

Written evidence from Belmayne Independent Chartered Financial Planners [PPS0040]

Belmayne is a specialist, family-oriented financial planning business established in 2004 that operates from Dronfield, North East Derbyshire.

We believe small is beautiful. It allows us to offer the personal service our clients value and is so often lacking in modern society.

In the execution of our services we come across horror stories from clients who have sometimes been affected by the scourge of pension scams. We are also directly penalised, unjustly, by our association with pensions of any type / financial services generally who's reputation suffers as a consequence. We also suffer financially due to increased regulatory, insurance and Financial Services Compensation Scheme levy costs.

In our view the regulator has completely failed to deal with the prevalence of scams generally, not limited to pension scams, often claiming such non regulated investments are "beyond scope", despite its remit to protect consumers.

It is also hugely frustrating that even where regulated firms have clearly been involved in advising clients to invest in toxic, non-regulated investments, often with many Ombudsman decisions against them, they continue to trade and advise to this day. E.g Portafina.

1. What is the prevalence of pension scams?

Assuming our experience as a small firm is replicated country wide, it is worryingly prevalent.

2. What are the current trends in pension scams?

In our experience these most often take the form of investment into illiquid, unregulated investments, purchased via a regulated pension wrapper, normally a Self-invested personal pension.

These tend to relate to foreign property investment, e.g. Cape Verdi, or the Cool Blue Samui scheme advised by Portafina. Storage Pods and Bio diesel are also common.

3. What are the common outcomes of pension scams for perpetrators and victims?

One can only assume that the perpetrators are significantly benefitting financially from such scams, whether through massive commissions for recommending such non regulated schemes, or the individuals who run such non regulated investments are extracting cash from those schemes through normal mechanisms available. Clearly we can't see the actual mechanics of how funds are extracted, we only know the complete devastation wrought on clients who's retirements have been stolen out from under them.

4. How are existing enforcement tools being used?

We can't see that they are. We have personally informed the FCA about Portafina several years ago and yet they remain regulated and advising to this day, despite the irreparable harm they caused to clients.

5. What more can be done to prevent pension scammers operating?

Ban unregulated investments from being held by pension schemes. Do not allow unquoted shares to be held in pensions.

6. What more can be done to prevent individuals becoming victims of pension scams?

If unregulated investments were no longer allowed in pensions, and only listed equities were allowed, this would significantly improve outcomes for the majority of clients. This would also have the impact of curtailing freedom to invest in things like wine, art, or other non standard assets, however, I can't foresee this affecting anything more than a handful of people who could most likely afford to hold those assets outside a pension if they wished.

7. What role should the pensions industry have in preventing scams?

To educate and advise, and to implement the rules as they are drawn with a fiduciary obligation to their clients to always act in their best interests.

8. Is HMRC's position on the tax treatment of pension scam victims correct?

No, it is heinous to further punish someone who has already lost close to everything and it does nothing for HMRC's reputation save to paint them as a bully.

9. Are public bodies co-ordinating the response to pension scams?

We're not in a position to answer that other than to say the that surely this is the remit of the FCA who have historically ignored repeated warnings from ourselves and my professional colleagues across the advice sector about specific schemes. They have chosen to ignore the "whistle blowers" claiming they have no power to act, however, if not them then who? And what did the FCA do to make sure someone WAS doing something about it?

September 2020