

Protect your pension pot from risky investments and scams

If you are considering transferring money from your pension fund into a new scheme, consider these questions...

- Have you been motivated by a call, online advert or text out of the blue to discuss your pension or to offer a 'free pension review'?
- Is the new scheme a self-invested personal pension (SIPP), a small self-administered scheme (SSAS) or a qualifying recognised overseas pension scheme (QROPS)?
- Will your pension pot be investing in unusual investments such as overseas property, forestry, storage units, care homes, biofuels or other businesses you don't know much about?
- Does your new arrangement require you to set up a limited company?
- Have you been promised guaranteed returns and/or a cash sum from your pension?

If the answer to any of these questions is yes, read on to find out how to protect your pension pot.

Be very wary

'Free pension reviews' are designed to persuade you to move money saved in your existing pension pot to a new scheme. Chances are your money will be invested in something that is either very risky or a scam.

Professional pension advice is not free. Professional advisers looking to act in your best interests are very unlikely to cold call you offering their services.

Always check that anyone providing you with advice on your pension pot is authorised by us and has our permission to give advice on pensions: if they are, their name will appear on our register, which you can access through our website (www.fca.org.uk).

For information on how to search our Register go on www.fca.org.uk/firms/systems-reporting/register

You could lose everything you have invested, significantly reducing your retirement income

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The risks

- 1 Some of these investments are badly run, while others may be outright scams. As they are promoted as long term pension investments, several years could go by before you realise something is wrong.
- 2 You could lose some or all of your pension pot. Even if the investment is reasonably well run, unusual investments tend to be unregulated and high risk. Returns are not guaranteed, it is generally difficult to have access to your money, and all your money is at risk.
- 3 Where cash sums are released, you may have unexpected tax charges to pay of up to 55%. More information on pension unlocking is available at www.fca.org.uk/consumers/financial-services-products/pensions/pension-unlocking.
- 4 Most of the companies making these offers are not authorised or regulated by the FCA. This means you may have no right to complain to the Financial Ombudsman Service or to claim compensation from the Financial Services Compensation Scheme if things go wrong.

For most individual investors, investing their pension savings in unregulated investments is unlikely to be in their best interests. All investment alternatives should be considered and leaving your pension pot where it is may be the best decision.

What you should do next

If you are considering investing some of your pension pot in unregulated investments, you should first seek impartial advice from a financial adviser unconnected to the firm that has contacted you.

Financial advisers should provide you with a professional assessment of the risks and potential benefits of the investment. They should let you know if they have concerns that the investment is riskier than you were told, or simply unlikely to work out as promised.

You can find your own adviser by using these helpful services provided by unbiased.co.uk, findanadviser.org and vouchedfor.co.uk. We recommend you do not speak to an adviser indicated or referred by the firm you're thinking of investing with – they are unlikely to give you impartial or truly independent advice. This should help protect you from losing your pension savings in a scam or risky scheme that is not right for you.

Further information

Visit www.fca.org.uk/scamsmart to find out more information about how to be a ScamSmart investor – including what to do if you are, or have been, approached by an unauthorised firm.

You can also see more information and guidance about pensions from Pension Wise, the Money Advice Service and The Pensions Advisory Service.