Written evidence from Financial Conduct Authority [PPS0048]

We welcome the Committee's inquiry into the impact of pensions freedoms, and protection of pension savers.

We respond to the questions posed under the headings below. We preface those responses with an overview which includes a description of our role and approach, including our interaction with other agencies in this area, together with an explanation of the types of pensions-related misconduct that we have seen.

Overview

Our pensions remit

1.1 It may be helpful to explain our remit and regulatory responsibilities in respect of pensions, and how those related to The Pensions Regulator (TPR). The FCA's remit is set by the Financial Services and Markets Act 2000 (FSMA), and we are accountable to HM Treasury and to Parliament. We are responsible for regulating personal (contract-based) pensions, whether these are held directly or as a result of employer arrangements. We are also the conduct and prudential regulator for firms that provide supporting products and services for pensions, such as advice and asset management.

1.2 TPR is accountable to the Department of Work and Pensions (DWP), and is responsible for regulating employers' automatic enrolment duties, and trust-based (as well as statute-based public service) occupational pension schemes. We work closely with TPR, and our joint regulatory strategy highlights our commitment to tackling pension scams.[1]

Our commitment to tackling harm in the pensions market

1.3 As we noted in our Business Plan for 2020/21, we see significant risk of harm in the pension and retail investment markets, in part because consumers have been given additional responsibility for complex investment decisions through the shift to Defined Contribution (DC) pensions and the Government's 2015 pension freedoms. In Q1 of 2019, 26.7 million people held or invested in contract based workplace and non-workplace defined pensions with a total value of £739 billion. Consumer losses through scams or fraud can be catastrophic.
1.4 In 2018, consumers reporting to Action Fraud that they had been the victim of a scam lost on average £82,000 each, with total reported losses of £197 million.

1.5 Our Business Plan sets out 3 outcomes that we are targeting through our policy, supervision and enforcement work:

i) Investment products are appropriate for consumer needs

1.6 Some consumers are exposed to more investment risk than they expected or can safely bear, including from sales of high-risk products and risk disguised in an investment wrapper. We want to ensure products are designed to meet consumers' needs, deliver value for money, and are marketed in a fair, clear and not misleading way.

ii) Consumers make suitable decisions about their investments

[1] https://www.fca.org.uk/publication/corporate/regulating-pensions-retirement-income-sector-our-joint-regulatory-strategy.pdf

1.7 Our view is that the investment distribution process, and the support network around it, is not working well enough for all consumers to make suitable decisions about their investments. We want consumers to have access to high-quality advice and support, and be aware of how to protect themselves from scams and fraud. To help tackle this we are developing a consumer harm campaign to initially help consumers make better-informed investment decisions. We have consulted with industry, as part of our broader fee consultation earlier this year. Currently we are conducting audience research. This will help inform the campaign positioning, and how we best target it towards those who most need support. We are aiming to launch the campaign in Q1 2021.

iii) Firms and individuals operate under high regulatory standards and act in consumers' interests

1.8 We want to ensure firms have high standards of governance, a strong grip over networks of individuals in their distribution chains and that the misconduct in this market is eliminated.

Pension scams and the FCA's jurisdiction

1.9 The FCA is a member of Project Bloom, a multi-agency task force chaired by TPR, which is dedicated to intelligence sharing and coordinated action on pension scams.[2] Project Bloom defines pension scams in the following terms:

"The marketing of products and arrangements and successful or unsuccessful attempts by a party (the "scammer") to:

• release funds from an HMRC-registered pension scheme, often resulting in a tax charge that is not anticipated by the member.

• persuade individuals over the normal minimum pension age to flexibly access their pension savings in order to invest in inappropriate investments.

• persuade individuals to transfer their pension savings in order to invest in inappropriate investments.

Where the scammer has misled the individual about the nature of, or risks attached to, the purported investment(s), or their appropriateness for that individual investor."

1.10 At their worst, fraudulent scams may include investments that do not exist, or, where there is an investment, it is marketed on the basis of false or misleading statements and / or where the people involved do not have the regulatory approvals and permissions required by law. The extent to which our remit and powers are engaged will vary depending on the circumstances; the protagonists in most scams or fraud operate outside our regulatory jurisdiction and, in many cases, another law enforcement agency is better placed and resourced to tackle fraud.

