

Pension scams on the rise

Protect your savings! 7.3 million UK adults encountered an attempted scam in the past year

Around 7.3 million UK adults, or one in seven, encountered an attempted pension scam in the past year. Alarming, 14% were targeted through unsolicited calls, texts or emails, according to recent research, illustrating the aggressive tactics employed by scammers. This concerning trend has prompted a closer examination of the vulnerabilities within the pension system, especially as scammers become increasingly sophisticated in their approaches.

This study also highlighted that six million individuals with multiple pension pots may be at greater risk, as half of the respondents believe scams are becoming increasingly difficult to identify.

The complexity of managing several pension accounts can leave individuals more susceptible to fraudulent schemes, as it becomes challenging to keep track of all the details.

Scammers take advantage of this confusion, making it harder for people to discern legitimate communications from deceitful ones. This growing difficulty in identifying scams calls for heightened awareness and stronger protective measures to safeguard pension savings.

RISING THREAT OF PENSION SCAMS

However, the awareness of reporting a scam is worryingly low, with only 32% of people knowing the proper channels. However, this figure improves significantly to 55% among those who consult financial advisers. This discrepancy underscores the importance of professional financial advice in mitigating the risk of scams.

The research further uncovered a high prevalence of various consumer scams. A significant 42% of respondents reported phishing attempts, 36% encountered scams imitating reputable brands and 24% experienced refund scams.

YOUNGER PEOPLE AT HIGHER RISK

Interestingly, younger individuals between the ages of 18 and 34 are more susceptible to scams than the general population. The study found that 13% of this age group had been targeted, in contrast to 7% of the wider public.

The evolving tactics of scammers make it increasingly challenging for consumers to avoid falling prey. With the growing number of people managing multiple pension pots, keeping track of their finances has become more difficult.

PROTECTING YOUR PENSION

To safeguard against pension scams, hanging up on unsolicited cold calls is crucial. Recognising unexpected contact as a potential red flag can also help avoid hasty and ill-informed decisions. Additionally, verifying firms on the Financial Conduct Authority (FCA) registry provides an extra layer of security.

Remaining vigilant and informed is essential in this climate of sophisticated scams. Consumers must take proactive steps to protect their hard-earned savings ■

DO YOU REQUIRE INFORMATION OR ASSISTANCE IN SAFEGUARDING YOUR PENSION?

If you require further information or assistance in safeguarding your pension, do not hesitate to contact us. Our team of financial experts is here to help you navigate these challenges and protect your future.

Source data:

[1] LV= Wealth and Wellbeing Research Programme, quarterly survey of 4,000 UK adults 12/08/24.

THIS ARTICLE DOES NOT CONSTITUTE TAX, LEGAL OR FINANCIAL ADVICE AND SHOULD NOT BE RELIED UPON AS SUCH. TAX TREATMENT DEPENDS ON THE INDIVIDUAL CIRCUMSTANCES OF EACH CLIENT AND MAY BE SUBJECT TO CHANGE IN THE FUTURE. FOR GUIDANCE, SEEK PROFESSIONAL ADVICE.

A PENSION IS A LONG-TERM INVESTMENT NOT NORMALLY ACCESSIBLE UNTIL AGE 55 (57 FROM APRIL 2028 UNLESS THE PLAN HAS A PROTECTED PENSION AGE).

THE VALUE OF YOUR INVESTMENTS (AND ANY INCOME FROM THEM) CAN GO DOWN AS WELL AS UP, WHICH WOULD HAVE AN IMPACT ON THE LEVEL OF PENSION BENEFITS AVAILABLE.

YOUR PENSION INCOME COULD ALSO BE AFFECTED BY THE INTEREST RATES AT THE TIME YOU TAKE YOUR BENEFITS.