

# Financial Conduct Authority urged to act on cold calls as Treasury dithers over ban

Scammed savers are still waiting for action to stop unsolicited calls

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Savers are tempted with the promise of bumper returns on unregulated investments such as forestry schemes GETTY IMAGES

The financial regulator has come under fire for failing to make life harder for the fraudsters who cold call pension savers.

With a proposed government ban on cold calling having been repeatedly delayed, campaigners say the Financial Conduct Authority (FCA) should bring in rules to stop unsolicited calls being used to provide “leads” for potential scammers.

Baroness Altmann, a former pensions minister, said: “The FCA could change its rules now to instruct all regulated pension firms that they must not sell their products to people who have come to them via a cold call.

“If breached, the FCA could revoke the provider’s registration, ensuring customers are more effectively protected.”

The Treasury has been consulting for more than a year on a cold-call ban aimed at preventing pension scams, which typically cost victims £91,000 each, according to a campaign launched last week by the FCA and the Pensions Regulator.

Callers often lure savers with the promise of a free pension review or bumper returns on unregulated investments such as forestry schemes or overseas hotels.

A second consultation on the “technicalities” of the proposed ban closed last Friday, which means it is unlikely to come into force until next year. It was originally supposed to be introduced two months ago.

Helen Morrissey of the pension provider Royal London said: “Many scams start with a cold call, yet the government continues to dither and delay.”

There are fears the new rules will not provide full protection for savers, which is why Altmann also wants the FCA to prevent pension providers using the leads generated by cold calls.

Mark Steward, the FCA’s enforcement director, said the regulator had recently started proceedings against “two unregulated pension introducers involved in the transfer of at least £86m in pension assets from more than 2,000 customers”.

He added: “We have also alerted regulated firms to the dangers of working with introducers. If, for example, customers are given unsuitable advice by an introducer, the authorised firm may be subject to enforcement action.”

Jenny Ringstead, who lost £65,000 after responding to a call, is disappointed at the wait for government action. “I don’t get why it has to take so long,” said Ringstead, 48. She and her husband, Mark, transferred their pension savings to a company that promised good returns. It failed to send any paperwork, however, and went bust.

“The person who contacted me was very convincing and had answers to all my questions. If there had been a ban in place he wouldn’t have been able to trick me and destroy our dream of going travelling in a motor home,” said Ringstead, a carer support officer.

The Ringsteads, from Llantwit Major, in the Vale of Glamorgan, are just two of the thousands of savers who have had their dreams shattered. Last year, 253 retirement savers lost a total of more than £23m to scammers, who often start by making unsolicited contact by phone, post or email, according to Action Fraud.

The true figure may be far higher, as it is thought a significant number of victims do not report scams because of shame or embarrassment.

Other political figures have called for the government and regulator to do more to protect pension savers.

Stephen Lloyd, the Liberal Democrat work and pensions spokesman, told Money: “The government must not allow companies to use leads generated by cold calling. Without this change, people will still be ripped off and the government has a duty of care to close the loophole.”

Jack Dromey, the shadow pensions minister, has also called for the FCA to ban providers from using information gathered by cold callers to drum up business.

For now, the onus remains on savers to spot scams. Nicola Parish, an executive director at the Pensions Regulator, said: “If someone cold calls you about your pension, it’s probably an attempt to steal your savings. Our message is clear — hang up and report it.”