

APPG on Pension Scams

Minutes - September 7th, 2020

Introduction by Andy Agathangelou

All stakeholders clearly do want the pension scam problem sorted.

- Scam victims, MPs and policymakers.
- The regulators
- Specialist agencies such as Action Fraud, the SFO, are being inundated with problems and issues.
- Project Bloom doesn't seem to be working so well, and there are concerns over whether it's adequately resourced.
- And the pensions industry is under a huge weight over having to solve the problem.

Goals

We can create a **Question Bank of questions Parliamentarians may want to ask**. We can **organise a website**, we can **create a Guide to what to do** if you think you're a victim of a pension scam, and we can do all sorts of things to **encourage more and better joined up thinking**.

Relevant Link

The Pension Schemes Bill: <https://services.parliament.uk/bills/2019-21/pensionschemes.html>

Press Contributions

Tom Kelly (Daily Mail) - is "trying to join the dots about how a lot of these scammers have been able to do this again and again."

"Screwing people out of their pensions is one of the worst things that you can do, it's what they've worked their whole lives for, and agencies were turning a blind eye. Meanwhile, thousands and thousands of people's lives and futures and plans were being ruined. I hope to continue looking into it, seeing where it goes."

Amy Austin (FT Adviser) - is focusing on scam prevention - "I'm a senior reporter for FT Adviser, otherwise known as Financial Adviser. I cover all things to do with pensions, so pension scams are a very big topic for us. ... I've had people come to me and I've seen how devastating it can be. You can't get your hands on the scammer yourself. It makes me angry. There's all this innovation with the [pensions dashboard](#) coming down the line, but it feels pointless doing all this, if scams are still happening."

Michael Klimes (Money Marketing) -"The biggest story I've covered so far was [the British Steel pensions debacle](#) [which] was devastating and heart-wrenching. I think that any story like that just rams home to you the devastation that pension scams can cause ... One thing that became apparent from the adviser perspective [*MoneyMarketing's* readers], is that the whole community was tarnished by the brush. A few bad apples tarnished the advice community. When you have a massive scam that tarnishes people's trust in the advice profession— that's where my interest in pension scams comes in."

Andy Agathangelou - "I think the point you make about a small number of people tarnishing the reputation of the industry is very important."

Parliamentarians' Contributions

Nick Smith MP - ... [picks up on what Michael Klimes was saying] "A lot of my constituents travel to steelworks across South Wales. When the changes were made to British Steel Pension Scheme, they coincided with the Pensions Freedoms legislation"

"My criticism of the FCA is that:

- it seems to be very City, institution focused,
- not sufficiently consumer focused
- It's been slow to take action against pension sharks
- I've got a bunch of other concerns as well, not least about how difficult it is to make a complaint, if you're a steelworker.

There's a **Pensions Bill** coming down the pipeline shortly, and we are wondering whether that can be amended to address some of the concerns we are talking about.

Bob Blackman MP - "I've had the privilege of [chairing the APPG for Justice for Equitable Life policyholders](#), which in my view, was the biggest scam in the pension industry ever. My constituency is one with an ageing demographic. Just over the past few days, I've had on my mobile phone calls from various different parts of the world from different phone centres enquiring about doing pension reviews. It was very noticeable that I was getting calls from [around the world], direct marketing abroad. If you're getting these on landlines, you won't necessarily know that they're coming from abroad. ... These people [cold-callers] seem more and more credible as they go on.

Lord Kirkhope - "My interest in this is because, apart from being a pension trustee and lawyer myself, I'm also contributing **to the Pension Schemes Bill** and I'm working with the APPG, with Margaret Hodge on the scheme for personal tax. Anyone abusing pension schemes is of interest to me. If I can help in any way from the Lords' point of view, I'm very happy to do so."

Stephen Timms MP - Chair of the Work and Pensions Select Committee

I have been chair of the work and pensions select committee since January of this year. We have recently launched an inquiry specifically on pensions and it's about the pension freedoms. It was five years ago last April that they were introduced by George Osborne.

