

Pension Liberation Fraud

Extract from National Crime Agency (NCA) Amber ALERT (Reference 0203–ECC.10.15)

Overview

This alert highlights features of pension liberation fraud/investment fraud that you might be in a position to identify in the course of your professional activities.

The NCA, British Banking Authority (BBA) and Joint Money Laundering Intelligence Taskforce (JMLIT) Expert Working Group issued the original alert based on intelligence drawn from a pension scam in 2014 involving 160 accounts. As an amber alert, it should be used to complement existing knowledge, to brief business teams and to support business process improvement (red alerts indicate more immediate or specific threats).

The nature of the fraud

The pension administrator and its company directors opened accounts purporting to be for small self-administered schemes (SSAS) - occupational pension schemes set up under trust with less than 12 members. A marketing company, linked to and registered at the same address as the administrator, cold called victims who, in some cases, released their pensions before the age of 55 and were liable to HMRC penalties of up to 70%. The administrator's staff were the signatories on the accounts and controlled the movement of the third party pension funds, which were depleted by administration and marketing fees and transfers to multiple investment frauds, leaving little if any funds available to the victims.

Identifying Features (not all characteristics will be present in every case)

- Accounts opened by request of an administrator and named as SSAS accounts.
- Schemes newly created, with limited or no documentation to confirm HMRC scheme registration, trust deeds, service administration agreements or the names of the beneficiaries
- Accounts set up using the names of the administrator (A Ltd) then the name of a company or pension trustee (C Ltd), eg. 'A Ltd, C Ltd Retirement Benefit Scheme', or simply 'C Ltd Retirement Benefit Scheme' or just a business name with no reference to a scheme.
- Pension administrator not FCA-authorized and so not permitted to provide services to pension schemes unless they benefit from a specific exemption.

How to respond

Where practicable the following information should be obtained (without drawing undue attention which may jeopardise police enquiries) and reported by a SAR (see below):

- Details of bank accounts and the names of the administrator and trustees (including full name, address and date of birth);
- Tax information such as tax reference numbers; HMRC scheme registration; trust deeds; service administration agreements;
- If the pension scheme is your client, transactions on accounts, signed instructions addressed to the scheme and instructions for balance transfers if known (You should also consider requesting a Defence against Money Laundering (DAML));
- Consider contacting Action Fraud

Suspicious Activity Reporting [SARs]

If you know or suspect ML or TF activity you should make a SAR. Please include the alert reference A202-ECC within the text, in addition to the codes from the Glossary of Terms. You should consider including the following relevant codes within your SAR:

XXS1XX: *Money laundering in action* – if law enforcement should respond swiftly

XXS99XX: *Defence against ML* under POCA (DAML). NB if using SAR Online also check the consent box

XXV2XX: *Vulnerable Persons* if immediate intervention by law enforcement is needed.

XXN8XX: *Pension Liberation Fraud* - where a victim is misled into making new pension arrangements or giving access to their pension savings, without understanding the tax implications and/or the loss of their pension.

Further guidance on reporting is available at: www.nationalcrimeagency.gov.uk

The NCA welcomes feedback/information resulting from this alert which does not constitute a SAR. Please email all such information to jmlit.ops@nca.x.gsi.gov.uk quoting the reference A202-ECC.

Data Protection Considerations

Please consider your obligations under the relevant data protection regulations and where necessary remove any related personal data from your systems securely and within a satisfactory timeframe.

Disclaimer

The Accountancy Affinity Group (AAG) accept no responsibility for any loss, damage or expense arising in connection with the use of information in this alert. Any use will be taken to signify agreement to these conditions.