Stratton
wealth management

YOUR GUIDE TO AVOIDING

FINANCIAL SCAMS

10 COMMON SCAMS
AND HOW TO SPOT THEM

EVERYTHING
YOU NEED TO KNOW
ABOUT SCAMS

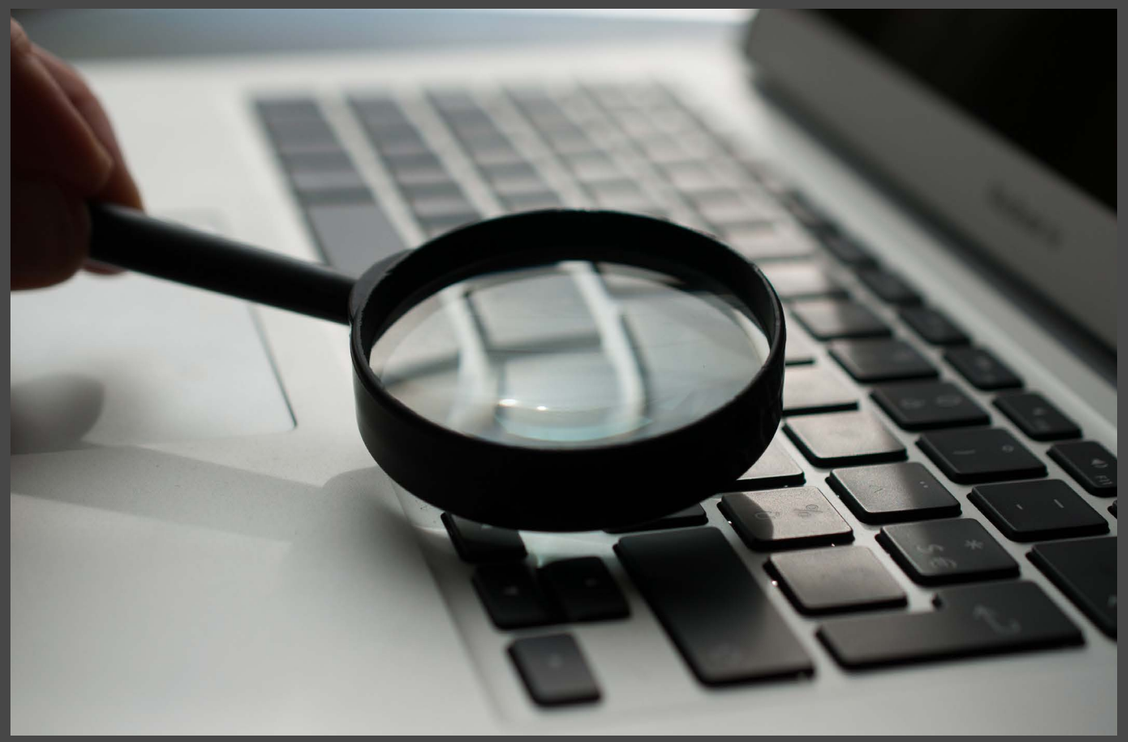
PENSION SCAMS COST VICTIMS **£17.7 MILLION** IN 2023

WOULD YOU SPOT A SCAM?

Take the quiz and find out!

EVERYTHING YOU NEED TO KNOW ABOUT SCAMS

AND HOW TO PROTECT YOURSELF



Technology has made it easier than ever for scammers to target victims, and the tactics they use are becoming ever more sophisticated. There are reports of fraudsters using social media adverts to reach a large audience, spoofing phone numbers to make it appear they're calling from legitimate firms, and building websites that seem genuine. Even individuals that research firms before handing over their money can be duped out of their life's savings.

It's common to think "I'll never fall for a scam," but it happens to thousands of people every year.

Opportunistic scammers take advantage of vulnerable people and situations. Even if you're financially savvy, a scammer can catch you at a vulnerable time and persuade you to part with your cash.

It's more important than ever to be vigilant about scams and seek support if you're not sure about an opportunity. We hope this guide will help you keep your assets safe.

If you have any questions about financial scams or the information in this guide, please contact us:

info@strattonwm.co.uk

0800 970 8984

THE HUGE COST & IMPACT OF SCAMS ON VICTIMS

In 2023, staff working in

banks, building societies & post office branches stopped victims of fraud from losing a staggering

£54.7 million[1]

On average,

the Banking Protocol

which trains staff to detect warning signs that someone is being scammed, prevented customers from losing

around £4,700

While the Banking Protocol is helping to protect some victims, scams are still devastating the financial security and confidence of **thousands** of people.

In 2024, more than **1,153** cases of fraudulent conduct were recorded to the National Fraud Database every day[2].

More than **4** cases of fraud are recorded every **5 minutes**

Despite the scale of the recorded statistics, it's thought to be just the tip of the iceberg. Many scams are believed to go **unreported**.

Scammers are using **increasingly sophisticated** tactics to part you from your money...

More than 10,500 scams involving impersonating a police officer or bank staff were reported in 2023[3].

Victims collectively lost more than

£78.9 million

Calls to the Financial Conduct Authority regarding scams increased

193%

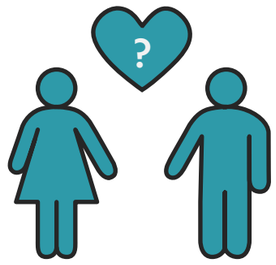
between 2018 and 2023[4].