There have been many benefits from that, but one of the side-effects is that the opportunity for scamming has become significantly greater. It's been a growing problem over the last five years and I really welcome what you've done Andy and conversations with you and many others led to us setting up our inquiry.

What we're doing is three phases. The first is pension scams, probably the most pressing, the most urgent issue we need to address. We'll be trying to piece together a picture of the scale of the problem and ideas about what we can do in Parliament to address it.

I hope we will be able to reach some significant conclusions and put forward some constructive recommendations. I agree with everything that's been said about the scale of the problem - the awful situation that people like Nick Smith's constituents find themselves in, and many others around the country. I think just letting things carry on, is not an option.

I think there will be some changes to the law that are required and I hope we will be able to help identify them and to implement them.”

John Ludlow representing Yvonne Fovargue MP: “She’s chair of the [Consumer Protection APPG](#) and is very interested in protecting and supporting vulnerable people, particularly in difficult times. Covid has made things much, much worse. Plenty of constituents have been scammed of their pensions. She’s always had an interest in these areas, particularly financial problems. She also chairs the [personal finance APPG](#), which is about protecting people from being scammed when it comes to consumer credit; she’s very much involved in PayDay - the poverty premium that people are faced with. She’s very keen to play a part in the group and be involved in these activities.

Other Contributions

Patrick Bloomfield

“I [represent](#) the Association of Consulting Actuaries. They are the actuaries to pretty much all the DB schemes in the private sector.”

“The concerns that we have in particular on pension scams, are the ones we’ve already heard, the human impact ones. But, also how that’s starting to bleed into broader financial services, regulation, and legislation also.

“So, action is definitely needed on scams. We’ve seen some of that coming through in the chat there on, what is regulation and what’s crime. That’s a really important distinction - to be able to clamp down on the crime and people breaking the law without making the regulation so risk-averse to the point that it becomes unhelpful to the consumer as well.

“I see there being **quite a substantial advice gap at the moment**, and it being very difficult for individuals to get information they need to get quite straightforward decisions, and the advice gap leaving a wide open space that the scamsters are regularly filling in at the moment.

“So the niche interest that I’m representing is less about the scams and the acts of crime themselves but more about **the framework and regulatory structure that enables them to operate**, which when looked at through a narrow lens appears to be risk-reducing but when looked at from the lens of the man in the street the woman in the street, actually increases risk.

Mark Ormston (Retirement Life)

“I hope that the APPG will be able to ... move with what are the current trends. We talk a lot about what’s happened historically, learning those lessons. But, scammers are organisations, they’re working as companies and everyone who’s part of an organisation on today’s call, you don’t sit still, you move, you try to find new ways of marketing ...

“For me it’s all about protecting our consumers, it’s not about right or wrong. If a consumer feels like they’ve been scammed in some way shape or form, it’s us as an industry. We’re the ones with the knowledge and experience, we need to explain things better, support things better.”

Nick Flynn (Canada Life)

I’m Sales Director for Canada Life, we’re an insurer operating mainly in the retirement space. Thankfully we don’t see a lot of scams but we are keen to help in any way we can. The stories that Andy and Mark have shared are incredible, particularly the secondary element when people are trying to get extra help to solve the initial problem, that is just beyond belief. Consumers need help and education, and if we can assist in any way we will.

Craig Rimmer (PLSA)

“We’re the trade body for most of the occupational pension schemes, and many of our members have a very paternalistic approach to the savers within their schemes because they are the pension schemes for the sponsoring employers and they want to ensure that the pensioners retire with the packages that they deserve, they earned, working for the employer.”

“On a personal element I used to work for [TPAS](#), so I used to see some of the worst scams at the coal face in effect, in terms of people who had lost their savings and gone through heart-ache and made some hard choices emotionally as well.

