

## Beware of COVID-19 Pension Scams



**Last week a long-standing client contacted me, apologised for being so silly, and asked me to confirm that an email he had received from his investment company was, in fact, genuine.**

The email had asked him to log into their site to confirm an aspect of his personal details. In my view, he was absolutely right to check that the email was genuine. It was. He confirmed his detail as requested, and all is well.



Uncannily, the same afternoon, I took a telephone call from what was clearly a 'boiler-room' outfit, suggesting I buy some obscure stock at a ridiculously low price (he said), because, in these days of Covid pandemic, we all need to make some extra, right? (I declined). But it did get me thinking about scammers, and how they attack the unwary with such brutality, taking any opportunity to get an advantage.

Sadly, the Covid-19 pandemic seems to have inspired the scammers to even greater heights than usual, as a quick 'Google' search demonstrates, with warnings on the sites of many government and non-government organisation websites, all there for the reading.

By now, most readers are thinking 'Only the stupid are caught in these scams, I'm smarter than that'. If that were true, it would certainly limit the scope of the scammers, but it is simply not the case.

It is important to remember that genuine businesses need to make a margin to cover costs, provide the service or product they offer, and ultimately have some profit. This means they need every part of their process from initial contact, to final product delivery and after-sales service to run efficiently to make their well-earned few percent.

The scammers, however, keep 100% of what they steal. Forget margins and percentages - it's all theirs!



They really don't have to be too successful at 'hooking' people. One success in every several hundred calls provides a nice return for scammers.

The gullible are, of course, welcomed with open arms, but the smarter amongst us, perhaps having a bad day (because of Covid lockdown, reduced income, lost job, etc.) are arguably more valuable.

These people have a real need for some good news; a handsome return on a new investment, a way to access a pension early, a steady income to pay the mortgage or school fees. The scammers use 'confirmation bias' to great effect, ensuring that the smart guy having a bad day, hears exactly what he was desperately hoping to hear.

Pensions seem to be the scammers' 'Dish of the Day', particularly in countries like the UK where retirement planning rules are rigid around things like early access (minimum age 55), permitted investment assets, and drawdown calculations.

Expats need to be wary too, as pensions left back in the UK, any QROPS or international SIPP's also fall under strict UK rules, despite being domiciled overseas.

Other investments are also available to scammers, if you provide them with opportunity, so here are a few guidelines, which may just save you some money and a lot of heartache.

Here are some of the warnings that should alert you if someone is trying to con you out of your pension pot or other savings.



### **1. Cold Callers**

This really is the biggest red flag.

If you didn't call them, or arrange for them to call you, then refuse to speak to them.

If it's your usual financial adviser firm, you'll be able to identify them from the email you've received, so check that they are calling from the same firm.

Call them back yourself if you are in doubt, using the contact details you already have.

If they insist 'you were referred by a friend', your friend should already have mentioned it to you, and you were expecting the call.

## 2. It Sounds too Good to be True

It's disappointing, but most real financial advice is reassuringly dull. Anything offering you 'amazing returns at zero risk' is defying the laws of investment. It simply doesn't work like that, so is almost certainly fake. Beware of short-cuts to riches - they only work for the scammer! The pension money is often invested in unusual, high risk investments like overseas property and hotels, renewable energy bonds, forestry, parking lots, or storage units- I have seen most of these offers over the years. Or it can be simply stolen outright.

## 3. Pressure Selling

Real financial advisers are not one-trick ponies. They won't bang on about one brilliant investment, but will always be able to offer you a range of products or options, setting out the pros and cons of each. A classic giveaway is if someone says that time is running out, and you must invest today or you'll 'miss the boat'. Financial advice does not work that way.

Pension liberation, 'loan', 'loophole', 'savings advance', 'cashback' are all phrases which should ring alarm bells when talking about UK pensions, or their QROPS equivalents.



## 4. People who are Hard to Contact

Make sure you have full verified contact details for an adviser before you enter any agreements or sign anything. Even with restricted travel, it should be possible to telephone, email, and have a Skype, WhatsApp or Zoom video conversation, and you should receive detailed answers to any questions or concerns- before you commit to anything.

## 5. Claims that Relate to the Coronavirus

Although some financial advisers are offering pro bono services during this crisis, they will never call you first. If you receive unsolicited phone calls or emails claiming to be a free pension service (perhaps with reference to COVID-19) treat them with suspicion. Special Covid Deals might apply in bars and restaurants or hotels, but not to pension planning

If you are in any doubt at all about something being offered to you (probably by a company you have never heard of), the first thing to do is NOTHING and don't be pressured into doing anything.

The second thing to do (like my long standing client did), is to get in touch with your trusted advisor to run a check on both the credentials of the company and the potential validity of the product/ proposal. And, if it is found to be genuine, get clear and impartial advice on the pros and cons of it in relation to your personal situation.