In 2023, scams targeting pensions have cost **£17.7 million**.

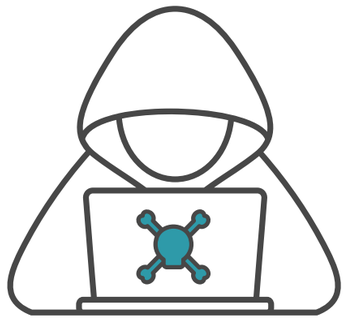
The average pension saver lost

£46,959[5]

The National Fraud Intelligence Bureau received more than **8,700** reports of romance fraud in 2023[6].



With **2 in 5** saying they don't know how to tell an advert from a scam



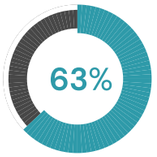
I would spot a scam a mile away!

Many people think they'd easily spot a scam, but it can be more difficult than you think.

Worryingly,

people are often making snap decisions too...

1 in 4 people admitted to taking 24 hours or less to decide on a pension offer[8].



would trust someone offering pension advice out of the blue, despite a ban on pension cold-calling.

It's not just financial losses

8 in 10 victims of fraud also experience a negative emotional impact[9]. It can affect wellbeing even when no money is lost or when it can be recovered.

1 in 10

say they've been taken in by fake social media adverts[7]. The same amount has also fallen for dodgy adverts that appear in search engine results.

Sources:

1 https://www.ukfinance.org.uk/policy-and-guidance/reports-and-publications/annual-fraud-report-2024

2 https://www.ukfinance.org.uk/system/files/2024-05/Annual%20Fraud%20Report%202024_0.pdf

3 https://www.ukfinance.org.uk/system/files/2023-05/Annual%20Fraud%20Report%202023_0.pdf

4 https://www.ftadviser.com/fca/2023/06/13/fca-warns-of-clone-firm-offering-scam-reimbursement/

5 https://www.btppensions.co.uk/resources/news/2024/12/02/17.7-million-was-lost-to-pension-fraud-in-2023---keep-your-pension-safe!

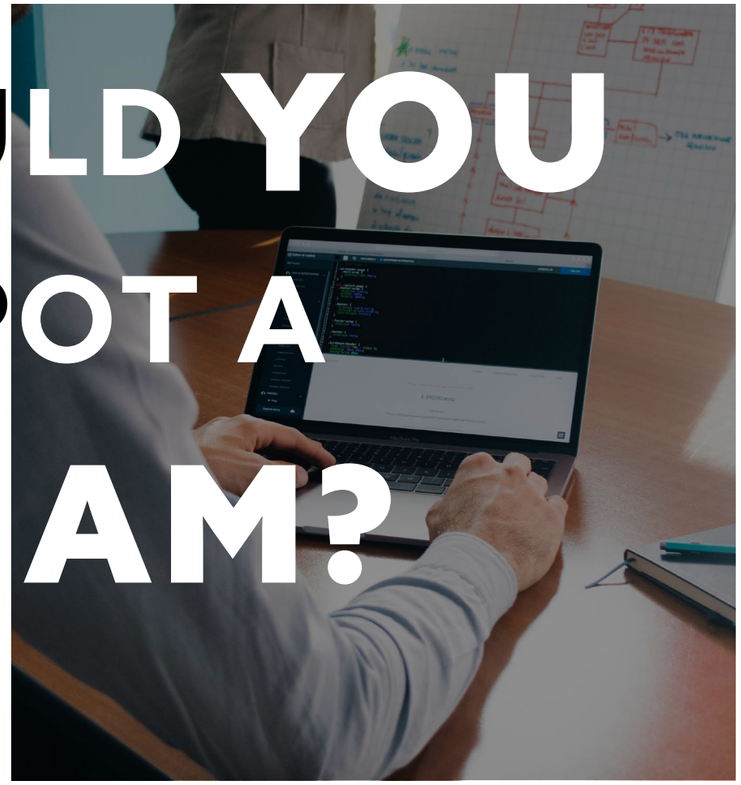
6 https://www.cityoflondon.police.uk/news/city-of-london/news/2024/june/heavy-hearts-and-empty-wallets-more-than-94.7-million-lost-to-romance-fraud-in-the-last-year/

7 https://www.which.co.uk/news/2020/11/nearly-one-in-ten-scammed-by-adverts-on-social-media-or-search-engines/

8 https://www.fca.org.uk/news/press-releases/22-years-pension-savings-gone-24-hours

9 https://commission.europa.eu/system/files/2020-01/factsheet_fraud_survey.final_.pdf

WOULD YOU SPOT A SCAM?



Every year millions of pounds are lost to scams, and yet people will often say "I'd never fall for one."

When you hear about scams, it's easy to think you'd spot them a mile off and be savvy enough to know when to stop communication. But it can be far more difficult than you think, and fraudsters are deploying evolving tactics that can throw you off, especially if your mind is elsewhere.

Sarah Sinden, manager of economic crime – customer education strategy at UK Finance, said: "We all think we're savvy when it comes to fraud and scams, but the truth is any one of us can fall for one, especially in the heat of the moment.

