Press release: Protect your pension pots from investment scams and negligent trustees

Since 2015, the Insolvency Service has applied to the courts to wind-up 24 companies that have carried out a form of pension misuse.

The pension misuse varies from convincing people to access their pensions and invest in unregulated schemes to pension trustees not carrying out their duties properly.

The Insolvency Service has estimated that there have been close to 3,750 victims connected to the 24 companies closed down, including both individuals and businesses, having made £202 million worth of contributions.

Consumer Minister Kelly Tolhurst MP said:

> Our consumer protection regime is one of the strongest in the world and we are committed to making sure people know their rights. If you are approached to make an investment from your pension, always do your homework and seek independent advice, if necessary, to help you make an informed decision.

> Government continues to work closely with the Insolvency Service who are working to clamp down on rogue companies targeting vulnerable people. If you think you might have been a victim, I'd urge you to report it to Action Fraud UK at the earliest opportunity or visit the ScamSmart website for further help.

Victims of pension scams last year lost an average of £91,000 each to fraudsters* and as identified during FCA and TPR's ScamSmart campaign, common tactics used include cold-calls, offers of free pension reviews and promises of high rates of return.

The government recently announced a ban prohibiting cold-calling in relation to pensions and following the wind-ups of the 24 companies investigated by the Insolvency Service, 8 directors have received a total of 57 years' worth of directorship disqualifications.

And there are further ongoing investigations to ensure rogue directors are prevented from managing companies.

In one case, four directors of companies involved in the misuse of £57million worth of pension funds were banned for a total of 34 years.

Introducer firms would cold-call people, inviting them to transfer their pension pots into occupational pension schemes. However, the introducers misled clients about their expertise and offered guaranteed returns which they couldn't deliver. Members' funds were then largely invested in unregulated investments in storage units which did not yield the level of returns promised to members**.

And following another investigation, Fast Pensions Ltd and five other connected firms were wound-up by the courts in May 2018.

Between 2012 and 2013, 520 people were encouraged to transfer their pension savings from existing providers into one of 15 schemes, with Fast Pensions acting as the sponsoring employer. A total of at least £21 million was invested and people were persuaded to transfer their savings through various methods, including cold calls questioning the performance of their pension funds or offering free pension reviews.

Advice provided was inadequate and advisors also failed to disclose information around returns and the high risk and illiquid nature of the investments made by the schemes, as well as the benefits members would be entitled to***.

To help prevent you from becoming a target for pension abuse, the Insolvency Service recommends:

- Be wary of calls out of the blue. Get the company's name and establish their credentials using the FCA's Financial Services Register
- Seek financial guidance or advice before changing your pension arrangements or making investments
- Don't be rushed or pressured into making any decision about your pension and be wary of promised returns that sound too good to be true

For further information about scams you can visit the ScamSmart website and if you suspect a scam, you can report it to Action Fraud UK.

Further examples of companies being shut down can be found on the Protect your pension microsite.

*£91,000 average lost to scammers sourced from ScamSmart campaign material

** Case study connected to the disqualifications of Karl Dunlop, Stuart Grehan, Ian Dunsford and Stephen Talbot

*** Case study connected to the wind-ups of six pension and finance companies in the high court

Statistics date from 2015 onwards, with figures based on information gathered during investigations by the Insolvency Service.

The Insolvency Service is a member of Project Bloom, a cross-industry initiative created in 2012 and brings together government departments, agencies, regulators, law enforcement bodies and representatives of the pension industry to tackle pension scams.

Further information about the work of the Insolvency Service, and how to complain about financial misconduct, is available.

You can also follow the Insolvency Service on: