

In late 2025, regulators intensified their efforts on pension scams. The Financial Conduct Authority (FCA) introduced a Firm Checker tool to help consumers verify whether a financial firm is authorised, in response to research revealing that around 800,000 people reported losses to investment or pension-related scams in the 12 months to May 2024.

At the same time, The Pensions Regulator (TPR) urged trustees to ‘step up’ and protect savers as part of its campaign encouraging organisations that hadn’t done so yet to sign up to the Pledge to Combat Pension Scams. Since then, TPR has also outlined plans to strengthen its defences by enhancing multi-agency collaboration, strategic partnerships, and intelligence sharing.

Yet despite these initiatives, the scale of the problem remains daunting. Action Fraud reported that £17.7 million in pension savings were lost to fraud in 2024, with individuals losing an average of £33,848 each.

While awareness and regulatory action have increased, these figures underscore the persistence of pension scams. The question is not whether regulators are acting, but whether their measures are sufficient to keep pace with increasingly sophisticated scams.

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#### Summary

- The Financial Conduct Authority and The Pensions Regulator have intensified anti-scam efforts through new tools, campaigns and industry pledges aimed at protecting savers.
- Pension scams are becoming more sophisticated, with impersonation, overseas investments and technology-driven scams on the rise.
- Greater education, clearer legislative support and tougher action against fraudsters are seen as essential to delivering long-term protection.

## Fighting to stay ahead

**As pension scammers deploy increasingly sophisticated tactics to target retirement savings, regulators and industry are stepping up their response, but can rules, technology and awareness campaigns truly keep pace with this evolving threat? Paige Perrin explores**

### Understanding the problem

“There are many types of pension scams in operation”, Pension Scams Industry Group (PSIG) chair, Margaret Snowdon, explains, “but many of the ‘traditional’ ones have been made more difficult by legislation and, of course, by the PSIG Code.”

“Typically, we are now finding that pension scams are more prevalent in self-invested personal pensions and small self-administered scheme arrangements, especially involving overseas advisers and bonds,” she says.

Meanwhile, Trafalgar House director, Daniel Taylor, suggests that the most frequent activity in the past 12-24 months centres on impersonation and process manipulation, which have become “noticeably more sophisticated”.

“Impersonation attempts are increasingly polished, supported by convincing documentation and well-prepared responses to due diligence questions,” he says.

Taylor goes on to explain that there are significant barriers to tackling pension scams, with the largest one being

that “pension scam is a bucket term, and the blockers vary depending on which scam you’re dealing with. There’s a whole menu of approaches, and they hit the process at different points”.

“In a system that is already complex, we have to be careful not to create unnecessary friction. The balance is between being robust and being thoughtful and protecting members’ life savings without making legitimate transactions unduly complicated or adversarial,” Taylor says.

Snowdon adds that the “sheer scale” of scams is also a major challenge, and although she suggests that technology can help, she emphasises the importance of the root causes needing to be tackled.

“Technology is a powerful tool for fraud prevention, but it is also a powerful tool for fraudsters. The biggest threats today come from impersonation fraud and the vast reach of social media to spread misleading adverts and misinformation. Schemes and providers must use technology to combat these risks,” she says.

Another technological development



that could expose individuals to pension scams is the use of pension dashboards, with Dalriada trustee director, Claire Sidebottom, stressing that the biggest risk associated with pensions dashboards is the threat of data being hacked.

She also describes pension freedoms as a “double-edged sword”, as, despite providing members with flexibility in accessing their benefits, they also create an opportunity for scammers to target members over the age of 55 who have a pot of easily accessible money.

There are also risks associated with pension transfers, as Taylor points out. He explains that the current system has been built in a way that treats every transfer as suspicious by default, with a “frustrating” number of checks layered through the journey.

This makes it harder to spot real scams, Taylor argues, as warning signals “get lost in the sheer volume of routine interventions and standardised questions”. “If everything triggers a stop and check, nothing stands out,” he states.

Meanwhile, PensionBee chief business officer UK, Lisa Picardo, warns that scam regulation can carry unintended consequences. While the 2021 Transfer Regulations have been effective in tackling pension fraud, she highlights growing industry evidence that suggests these regulations are also contributing to excessive delays in legitimate pension transfers.

“In particular, there are issues with the practical application of certain provisions in the regulations, namely the incentives red flag and the overseas

investments amber flags. In too many cases, flags are misapplied, resulting in straightforward transfers being delayed for extended periods, leaving savers in limbo,” she says.

### Regulation

However, regulation is constantly evolving, with both the FCA and TPR stepping up their efforts to tackle pension scams. For instance, the FCA has developed a Financial Services Register, which enables consumers to verify the legitimacy of firms and individuals offering financial services.

TPR, meanwhile, chairs the Pension Scams Action Group (PSAG), bringing together experts to combat pension fraud and protect savers and also previously collaborated with the BBC in 2024 on an *EastEnders* scam storyline that reached more than three million people. Even just last month, the regulator launched a new reporting campaign, urging trustees and administrators to report suspected scams through the new Report Fraud service.

“Pension scams are evolving, and so is our response. We’re using intelligence-led monitoring, finding creative ways to help people spot scams sooner and upholding our strong regulatory standards,” an FCA spokesperson says.

Adding to this, TPR PSAG business lead, Paul Sweeney, says: “Fraudsters wreck people’s lives, and their techniques are evolving. To stay ahead, we and our PSAG partners are enhancing our intelligence and using artificial intelligence technology to detect and disrupt emerging threats, including taking down more than 30 high-risk websites.

“We want to raise awareness and, through campaigns like our BBC *EastEnders* storyline collaboration, TPR has reached millions of savers since 2024. More than 31 million memberships are now better protected thanks to our Pledge [*to Combat Pension Scams*], which all trustees should consider.” Society of Pension Professionals (SPP)

Administration Committee member and Aptia head of pensions technical, John Wilson, says the regulators' measures are having an impact, and that both FCA and TPR have demonstrated a "strong commitment" to combating scams.

However, he cautions that "there is still work to be done and part of the solution needs to be legislative".

In particular, he notes that PSIG would like to see more official support for TPR and FCA's efforts and guidance, as well as engagement from other bodies such as HMRC and the Department for Work and Pensions (DWP).

Supporting this, Snowdon says that when it comes to scams, every little helps.

"Campaigns do their bit to raise public awareness, but many people often place too much trust in adverts or social media influencers," she says.

She acknowledges that regulators are in a "difficult" position, as they "need to allow freedom of choice and foster a vibrant investment market while at the same time protecting people from fraud", which are "inherently contradictory".

But, when we consider not only the



work of regulators but the regulations themselves, are scams evolving faster than regulation can respond?

"Scams always evolve faster than regulation can keep up, and regulations, as a result, tend to be a blunt instrument to try and capture all, while simultaneously balancing multiple, sometimes conflicting, objectives," Snowdon says.

If this is the case, the challenge for regulators is not to eliminate scams entirely, which arguably is an impossible task, but instead to implement measures that adapt as scam tactics change.

Similarly, Wilson believes that the industry has "come a long way" since the early days of trust-busting but argues there is "no room for complacency".

"Technology, social media, and identity theft require new forms of vigilance, but it is not just about regulation; individuals need to embrace the message that if something seems too good to be true, then it probably is," Wilson adds.

Snowdon stresses that we can "never be completely ahead of fraud innovation", but "can use what we know to anticipate likely threats, put protective measures in

place, and act on them".

"Ultimately, taking down scams and seizing fraudsters' assets is the only long-term preventative solution," she says. "In an ideal world, everyone would have secure, end-to-end later-life income provision, for example, stronger state provision, but that's expensive and would conflict with commercial competition and market growth, so it's not realistic."

### Solutions

Different industry groups have different views on how to tackle this fight against pension scammers.

Taylor suggests that "policymakers, regulators and the industry need to pivot towards a more genuinely risk-based approach, because the current blanket, process-heavy model is creating too much friction and too much noise".

Meanwhile, Snowdon emphasises the necessity of a "zero tolerance for fraud on people's savings", meaning going after and punishing the perpetrators, and rapid takedown of fraudulent websites.

"Remove the sources, and you remove much of the temptation," she urges.

"One of the biggest barriers to stopping scams earlier is the lack of education around pensions and the lack of engagement of members – if members did not fall for the scams, they wouldn't get the traction the scammers need. The fraudsters will not waste time and effort if they are not getting the results they want," Sidebottom argues.

Regulators have undoubtedly intensified their efforts, deploying innovations and campaigns. Yet, the persistence and sophistication of scams suggest that the battle is far from won.

If pension scams continue to evolve at speed, regulatory innovation must do the same. The true test is not the introduction of measures but instead the capability of these measures in tackling scams and protecting savers' futures.

 Written by Paige Perrin