"Criminals are increasingly becoming more sophisticated in their tactics making it harder to spot the obvious signs of a scam as easily."

Worrying UK Finance research found that many people are being targeted by impersonation scams, where the criminal claims to be from a trusted organisation, like the police. This type of scam may play on your concerns that your account has already been targeted by fraudsters. It can mean you're less likely to ask questions or carefully consider your options, especially if the criminal knows your personal details.

The research found almost half of 18–24-year-olds had been contacted by an impersonation scammer, and half went on to share personal information or make a payment. A third of over-55s also said they'd been contacted by someone impersonating a genuine organisation.

Even when you do your research, it's not always obvious the person you're speaking to isn't genuine.

Sinden added: "Criminals are experts at impersonating people, organisations and the police. They spend hours researching you for their scams, hoping you'll let your guard down for just a moment. Stop and think. It could protect you and your money."

Do you know your financial products?

Understanding financial products can help you spot a scam.

1. You can access your pension when you're aged:

a) 55

b) 50

c) 52

2. Regulated investments mean:

a) The risk of losing money is lower

b) Potential returns will be lower

c) You're protected by financial regulation.

3. When investing your money, you should:

a) Find investments with guaranteed returns

b) Choose the lowest risk option

c) Consider your risk profile.

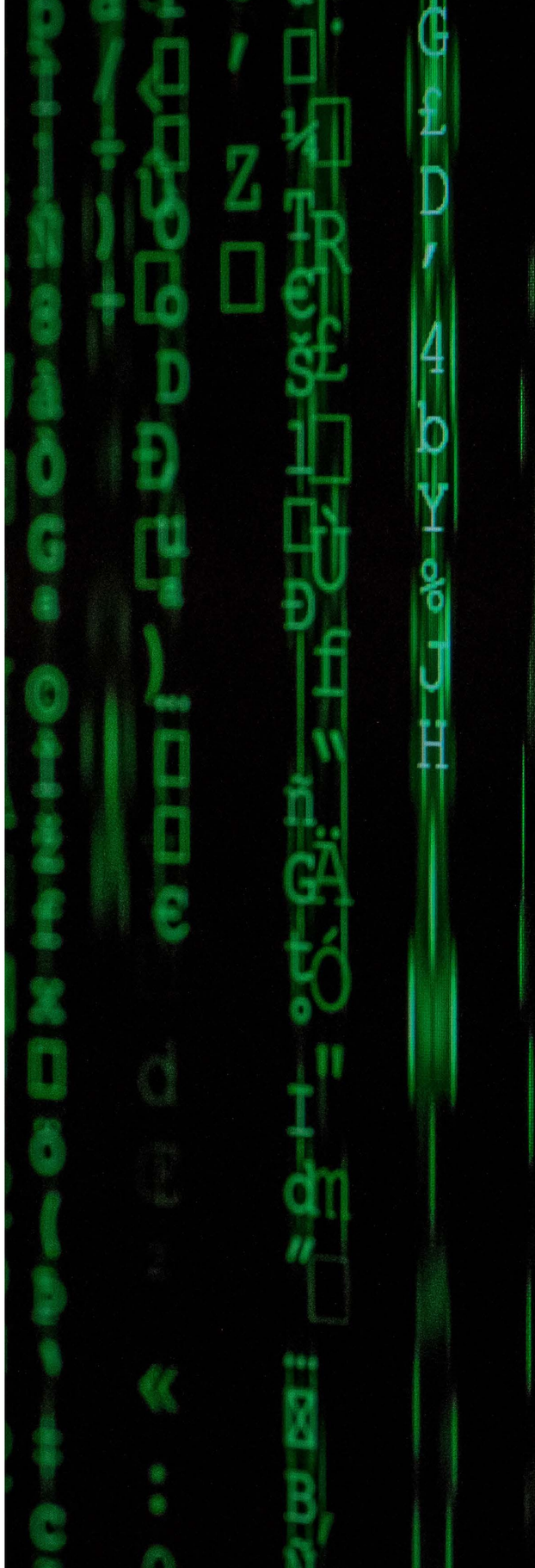
4. To invest your pension savings you need to:

a) Take it out and invest it

b) It will already be invested

c) Have a free pension review.

(Answers on back cover)



