

SCAMS AWARENESS UPDATE

Older Persons Scams Awareness & Aftercare Project

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Fortifying Your Finances...

Safeguarding your investments from fraud.

We all want our money to work as hard as possible for us, so we can enjoy the lifestyle we plan for. Many of us look to increase the return on our money by investing.

The most common investment is our pension. But we may also invest separately in stocks and shares, savings accounts, property, physical goods - such as gold or oil, or cryptocurrencies.

Fraudsters prey on the human condition of wanting enough money to fund our lifestyles. They convince their victim to move their money to a fictitious fund or to pay for a fake investment.

This month, we have a guest editor - [Equilibrium Financial Planning](#), based in Handforth, Cheshire. Their independent financial advisers are alert to investment fraud. They share with us the investment frauds to look out for and top tips of how to avoid losing your money to criminals, so you can really enjoy the future you have planned.

Remember - if you have been a victim of fraud, the Scams Awareness and Aftercare Team at Age UK Cheshire East can offer free support, advice and guidance. Contact us on 01625 612958 or enquiries@ageukce.org for more information.

Many investors are aware that they risk losing some or all of their money by making a bad decision or due to the performance of the product - much the same as putting a bet on a horse. However, this is massively different from investment fraud, which is more like betting on Shergar!

Here are some key scams that Equilibrium Financial Planning has identified directly or through their clients:



ISAs - As the current tax year draws to an end, fraudsters have the opportunity to prey on investors. Mostly advertised online or through social media, attractive interest rates are often promised but must be secured by 5th April, or you would miss out.

With maximum investments of £20,000 permitted into ISAs, this loss would be devastating. In 2023, Aviva identified 43 websites claiming to be themselves (*ref: www.aviva.co.uk*). By using a reputable brand, fraudsters can gain your trust far quicker.

Pressure to act quickly is a key warning sign, and alarm bells should start to ring if the rate seems unusually high.

In the first six months of 2023, £57.2 million was lost to investment fraud.

Only £33.5 million was returned to victims.

(Source: UK Finance)

Cryptocurrency - There are many stories of how your average person became rich with only a modest investment in cryptocurrency. As this is now a \$3 trillion industry, it is understandable that people want to invest. But, it is the mind-blowing potential that makes many vulnerable to cryptocurrency investment fraud.



Fraudsters use trusted figures such as Martin Lewis to falsely promote their offering and bring credibility to their promotions, be it through email or on Facebook. But the investment is non-existent.

One of the most common frauds are fake initial coin offerings (ICOs). Promising high returns, these lure investors into investing their money into non-existent offerings. Once duped into making a payment, fraudsters will use software to show fake numbers, but it is normally not until the investor wishes to make a withdrawal that the fraud comes to light.



Pensions - To some, the thought of retiring early is a dream. But generally, you can only take money from your pension from age 55+. Fraudsters play on this desire to retire early by giving the facility to 'unlock' your pension pre-age 55.

These are branded as 'pension liberation' or 'pension loan'. For a fee, the company will loan you an amount from your pension. However, the fee can be as high as 30%, and by accessing your pension, you could also face a tax bill of 55% on the proceeds. Any residual funds are then invested in high-risk products such as overseas property or forestry or just stolen outright. These schemes can be illegal if you're not told about tax and the risk.

Other pension frauds involve being offered a free pension review by fraudsters claiming to be acting on behalf of the Financial Conduct Authority (FCA). This should be a red flag and highly likely to be fraudulent. You will be encouraged to move your funds from your pension into unusual investments such as care homes, bio fuels, or unfamiliar businesses. The investments are promoted as long-term opportunities, so for many, it can be several years before they realise they have been a victim of fraud.



Unusual Investments - Many people heavily rely on their landline, leaving them open to cold calls promoting investment into unusual assets such as fine wine. The fraudsters may have bought a database of potential victims based on financial status and age, giving them the ability to target those who may be vulnerable and have high levels of cash.

The callers will purport to work alongside prestigious companies to build trust. If they get any interest, the cold calling will become persistent for weeks or months. Many older people have agreed to invest just to stop the calls. As with many frauds, it is only at the point of wanting to cash in that the reality of the situation comes to light.

Top Tips to Keep Your Money Safe

- 1. Unrealistic High Returns and minimal risk:** Be cautious of opportunities that seem too good to be true.
- 2. Unsolicited Contact:** Legitimate firms typically do not cold call individuals with investment offers.
- 3. Urgency:** Fraudsters often use high-pressure tactics to push you into making quick decisions. They may claim that the offer is exclusive or time-limited. Be wary of repeated calls or offers of bonuses to entice you.
- 4. Lack of FCA Registration:** Always check if the company is registered with the Financial Conduct Authority (FCA) or listed on their Warning List. If the FCA does not recognise the company, it's best to avoid investing with them. You can check at: www.fca.org.uk.
- 5. Consider whether the firm** is covered by the Financial Services Compensation Scheme or Financial Ombudsman Service: These schemes can protect you in case the company fails to fulfil its obligations.

Here are some recent frauds to look out for. Please share with family, friends and community.

“Mystery Box” fraudulent emails

Action Fraud has received almost 8,000 reports about fraudulent emails impersonating well-known brands, giving away a “mystery box” of free prizes.



It asks you to click on a link to a website for more details. But these are fake websites designed to steal your personal and financial information.

Never click on links in emails for special offers. Help others by forwarding such emails to report@phishing.gov.uk where action can be taken to close the fraudulent website down.

Fraudulent holiday deals

Now Spring is almost in the air, people are looking to book holidays and getaways... and criminals are looking to take advantage.



There were 6,640 reports of holiday fraud to Action Fraud last year. So, if you're looking to get away, remember to - do your research, don't be rushed into booking a time-limited deal, scrutinise company contact details, look for ATOL protection and pay with a credit card.

When renewing your passport, only use the www.gov.uk website to avoid paying an unnecessary processing fee.

Subscription traps

Take care when taking up special offers online or in magazines.



You may buy goods or services at a reasonable cost, or buy something for free, with just post and packing costs to pay. But, you may unwittingly have signed up to a monthly subscription. You may be unaware of this until you check your bank statements.

Make a habit of checking your bank account transactions. If you see an unusual regular amount, contact the company to cancel it or ask your bank to cancel it using the “chargeback scheme”.

End of financial year HMRC scams

As the 5th April creeps closer, fraudsters are taking advantage by impersonating HMRC. They are sending emails, text messages and voice calls either offering tax rebates or stating that you owe tax.



Remember, HMRC will never ask for personal or financial information by text message or email, nor will they offer tax rebates or refunds in this way.

Do not respond to contact from HMRC out of the blue. Instead, contact HMRC on an independent number.

Coming Next Time

- Current fraud alerts
- Stop! Think Fraud

Though we don't like to see you leave, you can unsubscribe from these bulletins by emailing: enquiries@ageukce.org

The Older Persons Scams Awareness & Aftercare Project is brought to you by