.<sup>10</sup> This is around six times the size of the average pension pot of 55-64 year olds.<sup>11</sup>

<sup>9</sup> Citizens Advice, [Consumer experience of pension and pensioner scams before April 2015](#), April 2015.

<sup>10</sup> Based on data shared by Action Fraud of the average loss per report of pension fraud against pensioners (i.e. not including liberation scams) between April 2015 and September 2015.

<sup>11</sup> ONS [data](#) shows the median Defined Contribution pension pot of 55-64 year olds is worth £25,000.

## Case study: high losses

Paul wanted to begin accessing one of his pensions but was told to do this he needed to transfer his pension to another company. He looked on the internet and found a new company that would give him access to his pension and transferred the money to them. However, Paul later discovered that the company was not registered with the Financial Conduct Authority (FCA) and he is now unable to contact them. Paul has tried ringing, writing letters and even visiting in person, but they are no longer at the address he was given when he transferred his money. In total, Paul transferred over £62,500 of his pension.

In addition to the direct impact on consumers through a loss of income, pension scams can pose a risk to the wider pension system. 2 in 5 (38%) Citizens Advice staff think the threat of pension scams is reducing their clients' level of trust in the broader pensions system. This is supported by our previous research into attitudes towards pensions, which found that negative stories or experiences of pensions and broader financial services can affect consumers' attitudes to pensions for many years.<sup>12</sup> So it seems clear that pension scams - or fear of pension scams - can affect consumer saving levels, investment choices, use of pension freedoms and use of financial advice. Tackling the problem of scams should therefore be a priority for pension firms, financial advisers, government, regulators and consumer bodies alike.

## Methodology

This report is based on analysis of the experiences of Citizens Advice clients, Citizens Advice staff and the general public in relation to pension scams. It draws on a range of different data sources, including:

- Citizens Advice management information.
- Bureau Evidence Forms, which are short case studies written by local Citizens Advice detailing a client's situation, their problem and its impact.
- Network survey of 208 staff and volunteers from local Citizens Advice across England and Wales (22-29 February 2016). This looked at Citizens Advice staff's experience of clients who were at risk of pension scams or had been contacted by potential pension scammers, how this is changing and the effect this has on clients.
- Citizens Advice consumer service data of more than 100 pension scam cases. This service is a dedicated telephone helpline to help with consumer issues (previously Consumer Direct).<sup>13</sup>
- General public polling provided by Populus through an online poll of 2,006 GB adults 18+ (19-21 February 2016). This looked at the general public's contact with potential pension scammers, whether they could spot signs of a pension scam and how they would check if an offer was genuine or not. Surveys were conducted across the country and the results have been weighted to the profile of all adults. Populus is a founder member of the British Polling Council and abides by its rules. Further information at [www.populus.co.uk](http://www.populus.co.uk).

<sup>12</sup> Citizens Advice, [Approaching Retirement](#), December 2015.

<sup>13</sup> <https://www.gov.uk/citizens-advice-consumer-service>.

## Chapter 2 - A high level of contact

Unsolicited contact about pensions is a key warning sign of a scam. In August 2015 we found that 2 in 5 Citizens Advice pensions staff had seen a client who had received unsolicited pension contact in the previous four months.<sup>14</sup> This chapter explores the levels and content of unsolicited pension offers.

Our research suggests that as many as 10.9 million consumers have received unsolicited contact about a pension since April 2015.<sup>15</sup> Consumers aged 55-64 are most likely to take advantage of pension freedoms and also to receive such calls. In this group, 33% reported being contacted since April 2015. Scaled up, this equates to 2.4 million people who are highly exposed to the risks of pension scams.

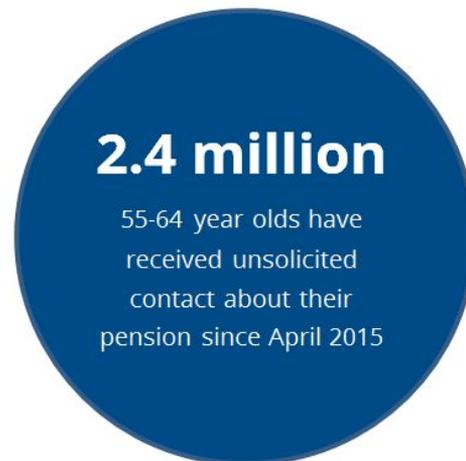


Figure 3 outlines the four main pension scams we have seen. Before April 2015 pension scams commonly focused on liberation and investment, but in recent months we have observed a growing number of calls offering ‘reviews’ and ‘advice’. Some of these scams are presented to consumers differently but may sound similar or have similar outcomes. We discuss this opacity in Chapter 3.

