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Helping you maximise the effectiveness of your financial planning

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Pensioners may face 'exotic' pension scams

There have been concerns raised regarding the vulnerability of people about to or having just retired, to a new plethora of pension related scams, perpetrated by criminals.



Experienced investors are just as at risk

The fundamental changes to the pension regulations – extensively covered by us in previous missives - include: people over 55 being able to withdraw any amount from a 'Defined Contribution' (DC) scheme, tax changes, making it easier to pass on pension savings to descendants, all retirees being offered free "guidance" from the Government's 'Pension Wise' service, and the ability of many people with 'Defined Benefits' (DB) schemes to be allowed to transfer to DC plans.

All good news for pensioners then. However, the Financial Conduct Authority (FCA), the body responsible for policing the financial services industry (including the pension industry), has warned of some serious problems arising.

Chris Woolard of the FCA has recently told the Commons Work and Pensions Select Committee that over 10,000 people have outlined to them details of scam attempts by criminals, who previously concentrated on attacking individual's bank accounts, to now try to masquerade as fake pension providers.

Mr Woolard reported to the committee that the average amount lost by individuals to such scams was between £18,000 and £20,000. He stated, referring to better-off people with some experience of investing: "They might have the confidence to invest in something that sounds exotic."

Interestingly, the FCA also reported that over 120,000 people have made some kind of cash withdrawal from their pension fund since the rule changes and that over 71,000 people have taken some level of income from their fund, whilst leaving the remainder invested.

Obviously, any unsolicited approach to access or redirect your pension funds should be treated with extreme caution. We are happy to independently advise you on the veracity of any such approach, so please do not hesitate to contact us in a timely way for our opinions.

If you would like us to help you solve financial problems, or to assist with financial planning, contact us on 0118 932 0600 or e-mail: twyford@osceola.co.uk *If you wish to be removed from future mailings, please reply to this email with the word 'Unsubscribe' in the subject.