“ ... We would welcome a tighter authorisation regime of some sort ...

“I really like what Mark said about the APPG being agile enough, monitoring coming trends. We close doors... they move on to something else, or they move back to something else. There’s even potentially a pure investment scam that looks to target people when they accumulate their pension and offload it into something.”

Andy Agathangelou (response; and introducing an idea of the pensions industry funding lawyers to take down scammers)

In these last couple of weeks, Mark myself and others have been involved in pension scam victim interviews: You, for example respond to a text that some shyster has sent you and you end up losing your life savings ...

“When you talk to pension scam victims you often end up concluding that, for goodness sake surely these people have got some basis in law to get compensation, justice, redress? One of the questions in the inquiry is what more can the pensions industry do to help? It’s so important for the pensions industry to clean up pension scams, because it’s bad for business, it’s bad for reputation, it’s bad for outcomes.

“I think that there could be a willingness among some of the pension companies ... to pay legal professionals to look at what the potential legal process could be to close these shysters down.

“For one individual scam victim to try and get justice is a nightmare, but if it could be properly organised pan-industry, maybe something really worthwhile could be done, in everybody’s interests. Maybe we need somebody with a decent legal background to be one of the supporters around that.”

Iain Mitchell QC

I’m a Scottish QC. I’ve been at the Scots bar for 44 years but I’m also an English barrister and have been at the English bar for about eight years. I have quite a wide range. I tend to be more well-known for my interest in IP and IT law. But I do have a particular interest and expertise in banking regulatory matters, trying to assist victims of mis-selling of complex financial instruments. Some years ago I did [give evidence to the HoC Select Committee on Banking \[Standards\]](#) in relation to what I felt was a **regulatory lacuna in relation to the mis-selling of complex financial instruments - you can sue if you’re an individual but you can’t if you’re a company**. I’ve been a little bit around the regulatory course as well, so I’ll do what I can to help.

Rachael Oku - Pension Bee

[Pension Bee is an online-based pension provider and created a game called Scamman and Robin to create awareness of pension scams.]

Chris Brooks (Age UK)

“I’m head of policy at Age UK; it’s very important that people can retire with dignity and financial security. It’s interesting to think about how it works in conjunction with the Vulnerable Consumers’ Agenda. People tend to think about pre-existing vulnerabilities, but actually anybody can be vulnerable in that particular moment. We’re keen to engender some kind of positive change. Hopefully we can change the law to make it much harder to scam people.”

Peter Glancy (Scottish Widows)

“I’m head of policy at Scottish Widows; it’s very disheartening for us to help people through many decades of their life saving for retirement and then hear stories that they’ve been conned out that money. We’ve running a scams awareness campaign at the moment. “From my point of view, I think there is **too much emphasis on ‘buyer beware’**, We have a population where 50% of the country struggle with percentages, but we’re asking people to become sophisticated enough to recognise these really sophisticated scams. That’s probably tackling it from the wrong end of the equation.

We have workplace pensions in this country that are relatively well protected ... by [international] historic standards, but we allow money to seep out of those arrangements into products that are entirely unsuitable that are ripe for exploitation by sophisticated scammers.

Ideas

1: “[what if] any product, or any provider, that wants to take money out of any workplace pension [has] to go through some sort of accreditation process, and ongoing supervision, much [like we have with master trusts](#).

2: “At the moment we spend a lot of money in the industry putting money into Financial Services Compensation. That money would be better spent paying for a body that oversees and ensures that any products that are permitted to accept people’s pensions money are top-notch. There’s another way to tackle it than to rely on the public to up their game.

Andy Agathangelou

“I saw some very big nods from people there, thanks so much for that. We are off the scale keen to do this, because we know a lot of pain is being caused.”

Appointment of Officers after voting by Parliamentarians

Bob Blackman MP - Chair

Nick Smith MP - Vice Chair

Lord Kirkhope – Vice Chair

Rob Roberts MP – Vice Chair