**Figure 3: Types of pension scam**

<p style="text-align: center;"><b>Liberation scam</b></p> <p><b>The Offer:</b></p> <ul style="list-style-type: none"> <li>• access to a pension before the age of 55</li> </ul> <p><b>The Aim:</b></p> <ul style="list-style-type: none"> <li>• to cash in a pension and transfer to an unauthorised account</li> </ul> <p>These scams can often lead to huge tax bills of 55% as a penalty for taking a pension early, in addition to the loss of savings.</p>	<p style="text-align: center;"><b>Investment scam</b></p> <p><b>The Offer:</b></p> <ul style="list-style-type: none"> <li>• high investment returns on a pension</li> </ul> <p><b>The Aim:</b></p> <ul style="list-style-type: none"> <li>• to transfer a pension to an unauthorised account</li> </ul> <p>These scams often advertise lucrative investment opportunities, often overseas.</p>
<p style="text-align: center;"><b>‘Review’ scam</b></p> <p><b>The Offer:</b></p> <ul style="list-style-type: none"> <li>• a ‘free’ review into pension savings and the investment returns</li> </ul> <p><b>The Aim:</b></p> <ul style="list-style-type: none"> <li>• to gather information or authority to transfer a pension</li> <li>• to act as a lead for other scams such as pension investment scams</li> </ul> <p>Our research shows these scams are often targeted at 45-54 year olds.</p>	<p style="text-align: center;"><b>‘Advice’ scam</b></p> <p><b>The Offer:</b></p> <ul style="list-style-type: none"> <li>• ‘free’ pension advice</li> </ul> <p><b>The Aim:</b></p> <ul style="list-style-type: none"> <li>• to gather information or authority to transfer a pension</li> <li>• to act as a lead for other scams such as pension investment scams</li> </ul> <p>Our research shows these scams are often targeted at 45-54 year olds.</p>

<sup>14</sup> Citizens Advice, [People targeted repeatedly with pension scams, say Citizens Advice](#), August 2015.

<sup>15</sup> Based on [ONS population estimate](#) Populus poll for Citizens Advice. 22% of respondents 18+ had received contact, scaled to 49,501,761 people in Great Britain.

Our research shows that investment scams remain a serious problem. Over a quarter (27%) of consumers aged 55-64 who have received unsolicited contact have been offered an investment deal. We estimate this equates to 644,000 consumers in this age group since April 2015.<sup>16</sup>

Pension liberation scams continue to be an issue seen by local Citizens Advice staff, 1 in 3 of whom think there has been an increase in pension liberation scams aimed at under 55 year olds since April 2015.

### **Case study: a near miss with a foreign pension offer**

John, 54, received an unsolicited text message from a pensions provider based in Prague offering him the opportunity to maximise his pension. John responded and was pressured to transfer his pension into a pension fund in Malta, and offers were made for a courier to collect his application form. John came to his local Citizens Advice as he was struggling with the application form and wanted support to complete it. It was at this point that John was made aware that the pension offer was a scam. Fortunately, John had not made a payment before coming to Citizens Advice. However, without this support John would have lost all his pension savings.

Since April 2015, pension advice and review scams have become the most frequent form of unsolicited contact. We estimate that 2 million consumers aged 55-64 have received unsolicited calls offering a pension review or pension advice since April 2015.<sup>17</sup> Clients often contact Citizens Advice for help in identifying whether a pension review offer is genuine or not. Even if just 1% of people responded to these calls, this would mean that 20,000 could be affected directly.

Different scams may be targeted at different age groups. Figure 4 shows that consumers aged 55-64 are more likely to be contacted with the offer of advice while consumers aged 45-54 are most likely to be offered a review. This could be explained by the different age groups having different levels of access to their pension; those aged 55-64 are now able to access their pension through pension freedoms and may want advice about how to maximize this opportunity, whereas consumers aged 45-54 cannot and therefore may be more interested in understanding what pensions they have through a review.

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<sup>16</sup> Using [ONS population estimate](#) of 7,151,148 adults aged 55-64 and Populus polling for Citizens Advice showing 33% of GB adults aged 55-64 have been contacted out of the blue about a pension since April 2015.

<sup>17</sup> Using [ONS population estimate](#) of 7,151,148 adults aged 55-64 and Populus polling for Citizens Advice showing 28% of GB adults aged 55-64 have been contacted out of the blue offering a pension review or advice since April 2015. .

**Figure 4. Type of unsolicited pension contact by age**



Based on public polling provided by Populus between 19-21 February 2016

This chapter has shown consumers are receiving high levels of unsolicited contact about their pension. This could result in a higher level of vulnerability if consumers are unable to identify whether this contact is genuine or a scam. Some of the scams in this chapter have close similarities and we will discuss the confusion this can cause in Chapter 3.

## Chapter 3 - Genuine offer or scam?

This chapter considers whether consumers are able to identify a possible scam offer and some of the difficulties they may face in doing so.

Our research found that 3 in 4 (76%) consumers feel confident at spotting pension scams.<sup>18</sup> We wanted to test whether this confidence means they are safe from scams. To do this we asked over 2,000 people to choose from three different hypothetical pension offers. Two of these offers contained at least two pension scam warnings included in Figure 5, while one appeared legitimate without any key warning signs.



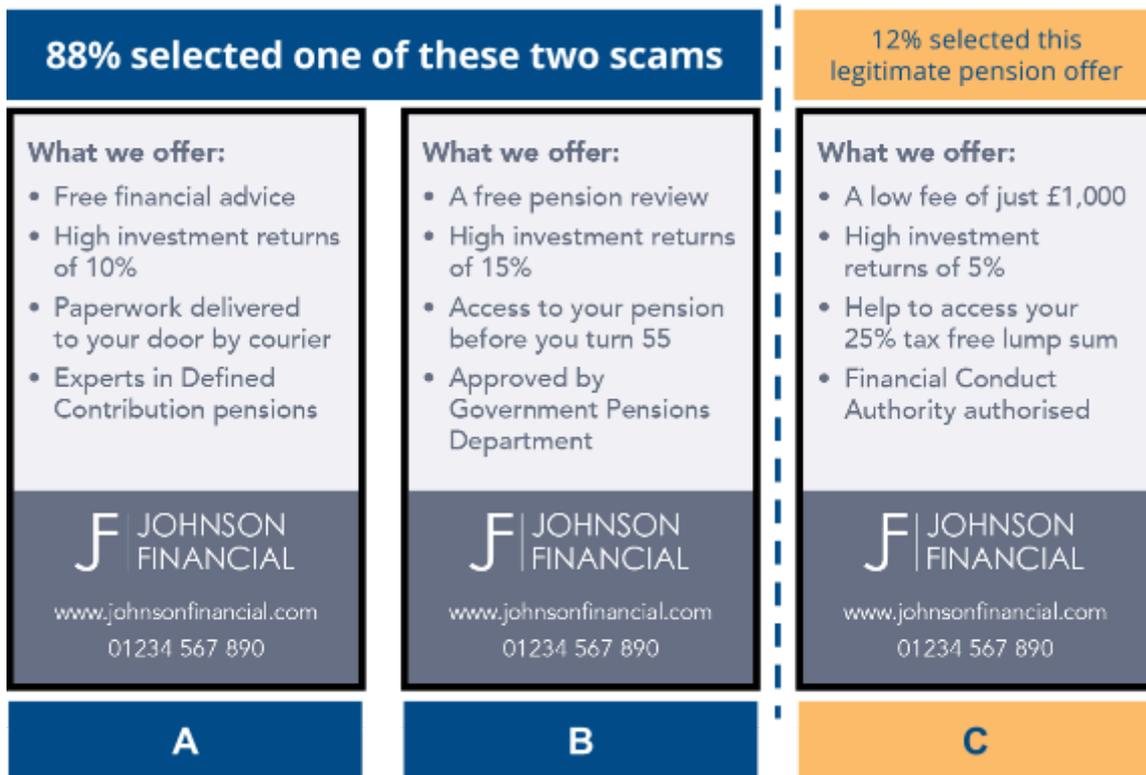
Our research reveals an alarming lack of knowledge amongst consumers. In total almost nine in ten (88%) consumers selected a pension offer which contains pension scam warning signs (Figure 6, option A and B).<sup>19</sup> Maybe most worryingly, 87% of consumers who identified themselves as being confident at spotting scams selected one of these offers. Confidence in spotting scams therefore does not equate to identifying them when presented with pension offers, and it seems likely that consumers with unfounded confidence are likely to be the most vulnerable.

