

# The Pensions Regulator

Rt Hon Frank Field MP  
Chair, Work and Pensions Committee  
14 Tothill Street  
London  
SW1H 9NB

13 November 2017

Dear Mr Field

## DATA ON PROJECT BLOOM

Thank you for your letter of 24 October regarding TPR's submission to the Committee's inquiry on pension freedoms and choice and your request for further information on Project Bloom.

- 1. TPR's response to the government's consultation on pension scams stated that 'Project Bloom will begin publishing scam statistics from spring this year'. Could you please point us to these published statistics or provide your latest data?***

Project Bloom produced its first set of statistics through a Bloom dashboard in spring 2017 and these figures have been shared with the Bloom partners only. This is due to the challenges of collating figures from over ten agencies and regulators who all collect, store and structure their data in very different ways. In compiling the first set of figures we were aware that they could misrepresent the scale of the problem as it is believed that the issue is considerably under-reported.

While the collation of accurate data is a considerable challenge, we recognise its importance. TPR is continuing to work with Bloom partners to obtain a more accurate picture of the full impact of scams on the general public but for the time being we only plan to publish the statistics to the Bloom partners.

- 2. Action Fraud state that there has been £43.9 million lost to pensions scams since April 2014. Our understanding however is that those figures relate specifically to pension liberation fraud. How accurate is this figure as an assessment of the scale of (a) pensions scams and (b) pension scams relating to people exercising pension freedoms?***

Following discussions with Bloom partners, including the National Fraud Intelligence Bureau (NFIB) which manages the Action Fraud process, we understand that all pension scam reports are categorised under pension liberation fraud (this covers all reports where a member has transferred their pension and has been scammed irrespective of whether they have received cash). Where there is uncertainty over where the report

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should be categorised the report is manually checked. NFIB have said that the figure quoted of £43.9m accurately reflects the pension scam reports received.

With regard to pension freedoms, pension liberation fraud includes payments in excess of the 25% tax free sum (over the limit of pension freedoms) where the tax implications were not explained to the individual.

However, we believe the £43.9 million figure does not represent the full scale of pension scams. This figure is only in relation to reports to the police and does not include reports to other agencies.

The Pension Liberation Group chair Margaret Snowden's statement\* issued on 19 October 2017 she said she was "reasonably confident that £1bn has gone to scams" and notes that people often don't report because they do not realise that they have been scammed until sometime later, which could be years.

The scale of the problem may not be fully realised until people come to retirement, which could be over 20 year's time. Even when people do realise they have been scammed, a proportion do not report due to feelings of shame or embarrassment.

\*<http://www.pensionsage.com/pa/PLSA-AC-2017-Over-1-billion-lost-to-pension-scams%E2%80%93Snowdon.php>

Project Bloom work has identified a number of agencies which receive reports from pension scam victims. Project Bloom is looking at how to collate all the data received with the aim of providing a more accurate assessment of the scale of pension scams. It is difficult to ascertain a figure for pension scams relating to freedoms as once money has left the pension regime it is difficult to track and also victims may not mention pension freedoms when reporting.

**3. The full definition of pension scams that Project Bloom uses. This was also referenced in your response to the government consultation.**

Since the introduction of pension freedoms, Project Bloom has developed a definition of pension scams which focuses on a wider set of activity as follows:

'The marketing of products and arrangements and successful or unsuccessful attempts by a party (the "scammer") to:

- release funds from an HMRC registered pension scheme, often resulting in a tax charge that is normally not anticipated by the member
- persuade individuals to flexibly access their pension savings in order to invest in inappropriate investments
- persuade individuals to transfer their pension savings in order to invest in inappropriate investments

where the scammer has misled the individual in relation to the nature of, or risks attached to, the purported investment(s), or their appropriateness for that individual investor.'

The techniques used to perpetuate pension scams include:

- high pressure sales tactics, including cold calling
- attempts to discredit the individual's existing arrangement
- ignoring or claiming to have dealt with the tax consequences
- promises of 'guaranteed' high returns
- descriptions that do not properly portray the risks of the investments
- overseas investments that lack local regulation or compensation if things go wrong

#### ***4. How many times the Project Bloom board has met?***

Project Bloom does not have a board but is chaired and led by TPR and has three working groups. The Project Bloom Strategy Group meets every quarter and six meetings have taken place since TPR took the lead from the NCA in April 2016.

The function of Project Bloom is to bring together government and law enforcement partners to collaborate and develop strategic and operational responses to reduce the harm of pension scams. The main focus of Bloom is to provide a prevention response via communications and guidance to industry and the public. Under TPR's lead, The Pensions Advisory Service (TPAS) and the Pensions Liberation Industry Group (PLIG) have joined the strategy group to help support and steer responses.

#### **Background to Project Bloom**

Project Bloom was originally created in 2012 following a pension liberation fraud threat assessment authored by TPR with the support of the Serious Fraud Office (SFO). Bloom was endorsed by the National Crime Agency (NCA) and Home Office. It was originally led by NCA. Its aim at that stage was to reduce the harm caused by pension liberation fraud.

It was recognised by government partners that a multi-agency approach was necessary as no one single agency could tackle this threat in isolation. At that time, the NCA role was to provide leadership and coordination. The original objectives were to facilitate intelligence sharing, provide prevention responses through communications, introduce disruptive techniques, examine legislative responses and take enforcement action.