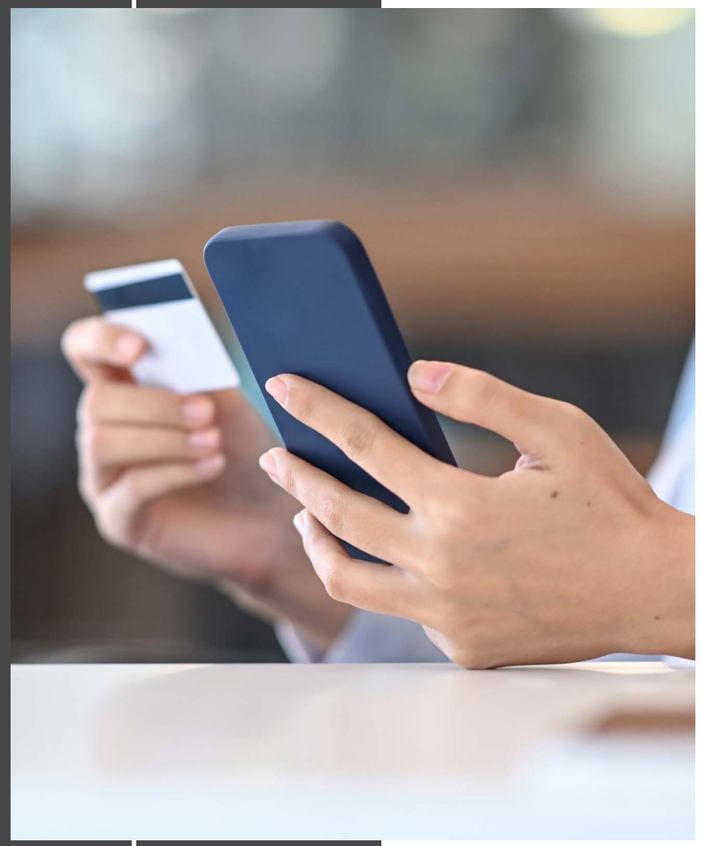
SCAM OR NOT?

1. Your phone beeps and you have a message from your current account provider. It says: "This is a fraud alert. We need you to verify recent transactions. Please click the link to log into your account: **http://banking.uk**"

   Scam: Do not click on links within text messages or emails. If you receive an alert from your bank, log into your account from the website you usually use or contact the firm directly. Banks will not request sensitive information, such as your PIN.

2. You receive a call out of the blue from Sarah at Loxley Financial Planning, she says: "Hi, I'm calling you about your pension plan. As you're nearing retirement, we can offer you a free pension review to help you maximise your pension."

   Potentially a scam: If you're contacted out of the blue, be cautious. Pension cold-calling has been banned since 2019.



3. You see a social media advert stating: "Want to get more from your investments? Our regulated investment portfolio offers guaranteed 10% returns. Don't miss out on this exclusive opportunity."

   Scam: It is not possible to guarantee investment returns.

4. A Financial Conduct Authority-authorised financial adviser calls you after you register interest on their website. They say: *"Hello, I'm calling to discuss how you can access your pension and take a tax-free lump sum from the age of 55."*

   Not a scam: You should still verify who you're speaking to, but it's not likely this is a scam. Remember, take your time when making financial decisions.

Follow UK Finance's advice to protect yourself from scams. Always remember to:

- Stop: Taking a moment to stop and think before parting with your money or information could keep you safe.
- Challenge: Could it be fake? It's ok to reject, refuse, or ignore requests. Only criminals will try to rush or panic you.
- Protect: Contact your bank immediately if you think you've fallen for a scam and report it to **Action Fraud**.

10 COMMON PENSION AND INVESTMENT SCAMS YOU NEED TO BE AWARE OF NOW

There are many ways scammers will try to part you from your pension, savings, or money you plan to invest. Here are 10 of the most common scams you need to be aware of to protect your wealth.

1. Early pension release

Pensions are often one of the largest assets you have, but they're locked away until you reach Pension Age at 55, rising to 57 in 2028.

If you want to boost your income now or are planning an early retirement, accessing it early can be an attractive option. Scammers may offer to help you release cash from your pension early, using phrases like "pension liberation" or "pension loan." However, it's only possible in exceptional circumstances, such as following the diagnosis of a terminal illness. Instead, you're likely to face a large tax bill and could lose all your money.

According to the Financial Conduct Authority (FCA), the most searched for investment and pension scams are:

1. Cryptocurrency
2. Binary options
3. Foreign exchange
4. Shares
5. Bonds
6. Pension review
7. Pension loan/liberation.

2. Pension reviews

Pension review scams also target your retirement savings but will typically wait until you reach pension age. A scammer will often call you out of the blue offering a "free pension review" to help you get the most out of your savings. They'll usually suggest you move your money into high-risk or unusual investments. They may try to tempt you by saying returns are "guaranteed". Remember, you cannot guarantee returns and all investments come with some risk. Before making any investment decision it's important you weigh up your options and do some research.

3. Cryptocurrency investment scams

Cryptocurrency is still relatively new and is not regulated in the UK. However, a growing interest in the likes of Bitcoin and Ether means criminals are using the trend to lure victims. In this scam, fraudsters often use social media to advertise cryptocurrency investments, some will use images of well-known individuals to give their offering more legitimacy. Scam firms will often manipulate software to distort prices and investment returns, they may also close online accounts and refuse to transfer funds.

4. Forex trading scams

This scam starts by presenting an opportunity to trade in foreign exchange. They may promise high or guaranteed returns, either through a managed account or by letting you trade on a platform. Most victims report they initially receive some returns from the firm. This gives the impression that trading is successful, encouraging you to part with more money. Accounts are usually then closed and the firm becomes impossible to get hold of. Scammers may claim they are based in the UK and authorised by the Financial Conduct Authority (FCA).

5. Get-rich-quick schemes

We all want to get the most out of our money and this is what makes get-rich-quick schemes lucrative for scammers. The two most common types of this scam are "Ponzi" and "pyramid" schemes. A Ponzi scheme will usually guarantee returns, using money from new investors to pay existing investors. When new money isn't attracted, the scheme collapses. Pyramid schemes are similar but rely on investors recruiting more people to receive a commission.

