



Consultation Response

Ref 0617

HM Treasury and Department for Work and Pensions
pension scams consultation

February 2017

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About this consultation

In December 2016, HM Treasury and the Department for Work and Pensions published a consultation on a package of measures aimed at tackling pension scams.¹

Introduction

Age UK is the country's largest charity dedicated to helping everyone make the most of later life. We help more than 5 million people every year, providing support, companionship and advice for older people who need it most.

Age UK is very concerned about pension scams and the devastating impacts they have on independence. In our ageing society it is vital that people have security in later life. We welcome this consultation and are broadly supportive of the proposed measures. Below we set out our key points, and respond to selected questions from the consultation paper.

Key points

1. Loneliness is a big problem for many older people, and can lead to them being more willing to engage with cold callers. Fraudsters are exploiting this vulnerability by using door-to-door canvassing and cold calling. We are concerned that the proposed scope of cold call types to be banned will leave room for fraudsters to find new topics and tactics that are still legal. We suggest that the consultation should consider the impact of these measures on the independence of older people in retirement.
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While we appreciate that the list is specific and it is difficult to be exhaustive, there is a risk that activities and topics falling

While we agree that existing client relationships should be excluded in principle, it will be important to ensure that the definition of reflect new frauds that seek to avoid loopholes.

Q3.4 What would the costs and benefits be of extending the proposed ban to include all electronic communications?

people targeted by a potential scam (of any type) reported it via an official channel.¹¹ The Government needs to continue to invest in raising awareness of Action Fraud.

Further, some people do not feel it is worth reporting that they have lost money, because they do not consider there is any chance of recovery. One person contacted Age

We support the main proposal to limit the statutory right to transfer, and think there are problems with the alternatives outlined. It is not clear to us that a discharge letter provides improved protection to consumers. Given the clear evidence that consumers often cannot identify fraudulent schemes,¹² remove the possibility of people transferring to such schemes.

- r pension transfers? Do you have any evidence of how this could help to combat pension scams? We believe a cooling-off period would provide less protection to consumers than would limiting the statutory right to transfer, which is our preferred option.

However, as an alternative, we think a cooling-off period would, in the right form, at least be more effective than discharge forms. Any window of opportunity for a consumer to row back from making a disastrous transfer or payment must be a positive thing. However, the utility of cooling-off periods is limited and they should be used with caution.

The limitation of a cooling off period is that it requires consumers to overcome significant cognitive biases that make it hard to rethink a decision once made. Behavioural research by the Consumer Action Law Centre in Australia says:

In the context of cooling-off periods (and thus changing our minds), research shows it takes a significant amount of cognitive resources to admit we made a mistake. Again, this is not a conscious use of resources, but happens regardless of how rational we think we are. The role of our ego is to protect us, so out of our conscious reach, our ego creates defences, including apathy, that restrict us from changing our mind after we have become endowed with something.¹³

In order to make cooling-off periods effective and counter this bias,

¹ <https://www.gov.uk/government/consultations/pension-scams>

² <http://www.ageuk.org.uk/documents/en-gb/for-professionals/consumer-issues/age%20uk%20only%20the%20tip%20of%20the%20iceberg%20april%202015.pdf?dtrk=true>

³ <https://www.fc>