Almost 2 in 3 (64%) consumers selected offer B, which contains the highest investment rate of 15%. This offer included a warning sign of a pension liberation scam through access to a pension before the age of 55. Despite not being able to make use of this component, 69% of 55-64 year olds still selected this offer. This suggests high investment rates may motivate pension choices, compounded by a lack of awareness of realistic return rates.

<sup>18</sup> Defined as those consumers identifying themselves as either fairly confident or very confident.

<sup>19</sup> As part of the Populus poll, consumers were presented with three pension 'offers' (as shown in Figure 6). Respondents were asked if they were seeking help with a pension, which would they be most likely to pick. The order of the options were randomised and a time delay of 30 seconds was included. On average, respondents spent 1 minute 7 seconds looking at the 'offers'.

**Figure 6: Pension offers**



Our survey shows that in the last 12 months, 1 in 3 consumers think that it has got more difficult to identify whether a pension offer is genuine or a scam. This is particularly common (41%) amongst 55-64 year olds. As scams shift from promising lucrative rewards to offering services, it can be harder for consumers to distinguish between real and fraudulent offers.

Pension review and advice scams are often used as a lead into other more traditional pension scams such as investment or liberation. They can also act as lead generators to recruit customers for perfectly legitimate financial advisers but, assuming commission is paid, consumers will end up paying more for these services. Therefore, scams can be particularly difficult to identify as both advice and reviews are offered by legitimate companies.

**A focus on tactics**

Claiming legitimacy through endorsement is a prominent pension scam tactic. Companies falsely link themselves to a genuine, well known and trusted organisation. Insight from our service shows that some of the most common claim from scammers is that they are backed by the government, particularly the Department for Work and Pensions. This can be either directly citing them as a backer or slightly adapting their name to promote trust, for example claims of being “funded by the Pension and Work Department.” Consumers can find this tactic particularly confusing as Government guidance and support for pensions has had a high profile recently.

Impersonation of company names also makes it harder for consumers to check a company on the Financial Conduct Authority register. This is because multiple results (both regulated and not) will come up from the key search terms. Citizens Advice consumer service insight shows that in 18% of possible pension scam cases it was

unclear whether the company was FCA authorised or not.<sup>20</sup> In these cases there were a number of companies with the same or similar names who were and were not authorised.

In Chapter 2 we showed consumers are receiving high levels of unsolicited contact. At present there is no way to assess what level of this contact is from scammers and what level is from legitimate, but nuisance, channels. However, Citizens Advice Consumer Service data shows that some legitimate and Financial Conduct Authority (FCA) authorised firms are using similar practices and tactics as those who are scammers or not FCA authorised. This is particularly the case for pushy lead generators who may offer a free review but will then pass a client onto a financial adviser.

Financial advisers have worked hard to improve consumer confidence following the Retail Distribution Review, and no longer receive commission from firms. However as we have shown, there is a risk that this good work is undermined if consumers confuse lead generators working on their behalf with pension scams. Although this is unlikely to be the majority of unsolicited contact, we recommend that advisers avoid paying lead generators who make unsolicited calls to consumers or use high pressure tactics to further boost the reputation of financial advice. This could follow similar approaches in other sectors, such as energy where firms have ceased using door to door sales tactics.

It is clear that despite their confidence, consumers are finding it more difficult to identify whether a pension offer is genuine or not. Developing tactics and a shift in the type of pension scams make this harder. This means that the checks that consumers carry out are increasingly important to reduce detriment. We explore this in the next chapter.

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<sup>20</sup> Based on a sample of 68 Citizens Advice Consumer Service pension scam cases where the company name had been recorded. 68% were either not on the FCA register or shown as not being approved, 15% were FCA approved and 18% were unclear whether they were approved or not as there were other firms with very similar names.

