

Government ‘must protect pensions’

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Baroness Altmann, a former pensions minister, said that the present approach to pension disclosure was “weak” BEN GURR FOR THE TIMES

The government is being “complacent” about savers having their nest-eggs stripped away by hidden pension fund charges and the City regulator is too understaffed to investigate scammers who [steal people’s savings](#), according to a damning report.

The House of Commons work and pensions committee is demanding that the government pass legislation to force pension providers to [clearly declare all charges](#) facing savers — replacing the present voluntary scheme.

It wants the Financial Conduct Authority to create an accessible database of financial advisers, claiming that its online list is “inscrutable”.

It also questions the FCA’s ability to clamp down on scammers who prey on pension savers with bogus investment opportunities, highlighting that the regulator has a dedicated scams team of only ten people out of 3,700 staff.

The report comes after a *Times* investigation found that more savers were withdrawing their cash from lucrative final-salary pension schemes and putting money into unsuitable investments after being encouraged by financial advisers claiming fees. Others are being conned by straightforward scams that promote non-existent schemes such as truffle farms or holiday villages.

Figures released by the pensions regulator found that savers had moved £34 billion out of final-salary schemes last financial year, more than in the previous 12 months. Savers can access pension savings from age 55 without having to buy an annuity.

Frank Field, the independent MP who chairs the select committee, called on the government to crack down on financial advisors that were “misinforming, mischarging and making a fat living off the hard-earned savings of pensioners.

“Government should not wait for the industry to fail to act voluntarily as they have so many times in the past. It must put the full force of the law behind such changes.”

The committee says that the entire industry is suffering from a lack of transparency. It also has flagged up the problem of “phoenixing” financial advice firms — highlighted by *Times Money* in May — which declare bankruptcy to avoid compensation claims, then reappear under another name.

Baroness Altmann, a former pensions minister, said: “The current approach, leaving firms to sign up voluntarily to disclose their charges, is too weak. The firms who sign up will be the ones who are already operating best.”

An FCA spokeswoman said that while it had ten dedicated staff working on pension scams, “overall we have over a hundred full-time staff working on pension issues, including scams”.

A spokesman for the Department for Work and Pensions said: “We have taken decisive action to limit charges and make the costs of saving into a pension more transparent.”