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Spotting an investment scam

How scammers are getting more convincing

Around half of UK adults (51%) have or know someone who has received a suspicious communication in the last 12 months, according to new research^[1]. This equates to 27 million people across the UK.

Most of these cases can be described as 'phishing scams' (51%), when a fraudster attempts to imitate a legitimate company or person to secure important information from the victim.

PENSION TRANSFERS

Crypto scams are also becoming worryingly common, with one in five reporting they or someone they know has received one in the last 12 months.

Pension transfer scam communications account for almost one in ten (8%) of contacts, while romance scams or dating scams are similar at 11%.

SCAMMER APPROACHES

Around a fifth (21%) of those who have or know someone who has been contacted say they have lost money because of approaches by scammers. However, among 18 to 34-year-olds, this increases to almost half (46%).

The average loss to scams for themselves/ someone they know was around £207, with this amount almost doubling to £361 for those aged 18 to 34 years old, compared to £112 for those aged 55+.

PERFECT OPPORTUNITY

With many families struggling to make ends meet, and as the cost of living squeeze tightens, offering easy access to your pension might seem the perfect opportunity to dig yourself out of trouble. The reality is you can't access your pension savings before the age of 55, so it's very likely it will be scammers.

Follow the simple rule of thumb: if it appears too good to be true, it inevitably is. Simply walk away, hang up or delete the email or text to keep your money safe from the scammers.

- 51% of UK adults – 27 million people – have received or know someone who has received a suspicious communication in the last 12 months

- Younger people are more likely to know someone who has lost money, and are aware of someone losing more than older generations
- Almost one in ten (8%) communications relate to pension transfers

10 TIPS TO HELP IDENTIFY AND AVOID FINANCIAL SCAMS

1. If you receive an offer to help you access your pension savings before age 55, for example, through 'pension loans' and 'free pension reviews'. It is only possible to access your pension before age 55 in rare situations, for example, if you are very ill.
2. Warnings that the deal is limited and you must act now. This is a pressure tactic and making any financial decisions should not be done under pressure.
3. HM Revenue & Customs (HMRC) will never contact you by email, phone or text informing you of a tax refund, so simply delete or ignore any contact made this way – HMRC will only contact you via post.
4. You are discouraged from seeking professional financial advice or talking to Pension Wise.
5. Sign up for Action Fraud Alert, a free service provided by the National Fraud Intelligence Bureau. The service alerts about new types of crime or those which are increasing in their severity. If you sign up, you will receive those alerts which are relevant to you. <https://www.actionfraud.police.uk/sign-up-for-action-fraud-alert>
6. Contact by somebody who is not on the Financial Conduct Authority (FCA) Register. The Register is a public record of all the regulated firms and individuals in the financial services industry, including pension providers and investment companies <https://register.fca.org.uk/>

7. Be very cautious around any recommendation to take a large amount of money, or your whole pension pot, in a lump sum and invest it elsewhere, for example, in overseas property, forestry, car parking or storage units. And be very wary of unsolicited offers of 'amazing investment returns'.

8. Seek advice from your professional financial adviser who will be able to explain the rules and tax implications of different options and help you make the best choices for your personal circumstances, so be very suspicious if this is discouraged.

9. There can be significant tax implications if you choose to cash in your pension in one go, so check the tax position before you make any decisions.

10. Check www.fca.org.uk/scamsmart for known scams and use the tools to help identify a potential scam. ■

LOOKING FOR FINANCIAL ADVICE?

We know you'll have different priorities for your wealth at different points in your life. Whatever your financial aims, we have the expertise that can help you achieve them. Please contact us to discuss your plans.

Source data:

[1] Source: Research among 2,000 UK adults conducted by Opinium, with fieldwork between 12–16 August 2022.