## Chapter 4 - Checking for scams

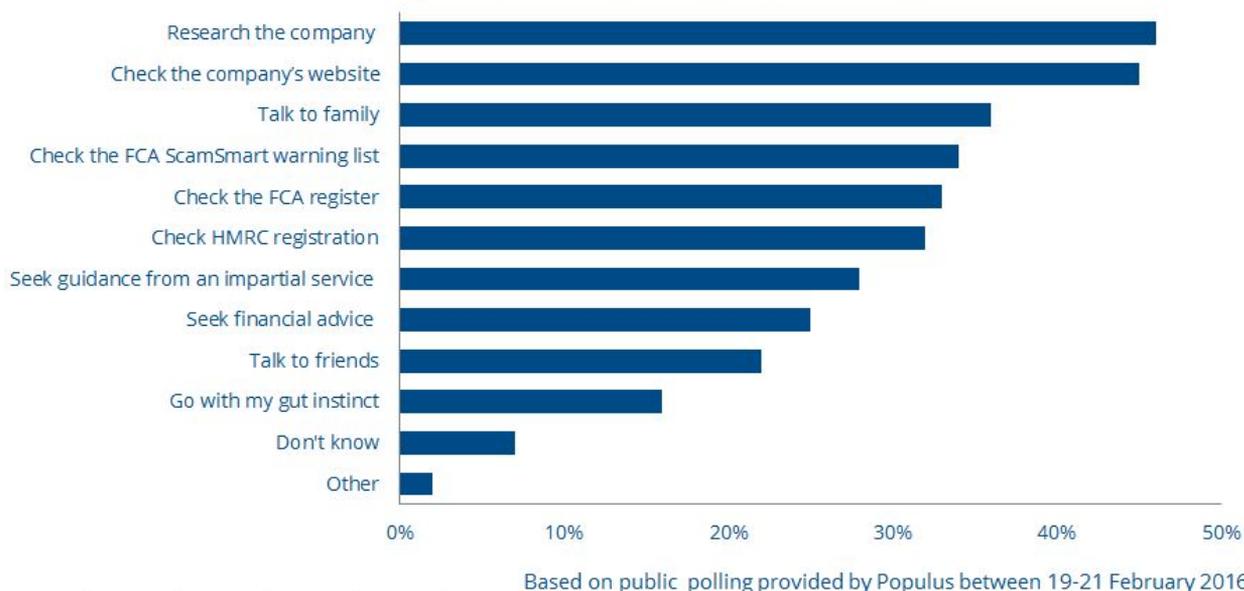
Given that millions of consumers are receiving unsolicited pension contact and many cannot identify a scam, it is crucial that people know where to go for support. However, just over half (53%) of Citizens Advice staff think few clients over 55 know what to do if they have been contacted by a pension scammer.<sup>21</sup>

Project Bloom, a government led task force, was set up to tackle pension fraud in 2015.<sup>22</sup> It has already worked to promote awareness amongst consumers and to shut down scam activity. Simple, consistent messages to the public are the best way to raise awareness.

The top suggestion we recommended with Project Bloom colleagues as part of our Scams Awareness Month in July 2015 was to ignore all unsolicited contact - over a third (36%) of consumers would ignore all contact offering help with their pension. But the remaining 64% of consumers would consider an unsolicited offer and would check with an average of three sources before proceeding. This group includes 1 in 5 (19%) who would only check with one source.

The checks identified by our survey range from asking friends to using the Financial Conduct Authority (FCA) register. As Figure 7 shows, the three most popular checks consumers would use are all informal: personal research, visiting the company's website and asking family members. But these informal checks are not always reliable, as our case study below illustrates. To be certain, consumers should check formal sources. Only 1 in 3 say they would check the FCA register, which is the definitive place to check whether a company is authorised to give regulated advice.

**Figure 7: The checks consumers would use before receiving advice or making changes to their pension (excluding those ignoring all contact)**



<sup>21</sup> Based on network survey of 208 staff and volunteers from local Citizens Advice across England and Wales, conducted between 22-29 February 2016.

<sup>22</sup> Project Bloom includes bodies such as the Department for Work and Pensions (DWP), The Pensions Regulator, The Financial Conduct Authority (FCA), HM Revenue & Customs (HMRC), The Serious Fraud Office, National Fraud Intelligence Bureau and National Crime Agency.