1.11 Moreover, scams and frauds are often only detected after the scam has been perpetrated. For this reason the FCA, in partnership with the TPR, runs ScamSmart, a campaign-based website with information for consumers to avoid being scammed, supplemented by television, radio and print advertising. We launched a campaign last week on pension scams using well-known football commentator, Clive Tyldesley, as a spokesperson. The campaign-based

[2] Project Bloom partners include TPR, FCA, DWP, HM Treasury, TPAS, the Pension Scam Industry Group, the Insolvency Service, the Information Commissioner's Office, the National Economic Crime Centre and the National Fraud Intelligence Bureau

approach is especially valuable because it is designed to reduce the number of victims and supplements the FCA's enforcement approach to disrupt and prosecute scams where we are able to.

1.12 Not all egregious practices involve scams and fraud. For example, some schemes may involve legitimate investments, albeit high risk, high cost or illiquid investments. Irrespective of whether the conduct is regarded as a 'scam', the role played by regulated entities in exposing consumers' pension funds to unsuitable investments may breach our requirements, and pose significant risk to those funds.

Our approach to pension scams and unsuitable advice where pension funds may be exposed to high risk or illiquid investments

1.13 We work to protect consumers by gathering intelligence and information regarding pension scams and unsuitable advice into high risk or illiquid investments; acting on that information through our supervisory work and, where necessary, stopping firms from doing business; protecting consumers through a broad range of consumer education initiatives, like ScamSmart, designed to prevent consumers from being susceptible to scams; and using our enforcement powers where we can in cases of serious misconduct to hold individuals to account.

1.14 *Gathering intelligence* - Across the FCA, we receive intelligence regarding pension scams and unsuitable advice into high risk or illiquid investments. This intelligence comes from consumer reports, whistle-blowers, from our own engagement with firms, and from information provided by other regulators, law enforcement and government agencies. It is then fed directly into relevant teams to action as appropriate or into our Intelligence Department which collates, analyses and researches relevant incoming and self-generated intelligence. In line with our business plan we are reforming and improving how we handle intelligence across the FCA.

1.15 *Acting on information to prevent harm* – On receipt of intelligence regarding regulated entities, supervisors will review the role of firms involved at different stages of the value chain, and take appropriate action to prevent consumer harm, including stopping them from doing business if necessary. In 2019, the Supervision Pension Scams team opened 109 cases. As of the end of August this year, the team has opened 85 cases.

1.16 We do not actively supervise or intervene in activity outside the perimeter to the same extent as we do inside it. However, our Unauthorised Business Department (UBD) reviews, assesses, analyses and actions all reports involving unauthorised business activity – i.e. persons attempting to conduct business that should be authorised and regulated without permission or the activities of individuals who do not need to be regulated by law, but are causing harm in the regulated sector. For pension scams, such reports might relate to the activity of unregulated introducers and lead generators, who can play an instrumental role in encouraging and facilitating the transfer of pension funds into high risk investments (for example, by offering free pension reviews).

1.17 *Enforcement* - Where we identify serious misconduct through the work described above, firms and individuals are referred for enforcement investigation. In regulatory investigations, we are likely to focus on whether regulated persons breached our requirements by acting without integrity, failing to manage conflicts of interests and/or providing unsuitable advice to consumers. Where we establish breaches, we are likely to pursue financial penalties, prohibitions of individuals and redress for consumers where feasible. We also prosecute criminal offences where appropriate, including in respect of unauthorised activity. We will also work with the police and other law enforcement agencies depending on the type of offence.

1.18 *Consumer education* - We protect consumers through a broad range of consumer education initiatives designed to prevent consumers from being susceptible to scams. We do this by actively warning them about both specific scams (for example, about unregulated introducers and lead generators) and the general risks of falling victim to scams and frauds (through the ScamSmart campaign that we run with TPR).

What is the prevalence of pension scams?

2.1 Last year, the FCA's Supervision Hub received over 10,000 reports that were categorised as reports of potential scams, of which 186 related to pensions. This represents a significant reduction from 2015, when the equivalent figure was 811.

2.2 In our most recent ScamSmart campaign (launched last week) we use Action Fraud data to estimate that the amount of pension money lost through scams since 2017 is about £30 million. This is based on consumer reports of fraud where the subject of the fraud or scam is pension investments.

2.3 Inevitably, some of the reports that we receive relate to the same matter, and/or are in respect of matters already under consideration or investigation. However, on the basis of intelligence received, in 2019, the Supervision Pension Scams team opened 109 individual cases involving regulated entities. This work resulted in 10 firms agreeing to formally vary their permission to stop their activity. As of the end of August 2020, the team have opened 85 cases, resulting in 6 firms agreeing to formally vary their permission.