6. Share, bond, and boiler room scams

"Boiler rooms" are where fraudsters operate to cold-call potential investors. They will typically offer shares or bonds to victims that are worthless, overpriced, or may not exist at all. Fraudsters will use sophisticated, high-pressure tactics to try to get you to invest. They may also use adverts in newspapers, magazines and online to encourage potential investors to call them directly.

7. Overseas property and crop scams

Overseas property and crop scams are usually positioned as high-return, low-risk investment opportunities. They will usually encourage you to buy a plot of land overseas, claiming it will be used to build property or for agricultural commodities. Investment periods are often long, around five years, so it can be some time before investors realise it's a scam and their money is lost. Like boiler rooms, high-pressure tactics are often deployed to encourage quick decisions.

8. Binary option scams

Binary options are a form of fixed-odds betting, often involving the outcome of an event. If you "win" you'll receive a return on your investment; if you "lose", the full investment is lost. Events used for binary options vary – one example is whether the prices of a particular share will go up or down. Scam firms may distort prices and payouts. There have also been reports of firms suddenly closing trading accounts and refusing access to money within the account.

Firms were banned from selling binary options in the UK on 2 April 2019. If you're offered binary options, it is probably a scam.

9. Unregulated investment scams

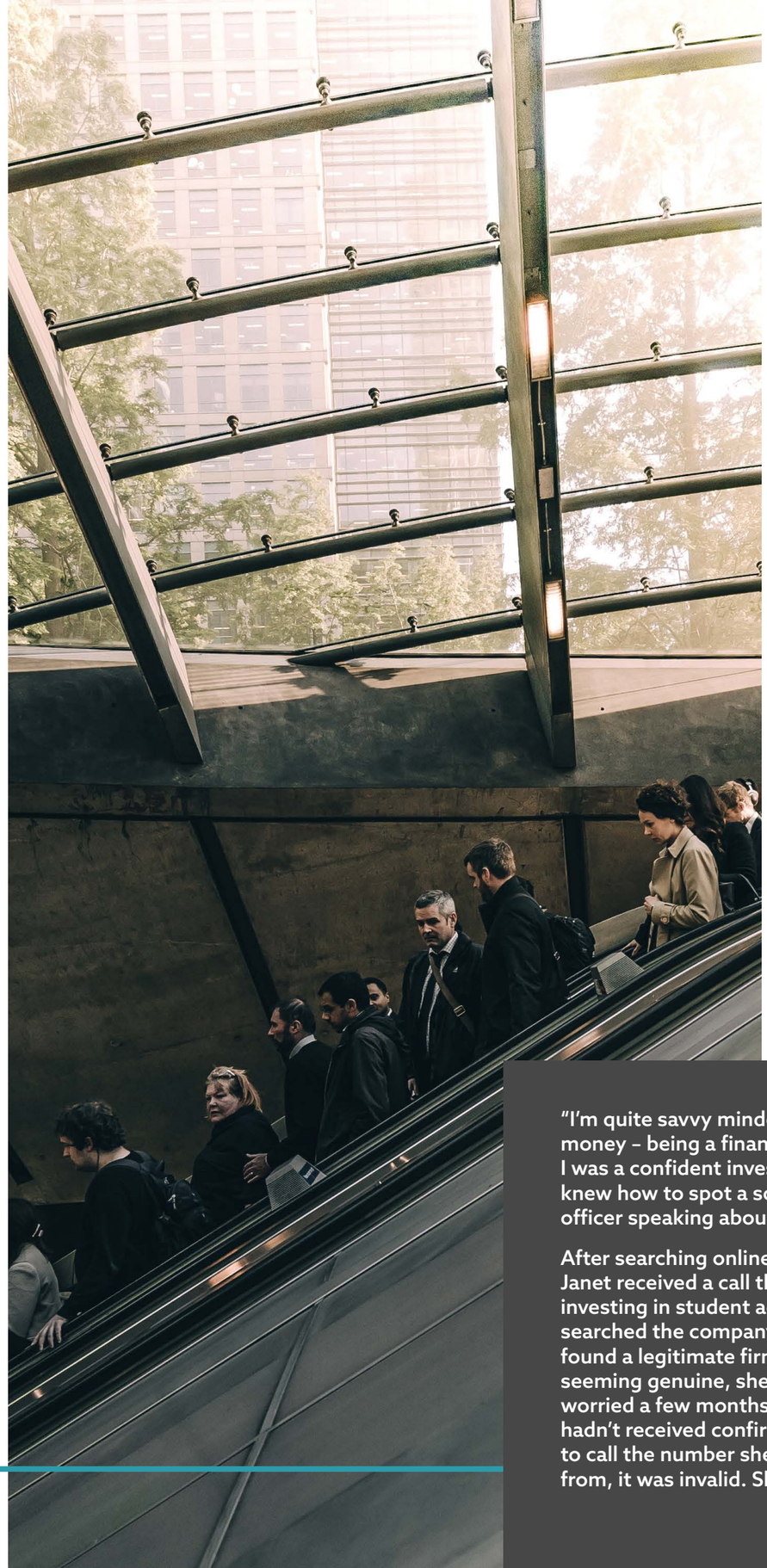
You should always check if a firm offering you financial services is authorised and regulated by the FCA. Using a regulated firm means you can use the Financial Ombudsman Service or the Financial Services Compensation Scheme if something goes wrong. It's also important to note that, even within an authorised firm, not all products will be regulated. Unregulated products are usually niche, high-risk and often unsuitable for retail investors. Scammers are likely to contact you unexpectedly about these kinds of unregulated products.