The introduction of risk-based registration of pension schemes by HMRC in September 2013 saw new scheme registrations decrease by 78 per cent. The focus of scams shifted away from pension liberation fraud. The scammers changed methodology to using other pension vehicles (SSAS, QROPS and SiPPs) to facilitate investment scams, targeting an individual's pension with the promise of high-yielding returns.

The NCA felt that the original objectives had been achieved and encouraged partners to lead their own projects. TPR in conjunction with NCA and Bloom partners re-evaluated the objectives of Bloom due to the changing nature of pension scams and completed a revised assessment of the pension scams threat. TPR took over from the NCA as Bloom lead in 2016.

#### The current structure of Project Bloom

Project Bloom includes three groups covering strategy, intelligence and operations and Communications, which have the following functions:

**Strategy – The purpose of the Group is to devise and deliver the Broom strategy. The Group also provides** direction, support and feedback to the Intelligence & Operations and Communications Group. The Group meets at least four times per year.

DWP and HMT provide updates from government, an example of this is providing oversight of the pension scams consultation and receiving feedback from partners. The PLIG has recently joined the Strategy group to provide insight from industry and feedback to Bloom.

**Intelligence & Operations Group** – this group's functions are to share, discuss and develop intelligence to support ongoing partner operations and, where appropriate, to refer new activity to the relevant partner or body.

The group consists of regulators, supervisors and law enforcement agencies only. The group operates under legal gateways to share intelligence between partners. The group provides partners with support to live investigations, subject matter expertise and educative tools to assist partners and regional police forces.

**Communications Group** – this group is led by the TPR Communications team and co-chaired by partners. It provides communication tools and campaigns to respond to pension scams. The Scorpion campaign is an example of its output

The Communications group is currently engaging with key partners to discuss how Bloom can develop a single, integrated communications campaign.

#### ***5. The key objectives or performance indicators which the Project Bloom uses and its performance against those objectives.***

A new set of Project Bloom objectives were introduced in August 2017 and follow the 'four P' approach of law enforcement (Prepare, Prevent, Protect and Pursue):

- **Customer awareness** - Collaborate to help prevent individuals from falling victim to pension scams. Increasing awareness of the risks of scams by providing public with the knowledge and tools to avoid being scammed. **(Prevent/Protect)**

- **Communication** – Work well together to increase the effectiveness of Project Bloom communications to deliver clear and consistent messages. Communicating a common customer journey to assist the victims of pension scams. **(Prevent/Protect)**
- **Collaboration** – To strengthen the relationship between Project Bloom and the pensions industry by working with the Pensions Liberation Industry Group (PLIG) to encourage voluntary compliance with the code, the reporting of scam activity and sharing experience. **(Protect)**
- **Information** – To produce high level and meaningful figures around pension scams to identify and report emerging trends and themes. The aim being a) to provide evidence for policy making and b) to feed directly into the Communications and Strategy Groups to underline the progress that Project Bloom/Government is making to prevent pension scams. **(Prepare)**
- **Enforcement & Disruption** - To improve intelligence sharing to identify opportunities for enforcement and disruption. To provide assistance to and increase skills within law enforcement to investigate and prevent pension scams. **(Pursue)**

Project Bloom objectives and performance measures for 2016/17 were as follows:

- **Objective 1** - To continue to increase awareness and influence behavioural change to reduce the threat of pension scams through the production of targeted communications and working with industry. Also to create a targeted customer journey to assist the victims of pension scams.

*Both TPR through our Scorpion campaign, and FCA through its ScamSmart campaign, carried out communications campaign work during 2016/17 flagging the risks of pension scams. TPR refreshed its Scorpion campaign materials during March 2017 and engaged in campaign activity across our different channels, including mainstream and social media during 2016-17 including supporting Scams Awareness Month, and TPR featured prominently in an episode of the BBC's Rip Off Britain, highlighting how people can use the Scorpion materials on our website to spot the signs of scams (aired May 2017)*

- **Objective 2** - Continue to improve intelligence sharing and identify suitable targets for disruption and possible referral to the Joint Fraud Task Force (JFT).

*The intelligence Ops group has referred intelligence to JFT, resulting in protection of member assets and action by partners. We are currently supporting seven ongoing investigations by police and criminal law enforcement agencies. The group has also supported successful SFO prosecutions.*

- **Objective 3** - To highlight regulatory gaps and identify opportunities for input into future policy change and to feed this into relevant legislation discussion group.

*The government launched the consultation on further measures to tackle scams and has confirmed its intention to introduce new legislation. This has been discussed extensively with Bloom partners.*

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- **Objective 4** - To encourage and enable consistent reporting to produce meaningful and reliable pension scam data with an emphasis on ensuring the public are risk-aware in relation to pension scams and to understand the impact of policies, campaigns and interventions.

*Action Fraud publishes information on reports made to the police. Bloom has brought together data and intelligence from other agencies to begin to provide a fuller intelligence picture of scam activities.*

- **Objective 5** - To enhance the relationship between Project Bloom and the pensions industry by sharing experience and providing feedback.

*Across the different agencies represented on Bloom we have a strong relationship with the pensions and financial industries and under TPR's leadership the PLIG has joined Bloom to provide stronger pensions industry representation and ongoing dialogue.*

I hope that this information is helpful to you and the Committee in your inquiry into pension freedoms and choice  
Yours sincerely

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Lesley Titcomb  
Chief Executive