2.4 UBD also receives reports of unauthorised activity through consumers reporting firms and individuals to the FCA's Supervision Hub. In recent years, these reports have been increasing steadily; our Enforcement Annual Performance Report for 2018-2019 noted that UBD received 16,600 reports of alleged unauthorised activity, the highest number of reports in a single year. However, in 2019-2020, 20,326 reports have been received. These reports involve a wider range of suspected unauthorised activity including, for example, boiler room investment fraud, clone firms and fraudulent trading platforms. However, there has been a steady decline of consumer reports involving pension scams or unauthorised conduct involving pension funds. Where such cases are identified, they are treated as a high priority given the heightened risk of consumer harm, the substantial funds which are often involved and often the vulnerability of the consumers impacted.

What are the current trends in pension scams?

3.1 We are conscious that scam typologies continually evolve, and in 2017 we published an alert to highlight some of the risks arising from authorised firms failing to carry out appropriate due diligence on investment offerings.[3] That alert charted the evolution of scam typologies, as these developed to obscure the nature of the underlying investment, as follows:

- First-generation scams offered unregulated physical assets – such as commercial property – for direct investment.
- Second-generation scams obscured those underlying unregulated physical assets by creating a special purpose vehicle (SPV) to acquire them using funding raised by the issue of corporate bonds.
- Third-generation scams often use the services of a wealth manager to create an investment portfolio that does not require the direct input of the investor; this portfolio then invests in SPV bonds.

3.2 A more recent development has seen advice firms establish links with wealth managers through shareholdings and common directorships, or seek their own investment management permission thus enabling the set-up of their own investment portfolios. Advice firms advise

[3] https://www.fca.org.uk/news/news-stories/pension-scheme-operators-risk-smarter-scams

clients to invest in the portfolios managed by linked wealth managers, or their own portfolios. There may also be links to the issuers of underlying investments housed within the portfolios. The conflicts of interest inherent in this model are often not disclosed to consumers, or otherwise managed. The risks posed by this model will vary, but we have seen evidence of consumers' pension funds being exposed to high risk or underlying investments, and/or erosion over time due to high charges. We are undertaking a number of enforcement investigations where we suspect that firms involved in structures bearing these features have breached our requirements.

3.3 We are also concerned about risks to ex-pat consumers around DB pension transfers into investments apparently promoted by overseas advisers. Consumers are required to seek advice on DB pension transfers with a value of £30,000 or over. Some firms operate 2-adviser models whereby the UK-based firm gives the transfer advice, and an overseas firm gives advice on where the funds may be invested if a transfer proceeds. We have seen evidence of consumers receiving advice from UK firms to remain in their DB schemes, but nevertheless proceeding to transfer into pension vehicles (typically International SIPPs) advised by the overseas firm where the underlying investments are often high risk or illiquid, and/or pay large commissions to the overseas adviser. In these cases, the advice provided by the overseas firm falls outside our regulatory perimeter. However, the advice provided by the UK adviser may breach our rules, for example where the adviser has insufficient knowledge of the intended destination investment. We are working on ways to tackle this model.

3.4 Since the FCA took on responsibility for the regulation of Claims Management Companies (CMC) in April 2019, we have also received a steady flow of consumers reporting that they have been cold-called by firms regarding mis-sold pensions. In many instances, the details of legitimate firms are used by the cold-callers to appear legitimate to consumers. The cold-callers will then ask for an advance fee in order to begin the claims process and the recovery of the lost investment. These circumstances are usually indicative of an outright scam. We often categorise these as "recovery room scams" and on 4 December 2019, we published a general consumer warning about them.[4]

3.5 We also see instances of phoenixing in this area. Phoenixing is a common term used to describe the practice of closing a firm and that firm re-appearing under a new guise, to avoid liabilities arising from the old firm. Each time this happens, the insolvent company's assets, but not its debts, are transferred to a new, similar 'phoenix' company. We have seen instances of financial advisers leaving failed or failing financial advice firms that have run up liabilities to customers through providing poor advice – often in relation to pension transfer advice - and re-emerging directly, or via associates, in CMC to pursue claims against the advice that they themselves have given. We work closely with other agencies including the FSCS to identify individuals and their associates whom we may think are phoenixing.

3.6 Where we have concerns that former financial advisers are bringing claims in relation to their own bad advice we will take action. This could be by seeking a voluntary requirement or undertaking with firms to prevent them bringing claims where there is a conflict, in advance of making a determination on their application. However, it is important to note that having both financial advice and CMC permissions does not always amount to a potential conflict of interest, if the claims are being brought in relation to financial advice which is not connected with the current firm.