Among the reports of unregulated scams received by the FCA are:

- Bamboo
- Hotels
- International forestry
- Student accommodation
- Sustainable energy
- Parking
- Land overseas.

10. Restricted US share scams

The US allows firms in America to sell stocks that don't meet regular listings standards to non-US investors, despite having tighter restrictions on their sale in the US. While restricted US shares aren't always a scam, they are often difficult or expensive to trade. You will have to hold the shares for a defined period, usually six months or a year, before you can sell them back to buyers in the US without facing additional costs. Even when this period is up, you need to pay a US lawyer to lift restrictions. As a result, investors often end up losing money even if they're able to sell the shares.



SPOTLIGHT: CLONE FIRMS

Investors lost £2.7 million to clone firms in the second half of 2024.

Scammers are always looking for new ways to part victims from their money. A tactic that is increasingly being used is setting up a clone firm to target potential investors or those nearing retirement.

According to a report in ***This is Money***, scammers impersonating investment management firms stole £2.7 million from victims. Almost a quarter (23%) of reported scam attempts were successful.

77% of investors do not know or are unsure about what a clone firm is.

What is a "clone firm"?

A clone firm involves scammers pretending to be from authorised firms to give you confidence. Usually, they will cold-call you. However, they may also use emails, texts, or social media messages.

As they are using the details of a legitimate firm, it can be difficult to spot a clone firm scam.

These fraudsters were often taking advantage of investors worrying about their money due to the pandemic. With more people seeking investment advice, criminals are using this to offer fake or inappropriate investment opportunities.

"I'm quite savvy minded when it comes to money – being a finance officer I thought I was a confident investor and thought I knew how to spot a scam." – Janet, a finance officer speaking about her experience.

After searching online for high-return bonds, Janet received a call the next day about investing in student accommodation. She searched the company details online and found a legitimate firm. With everything seeming genuine, she invested. She became worried a few months later when she still hadn't received confirmation. When she tried to call the number she'd been contacted from, it was invalid. She lost £40,000.

While scams often entice victims with lucrative investment returns, many clone scams offer modest returns, so they don't arouse suspicion. Rather than stating "high returns" they may use phrases like "safe investments".

This approach, coupled with using legitimate details, means a clone firm can lull you into a false sense of security.

Speaking in **2021**, Superintendent Sanjay Anderson, from the City of London Police's National Fraud Intelligence Bureau, said: "This new trend of clone firms is particularly worrying as it makes it harder for people to spot a scam. Investing any amount of money comes with an element of risk and it's important people take time to do their research."

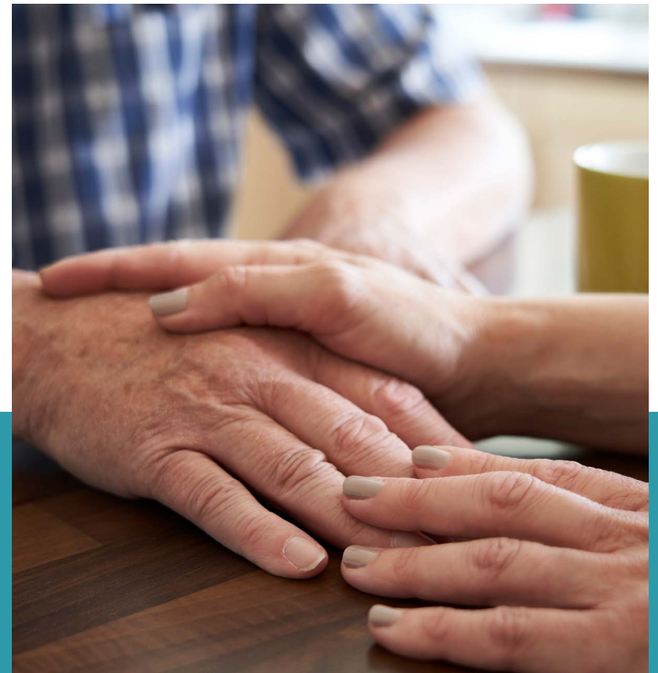
WHAT CAN YOU DO TO SPOT A CLONE FIRM?

If someone approaches you with a financial opportunity, you should always check the **Financial Services Register**. This register lists the firms and individuals that are authorised by the Financial Conduct Authority.

However, this step alone isn't enough. A clone firm will use the details of a genuine firm, including the FRN, to prove its legitimacy. The register includes the telephone numbers of the firms, so use this number to make contact directly to verify who you've been speaking to before you proceed with any financial decisions.

Remember, clone firms are just one type of scam. It's important to be vigilant about all forms of contact and take your time when making financial decisions.

If you're worried that you may have been targeted by a scam, or want to learn more about scams visit: **actionfraud.police.uk/**



WHY DO PEOPLE FALL FOR SCAMS?

