

Written evidence submitted by the Pensions and Lifetime Savings Association (PLSA)

03 September 2021

Dear DCMS Sub-committee on Online Harms and Disinformation,

RE: DRAFT ONLINE SAFETY BILL

The PLSA welcomes the opportunity to give written evidence to the DCMS Sub-committee on Online Harms and Disinformation in relation to the draft Online Safety Bill. We are specifically concerned with the risk of online pension scams and the threat they pose to millions of pension savers in the UK. In our response we have focussed our attention on our view of the omissions from the Online Safety Bill and what practical measures could be included in order to help safeguard consumers from online scams.

About us

We're the Pensions and Lifetime Savings Association; we bring together the pensions industry and other parties to raise standards, share best practice, and support our members. We represent over 1,300 pension schemes with 20 million members and £1 trillion in assets, across master trusts and defined benefit, defined contribution, and local government schemes. Our members also include some 400 businesses which provide essential services and advice to UK pensions providers. Our mission is to help everyone to achieve a better income in retirement. We work to get more people and money into retirement savings, to get more value out of those savings, and to build the confidence and understanding of savers.

Omissions from the Online Safety Bill

The draft Online Safety Bill establishes a new regulatory framework to tackle harmful content online, as part of the Government's commitment to make the UK the safest place in the world to be online. The PLSA believes that in order to fulfil this objective, the Bill must include provision to protect consumers against online financial harm.

In 2017, according to the Pensions Regulator, the average pension pot lost to a pension scam was worth £91k, with some savers losing up to £1 million. The victims had typically been cold called, given a free pension review and promised a high rate of return on their investments. Since then there has been a ban in place on cold calling for pension reviews and there is evidence of pension scams evolving and moving online. However, the pandemic has subsequently increased opportunities for online scammers.

It is also important to note the pensions industry itself has taken steps to try and make it difficult for scammers. **The Pension Scam Industry Group (PSIG)**, which the PLSA is a member of, has set up a code to help schemes with their due diligence and helps in the sharing of intelligence about possible scams. 23% of PLSA members have changed processes during the pandemic to combat any possible uptick in pension scam activity.

However, pension and investment scammers are increasingly using the internet to offer free pension transfer advice, including by exploiting the willingness of search engine companies to sell commonly used search terms and through paid-for advertising on online platforms. The PLSA is

calling for requirements in law for search engine companies to do more due diligence on paid for search terms and to bring paid for advertisements within the draft Bill's scope. We believe this could be effective in reducing the harm done by pension and investment scammers, though the obligation could be more specific on the particular illegal content in financial services and pensions. This view is supported by the conclusions of the Work and Pensions Select Committee in their report on pension scamsⁱ. We have annexed both our joint letter on online advertising and our response to the Work and Pensions Select Committee.

We have also heard incidences of genuine websites being cloned by pension scammers to give the impression they are either a pension scheme or a regulated advice firm. The PLSA is also calling for a requirement that places responsibility on search engines to exclude 'hits' that could include cloned websites of pension schemes, providers, employers, public guidance services or regulated financial advisers from returned search results.

Recent PLSA research shows that 64% of savers over 55 are worried about the possibility of being scammed. 33% of people would not know how to check if an investment was genuine or a pension scam, and this figure increases to 47% for those on lower income levels (up to £14k p.a.) We therefore welcome the draft Bill's focus on improving the media literacy of UK users.

As the pandemic has accelerated the shift to online a legal responsibility must be placed on search engines to play their part in protecting pension and investment scammers from defrauding savers.

Yours sincerely

Craig Rimmer

Policy Lead: Master Trusts and Standards

Encl.

ⁱ <https://committees.parliament.uk/publications/5322/documents/53036/default/>