<u>What are the common outcomes of pension scams for perpetrators and victims?</u>

4.1 We describe in response to the question below how we use our enforcement tools to tackle those responsible for pension scams, and consumers' funds being exposed to high risk, illiquid or unsuitable investments.

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[4] https://www.fca.org.uk/scamsmart/recovery-room-scams

4.2 The consequences for consumers who are the victims of scams can be devastating. In 2018, consumers reporting to Action Fraud that they had been the victim of a scam lost on average £82,000 each. Analysis undertaken to highlight scam risks to consumers, as part of the FCA/TPR ScamSmart campaign, demonstrated that it may take 22 years for a saver to build a pension pot of that size. We know through our own enforcement investigations that scam victims are often compelled to delay their retirement, or suffer significantly reduced retirement income with only very limited opportunity to replenish their pension funds.

How are existing enforcement tools being used?

5.1 Where we suspect serious misconduct by regulated entities and individuals relating to consumers' pension funds being exposed to high risk, illiquid or otherwise unsuitable investments, investigations will be undertaken. We are currently undertaking investigations into over 20 regulated firms and a higher number of associated individuals in respect of a range of misconduct.

5.2 In regulatory investigations, we are likely to focus on whether regulated persons breached our requirements by acting without integrity, failing to manage conflicts of interests and/or providing unsuitable advice to consumers. Where we establish breaches, we are likely to pursue financial penalties, prohibitions of individuals and redress for consumers where feasible. In many cases, firms will have ceased doing business following earlier intervention by our Pension Scams team, meaning that they are in administration or liquidation. This may limit the action that we can take against firms, but not against individuals responsible for misconduct.

5.3 Where appropriate, we may investigate criminal offences under the Financial Services Act 2012 including, for example, whether misleading statements were made in relation to investments into which pension funds were switched or transferred.

5.4 We have issued numerous final notices for pensions-related misconduct since 2015.[5] Last year, we published eight Decision Notices against three firms and five individuals.[6] The Upper Tribunal will now determine the appropriate action.

5.5 We are currently undertaking three investigations into pensions-related unauthorised activity. Two of these are civil investigations involving pension swaps, and one is in the initial stages but could lead to a criminal investigation as there are elements of fraud.

5.6 We recently concluded litigation in relation to unauthorised introducers involved in the transfer of approximately £87 million of pensions funds from 1943 consumers. The High Court has ordered two companies and three individuals to pay a total of £10,715,000 in restitution to members of the public who were induced to transfer their pensions into SIPPs.[7]

5.7 Investigations into unauthorised activity can often prove challenging. Introducer firms do not necessarily require FCA authorisation provided that they do not offer investment advice to the consumer and instead introduce them to an FCA authorised adviser for the provision of independent financial advice. In the majority of cases we do not find strong evidence that they

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[5] See, for example: https://www.fca.org.uk/news/press-releases/upper-tribunal-upholds-fca-decision-fine-and-ban-chief-executive-tailormade-independent-limited-alistair-burns, https://www.fca.org.uk/news/press-releases/upper-tribunal-upholds-fca-decision-fine-and-ban-charles-palmer-former-ceo, https://www.fca.org.uk/news/press-releases/fca-fines-compliance-oversight-officer-pension-transfer-failings, https://www.fca.org.uk/news/press-releases/fca-bans-two-individuals-financial-services-industry, https://www.fca.org.uk/news/press-releases/fca-bans-two-individuals-lack-integrity, https://www.fca.org.uk/news/press-releases/fca-bans-and-fines-robert-shaw-tailormade-independent-ltd-sipp-advisory-failings, https://www.fca.org.uk/news/press-releases/fca-bans-and-fines-paul-reynolds-%C2%A3290344-misleading-and-unsuitable-advice, https://www.fca.org.uk/news/press-releases/fca-bans-and-fines-two-individuals-pension-advice-failings, https://www.fca.org.uk/news/press-releases/fca-fines-and-prohibits-mr-stephen-bell-former-director-network-financial-group

[6] https://www.fca.org.uk/news/press-releases/fca-publishes-decision-notices-against-three-firms-five-individuals-/acting-without-integrity

[7] https://www.bailii.org/ew/cases/EWHC/Ch/2020/2175.html

are carrying on regulated activities. Introducer firms are often aware of what they are allowed to do within the legislation, and take steps to hide activities which would provide us with that evidence.

What more can be done to prevent pension scammers operating?