There are many reasons people fall for a scam. In some cases, it's because a criminal has caught you at a bad time. If your thoughts are elsewhere, you're more likely to be taken in by a scam. But scammers also use a variety of tricks and tactics to encourage you to part with your money.

Among the tactics frequently deployed by criminals are:

Fostering a sense of familiarity

Successful scammers are often good salespeople, and will build up a rapport with victims and create a sense of familiarity. Building up a sense of trust can mean you part with information more easily, providing fraudsters with an opportunity to exploit you. They may also use legitimate company details to give you confidence from the outset.

While you may want to be polite and helpful towards what appears to be a legitimate caller, or be interested in discussing opportunities when approached, it's important to remember to keep sensitive information safe and always verify who you're speaking to.

Playing on common fears

Money is one of the biggest sources of worry for people, and scammers play on this. For example, you may be concerned about how you'll pay for the retirement lifestyle you want or what would happen to loved ones if you passed away.

By playing on common worries, fraudsters can push you into making decisions that may not be right for you or that you may need more time to think about first.

Motivating victims with time-sensitive offers

A common tactic used by investors is to provide pressure by offering time-sensitive or "once in a lifetime" offers. It can mean you may act, when otherwise you may not have, because you're worried about missing out.

In some cases, scammers have even sent couriers to a victim's house so paperwork is signed before they've had a chance to weigh up their options. A genuine finance professional will understand why you will want to consider the opportunity before moving forward.

8 in 10 Brits would be **embarrassed** if they fell for a scam

Scammers also rely on how victims will react to losing money.

Less than half of people would tell their friend if they fell for a scam, and fewer than 1 in 5 would tell a colleague, boss or a neighbour, according to a **UK Finance survey**. This is despite a quarter of people saying that hearing experiences and information from their friends would have the largest impact on how they protect themselves against scams.

While it can be difficult to report fraud, discussing scams can help protect others.

There are other reasons victims may not report scams. In some cases, they may not be aware they've been scammed for some time. For example, if retirement savings are involved, victims may not review their assets regularly.

PROTECTING YOUR PENSION AND RETIREMENT PLANS

Your pension is likely to be one of the largest assets you own. Yet, unless you're retired, pensions are assets that can be easily forgotten about or overlooked.

How pensions are accessed changed in 2015. Retirees now have far more freedom to create the retirement income and lifestyle they want. But increased pension flexibility also means they're more attractive to fraudsters.

According to information from the City of London's National Fraud Intelligence Bureau, **pension scams** cost victims more than

£17.7 million

in 2023.

Understanding how your pension works and what your options are can reduce the risk of falling for a pension scam.

A pension is a product you save into during your working life to pay for the lifestyle you want in retirement. Usually, the money is invested, helping it to grow over the long term. You can normally access a defined contribution pension from the age of 55, rising to 57 in 2028.

You don't have to access your retirement savings when you reach 55, you can leave it in your pension, where it will remain invested. When you decide to start taking an income, you have three main options:

1. Withdraw lump sums:

This option allows you to take chunks of cash when you need it. The money you don't withdraw will usually remain invested, and 25% of each amount you take out is tax-free.

2. Take an adjustable income:

An adjustable income means you control how much you receive, and can change the amount to reflect your needs. You can take up to 25% of your pension tax-free, the rest will remain invested until you withdraw it and will be classed as a taxable income.

3. Purchase an annuity:

An annuity is a product you purchase with your retirement savings, providing a guaranteed income for life or a fixed number of years. You can take up to 25% of your pension tax-free before purchasing an annuity.

You don't have to pick just one option – you can mix them up.

Having a clear retirement plan you're confident in can help you avoid a pension scam, should you be targeted.

5 SIGNS OF A PENSION SCAM

1. Pension cold-calling is banned, so be cautious of any unsolicited contact about your pension, including calls, text messages and emails.
2. You can only access your pension early in exceptional circumstances. If someone claims they can "liberate" your pension early, it's probably a scam.
3. Your pension is usually already invested, but scammers may try to encourage you to withdraw a lump sum or your whole pension to let them invest on your behalf. These investments may be unusual and overseas.
4. The decisions you make about your pension will have a lifelong impact and should be carefully thought through. Scammers, however, will try to rush you.
5. Phrases such as "free pension review", "pension liberation", "pension loan", and "pension loophole" are warning signs.

If you have questions about your pension or aren't sure how it can be used to create a retirement income, there is help out there. **Pension Wise** is a free government service offering pension guidance.
For a bespoke financial plan, including retirement planning, that considers your aspirations, you can get in touch with us.

SIGNS OF A SCAM THAT SHOULD RING ALARM BELLS

Unexpected contact

If you're unexpectedly contacted by someone you don't know, always proceed with caution. Take your time to do some research, including checking the Financial Conduct Authority, before you provide any personal information.

You're unable to contact them

If you don't have a means to contact the person or firm you're dealing with directly, this is a warning sign. Scammers will often try to keep you on the phone or arrange to contact you.

Communication is filled with jargon

It's important you understand the financial decisions you're making. If communication is filled with jargon and unclear, it may be that the person is trying to confuse you. A finance professional will be happy to answer questions you have.