### Case study: unreliable informal checks

Richard, 59, has a number of pension pots with a total value of around £50,000. He was cold called by a company offering him a 'free pension review'. Richard felt the company was genuine as there seemed to be a lot of office background noise. On the phone, the company carried out the review and asked him lots of questions about his pensions. From this, they suggested that he made the most of his pension pots by investing them in Hong Kong. He was offered an appointment the next day to go through this in more detail and told that a courier would bring round documents for him to sign. Richard checked the company's website to see if they were genuine and felt it looked legitimate. However, when the courier visited his house Richard realised that this was similar to a scam he had been the victim of in the past and so refused to sign the documents and cancelled his appointment. Although Richard didn't lose any money, he is very worried that he had provided the company with personal details such as his National Insurance number. Richard continues to receive frequent calls from the company pressuring him to agree to a meeting. Richard told us he is now very stressed and is having real difficulty knowing who he can trust.

Figure 8 presents our top tips for identifying a pension scam. Some of these tips are dependent on the type of pension scam. For example, consumers who want to make an investment should check the FCA ScamSmart warning list, whereas those taking advice on their pension should check the FCA register. For investment offers, the FCA has developed an intuitive ScamSmart warning list<sup>23</sup> which both helps consumers check whether a company is registered with them and issues warnings based on the details entered. However, this only caters for investment scams and does not cover pension advice or review offers.

It is unrealistic to expect all consumers to be experts in understanding how to spot and check scams. Chapter 3 showed that consumers can struggle to identify a pension scam at all, let alone be clear on the *type* of scam they are facing. It is therefore important to offer one single landing point for different types of unsolicited contact and potential scams. We recommend the FCA builds on its good work with the ScamSmart warning list and develops it to include scam warnings for possible review and advice scams. This would ensure consumers who are unsure of the type of pension scam are supported through one portal.

### Figure 8: Our top tips for identifying a pension scam

1. Ignore all out of the blue contact about your pension.
2. If you are receiving advice or a review about your pension(s), check the Financial Conduct Authority (FCA) online register. Anyone giving financial advice should be registered.
3. If you are making an investment, check the FCA ScamSmart warning list for known investment scams.
4. If you are transferring a pension, ask your current scheme to check the HMRC registration of the new scheme to check it is legitimate.

<sup>23</sup> <http://scamsmart.fca.org.uk/warninglist/>

## Chapter 5 - Conclusion

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Our research has shown the prevalence of pension scams and the difficulties consumers experience in identifying them. With an estimated 10.9 million consumers having received unsolicited contact about a pension since April 2015, even a tiny proportion of responses can create widespread consumer detriment.

We have also found that a very high proportion (88%) of consumers are unable to spot a pension scam. Confidence in spotting scams does not equate to identifying them when presented with pension offers, and it seems likely that there is an inverse relationship between confidence in identifying a scam and the risk of actually falling victim to one.

The tactics used by scammers and the offers they present have shifted, with 8.4 million people receiving unsolicited pension review or advice offers in the past year. This shift has made it increasingly difficult for consumers to identify a genuine pension offer, and may pose a threat to confidence in pensions and financial advice more broadly.

So it is increasingly important that consumers know where they can go for support. At present consumers are most likely to check informal sources and rely on perceptions or an ability to identify a pension scam.

More work is needed to reduce consumer detriment through pension scams. Citizens Advice recommends:

- 1. Pension firms should work with Project Bloom members to continue promoting awareness of scam warning signs to consumers.** This could be done through general promotion, materials with pension statements and information at key life stages. Emphasis should be placed on ignoring and reporting unsolicited contact, being aware of unrealistic returns and knowing where to go to authenticate an offer.
- 2. Extend the Financial Conduct Authority (FCA) ScamSmart portal to include scam warnings for possible advice/review scams.** This would ensure consumers who are unsure if a pension offer is related to an investment or advice are supported through one portal.
- 3. Bodies such as Action Fraud and the Information Commissioner's Office should continue monitoring levels and types of pension contact and respond to emerging scams/trends.** Monitoring and responding to the growth in offers of pension reviews or advice would help reduce the number of unsolicited calls to consumers.
- 4. Financial advisers should avoid using lead generators who make unsolicited calls or use high pressure tactics.** This would help promote the reputation of financial advice and guidance, as well as reducing confusion for consumers around pension scams.

# Free, confidential advice. Whoever you are.

We help people overcome their problems and campaign on big issues when their voices need to be heard. We value diversity, champion equality, and challenge discrimination and harassment. We're here for everyone.

Rebecca Jeffrey and Thomas Brooks.  
March 2016



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