6.1 In our Data Strategy, which we published in January 2020, we said we want to make better use of data and analytics to detect harm and intervene earlier. We continue to improve the quality of the data that we collect from firms. Where we have gaps in our data, we are considering not only additional regulatory reporting from firms, but also a wider range of sources. For example, we are working closely with some of our regulatory partners, in particular the Financial Ombudsman Service and the Financial Services Compensation Scheme, to obtain more regular and granular data and intelligence. We are also making greater use of data from external third parties and publicly available data.

6.2 Furthermore, we are using new tools and advanced analytics, such as web scraping to spot web adverts from pension scammers and other fraudulent operations, and network analytics to identify individuals/companies that may be involved in phoenixing and/or connected to fraudulent activities. We also pay Google to flag warnings to consumers searching for investment opportunities through Google's search engine. We have 3 priorities in our ongoing work with Google: first, to remove and refuse advertisements from advertisers which are likely in our view to be scams and appear on the FCA warning list; second, to refuse financial promotions which are not placed or signed off by an FCA authorised firm; and third, to refuse lead generating advertisements which could tempt consumers to embark on a journey that leads to potentially harmful investment.

6.3 We welcomed Google's decision to apply their Business Operations Verification requirement to any firm wanting to advertise financial services in the UK as an important step. Nevertheless, there is still much to do and we will continue to work with Google to ensure that consumers are better protected from scammers using digital advertising channels.

6.4 On financial promotions, currently, once a firm is authorised by the FCA it can approve the financial promotions of unauthorised persons. HM Treasury launched a consultation on 20 July, 2020 which includes proposals to establish a new gateway enabling the FCA to assess the suitability of a firm before it is permitted to approve financial promotions for unauthorised persons.[8] The government has identified two policy options to deliver this gateway, either through (i) the imposition of a universal requirement or (ii) specifying that the approval of financial promotions is a regulated activity under FSMA.

6.5 Ensuring that any firm approving financial promotions is able to meet the standards the FCA expects should reduce the incidence of firms approving financial promotions for potential scams through a failure to undertake adequate due diligence.

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

7.1 We set out below some of the initiatives that we are currently undertaking, and which are aimed at preventing individuals becoming victims of pension scams.

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8 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/902101/Financial_Promotions_Unauthorised_Firms_Consultation.pdf

Regulatory changes

7.2 In January of this year, we introduced a temporary ban on the mass marketing of speculative illiquid securities, including speculative mini-bonds to retail investors. This was to protect investors who neither understood the risks involved, nor could afford the potential financial losses from this type of investment. In June, we announced proposals to make the ban permanent, together with a small number of changes and clarifications to the ban introduced in January. These include bringing listed bonds with similar features to speculative illiquid securities and which are not regularly traded within the scope of the ban. The ban means that products caught by the rules can only be promoted to investors that firms know to be sophisticated or high net worth. Marketing material produced or approved by an authorised firm will also have to include a specific risk warning and disclose any costs or payments to third parties that are deducted from the money raised by investors. Our objective is to prevent people investing, whether using their pensions funds or otherwise, in complex, high risk products which are often designed to be hard to understand.

Consumer communications

7.3 ScamSmart, run by the FCA with support from the TPR, is a broad, multi-year campaign to educate consumers about how to avoid becoming a victim of scams. It provides basic information, consumer tips and is supported by professional research that identifies particularly vulnerable groups or behaviours that fraudsters tend to exploit. The campaign uses television, radio and press to market our messages and ScamSmart has its own pages on our website with access to all our data. The campaign also signposts to a tool – the Warning List – where consumers can identify whether the company they are dealing with is operating without FCA authorisation. We have stepped up our work in relation to the prevention of frauds and scams with warnings posted to our warning list increasing by 160% since last year.

7.4 We regularly update our ScamSmart website and have launched 9 multi-media campaigns over the last 5 years in relation to investment scams focussing on retirees, pension transfers and other sources of harm for vulnerable groups. During 2019, over 200,000 people visited the ScamSmart website, a 28% increase on 2018. Three times as many users were warned about an unauthorised firm against the previous year's results. This has inevitably led to an increase in the FCA being seen as a trusted source of information to help protect consumers from pension fraud (34%, up from 28% in 2018).

7.5 From 1 July until the end of September, we are re-running our ScamSmart pension scams campaign in partnership with TPR. Advertising across TV, radio and digital channels was supported by PR activity launched in August which highlighted that those aged between 45-65 are some of the most at risk to falling victim to pension scams.