Investments are complex or overseas

As mentioned above, you should understand your investments. If you're being offered unusual or overseas opportunities you should proceed with caution.

You're pressured to make a quick decision

Never be rushed into making a quick decision about your finances. You should ensure you feel comfortable with what you're doing and explore the alternatives. Taking a step back and giving yourself some time to think can help you spot a scam.

Unrealistic or guaranteed returns

We all want to make the most out of our money, so high-return, low-risk investment opportunities can be tempting, even more so when returns are "guaranteed". However, if the returns on offer are higher than alternatives, ask yourself why that is. It's likely to be a scam. Investment returns cannot be guaranteed.

REMEMBER:

IF IT SOUNDS TOO GOOD TO BE TRUE, IT PROBABLY IS.

"Take Five" to protect your loved ones

As well as being aware of scams that could affect you, taking the time to speak to loved ones means you can help protect them too.

A conversation could prevent fraud.

Sarah Sinden, manager of economic crime – customer education strategy at UK Finance, said: "Those who are older and more vulnerable are often directly targeted by criminals who believe they have more disposable income from savings or pensions.

"By taking the time to talk to your loved ones, especially those who are digitally excluded, they have a much better chance of spotting a scam, and more importantly, preventing themselves from falling for one.

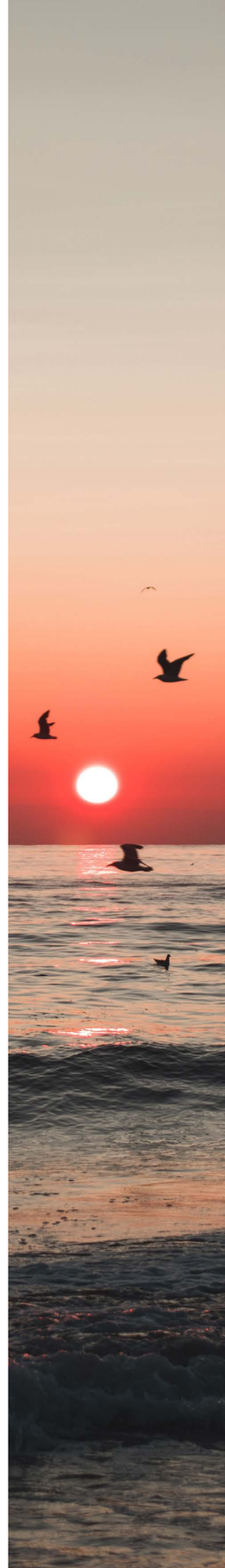
"The Take Five to Stop Fraud campaign encourages people to put the kettle on and sit down with their parents."

The Take Five anti-fraud checklist

If you're contacted by someone you don't know who asks for personal details, asking these questions can help identify fraud.

1. Is the phone call or offer unsolicited? Was it expected, or out of the blue?
2. Are they asking to confirm sensitive details such as your name, address or bank account details?
3. Are they looking for a fast/instant response of some kind?
4. Are they asking for money?
5. Is the caller avoiding using the actual name of your bank or utilities company?
6. Are they offering a prize, free gift or trial?
7. If they say they are the police investigating something, do not give away sensitive information.
8. Does an email for your bank of another company have an odd email address?
9. Is the formatting strange or are there spelling mistakes?
10. Are you being asked to change your password despite not being sent a request to do so?

TAKE FIVE TO STOP FRAUD™



WHO TO TURN TO IF YOU'RE WORRIED ABOUT SCAMS

Scams can be a cause for concern, whether you think a criminal has approached you or you want to seek advice about a financial matter. If you're worried, there are organisations that can help.

Action Fraud

Action Fraud is the UK's national reporting centre for fraud and cybercrime. The service is run by the City of London Police working alongside the National Fraud Intelligence Bureau. The organisation provides further information about fraud and allows you to report scams through their **online reporting service** or by calling **0300 123 2040**.

Citizens Advice

Citizens Advice is a national charity that can provide advice and information. You can also report a scam to the organisation. It will gather information and pass it on to Trading Standards, which may investigate further. You can receive advice from a Scams Action adviser by using the chat service on the **website** or by calling **0808 250 5050**.

The Financial Conduct Authority (FCA)

The **FCA register** is a useful tool for protecting yourself against scams. The FCA ScamSmart pages also include plenty of information about scams and how to avoid them, including the FCA warning list. If you think an unauthorised firm or individual has contacted you, you can report this to the FCA by using the **online contact form** or calling **0800 111 6768**.

Victim Support

If you've been affected by a scam and want to talk to someone, Victim Support can help. The charity offers support to those affected by crime to help them feel safer. Visit their **website** to find further information about the support they offer to fraud victims and how to contact them.

Stratton Wealth Management

We're here to lend support and provide you with information too. If you've been approached and you're not sure if it's a scam, please give us a call. We're happy to help you assess opportunities and discuss how they can fit into your wider financial plan. It's a step that could help you avoid a scam.

0800 970 8984

info@strattonwm.co.uk

Do you know your financial products?

Answers: 1. A (but it will rise to 57 in 2028)
2. C 3. C 4. B

Contact Us

0800 970 8984

info@strattonwm.co.uk

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