<u>What role should the pensions industry have in preventing scams?</u>

8.1 The pensions industry has a key role in identifying and protecting against scams. We expect the firms we regulate to play an active role in responding to scam activities and in alerting their customers to the risks of scams and directing them to impartial sources of information. Scammers target existing pension savers – the larger the amount saved, the more attractive the target. To be scammed, the pension saver has to access their pension savings or transfer away from their existing pension scheme or provider. So, trustees and providers have an important due diligence role in considering requests from members.

8.2 While the proportion of pension transfers to a scam is very small, trustees and providers should remain constantly vigilant. This means undertaking appropriately robust due diligence, or ensuring that the due diligence undertaken by a third-party administrator meets expectations. Where it is suspected that the transfer is to a scam, trustees and providers should explain their concerns to the member and direct them to resources such as the FCA's ScamSmart or the Pensions Advisory Service for free impartial guidance.

8.3 Trustees and pension providers should also raise awareness among pension scheme members of the risk of scams and what to look out for. Targeted communications can be used, when a member is seeking to transfer out of the scheme, for example, or as part of communications at decision points along the consumer journey. In the context of Covid-19 and a heightened risk of scams, we have provided guidance for providers on what they can say without straying into advice.[9]

8.4 The role of the pensions industry in preventing scams is both at an individual firm level and collectively. We recognise the important work by the Pension Scams Industry Group (PSIG), which is a voluntary body of industry participants set up to help combat scams by promoting good practice amongst firms and sharing information. The PSIG code sets out practical steps members can take to identify and reduce scams as well as providing sample communications for members to use. On information sharing, PSIG plays a key role in the sharing of industry intelligence amongst firms, and with TPR and other Bloom partners.

8.5 While pension providers can share general information about scam developments and trends, it may be difficult for them to share information with each other about firms they suspect are complicit in scams. This is because there may be legal risks associated with identifying particular firms as being involved in scam activities. However, we encourage firms that have concerns to share information with us where relevant, or alternatively with Action Fraud so that appropriate action can be taken.

8.6 In addition to pension providers, the community of regulated financial advisers has an important role to play. Where an adviser has concerns that a scam is planned or underway, this can be critical. We similarly encourage advisers to be active in reporting their concerns to us or Action Fraud.

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

9.1 Most frauds and scams operate outside the FCA's regulatory jurisdiction. Nonetheless, the FCA takes action to disrupt fraud where we can, especially where the fraudster is pretending to be authorised by the FCA or is purporting to carry on activities that require FCA authorisation.

9.2 The FCA is also a member of Project Bloom, a multi-agency group that brings together regulators, agencies, government departments, law enforcement bodies and representatives of the pension industry to tackle pension scams. Project Bloom meets regularly to share intelligence and co-ordinate effective action to shut down pension scams. Project Bloom is actively monitoring for Covid-19 related pension scams and will take swift action against these. The FCA is the Bloom lead on raising public awareness of pension scams. As outlined earlier, we have been running jointly with TPR our successful multi-year ScamSmart campaigns to alert consumers to the risk of scams. We launched our latest campaign on 1 July 2020 on the theme 'How to Avoid Pension Scams'.

9.3 In the context of Covid-19, we continue to work closely with DWP, The Pensions Regulator and the Money and Pensions Service (MaPS). We hold joint meetings to identify any new trends or issues and to coordinate our activities.

9.4 The FCA is a member of the National Economic Crime Centre (NECC), to whom we have sent secondees, along with the NCA, SFO, City of London Police and HMRC. The FCA also works closely with other agencies to combat pension scams and fraud more generally. The FCA

[9] https://www.fca.org.uk/firms/pensions-and-retirement-income-our-guidance-firms

advises anyone who wishes to report frauds and scams to contact Action Fraud, which is the UK's national reporting centre for fraud and cyber-crime, and takes crime and information reports on behalf of the police.

9.5 The FCA also collaborates with the Financial Ombudsman Service, FSCS and the Insolvency Service through the Financial Services Regulatory Family Phoenixing Working Group. The Group was established in 2018 to allow member organisations to share trend data, develop data analytics and discuss joint initiatives to tackle phoenixing.

9.6 In our 2020/21 Business Plan, we set out that one of our key areas of focus is tackling scams and enabling effective consumer investment decisions. Consumer losses from unsuitable investment decisions, or scams, can be catastrophic. Protecting consumers is at the heart of everything we do and we welcome the Committee's Inquiry into how all stakeholders can combat pension scams and fraud.

September 2020