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RE Pension Scams: Consultation

The Office of the Commissioner for Older People for Northern Ireland is an independent public body established under the Commissioner for Older People Act (Northern Ireland) 2011.

The Commissioner has an extensive range of general powers and duties which provide the statutory remit for the exercise of the functions of the office. In addition the Commissioner may provide advice or information on any matter concerning the interests of older people. The wide ranging legal powers and duties include:

- To promote and safeguard the interests of older people (defined as being those aged over 60 years and in exceptional cases, those aged over 50 years);
- To keep under review the adequacy and effectiveness of law and practice relating to the interests of older people;
- To keep under review the adequacy and effectiveness of services provided for older persons by relevant authorities (defined as being local councils and organisations including health and social care trusts, education boards and private and public residential care homes);
- To promote the provision of opportunities for and the elimination of discrimination against older persons;
- To review and where appropriate, investigate advocacy, complaint, inspection and whistle-blowing arrangements of relevant authorities;
- To assist with complaints to and against relevant authorities;
- The power to bring, intervene in or assist in legal proceedings in respect of relevant authorities;
- To issue guidance and make representations about any matter concerning the interests of older people.

The Commissioner's powers and duties are underpinned by the United Nations Principles for Older Persons (1991) which include Independence, Participation, Care, Self-fulfilment and Dignity.

COPNI broadly welcomes the intention to ban pensions cold calling set out in this consultation. The Commissioner has appealed for more action to support and protect older people from scams and cold calling. Recent reports published by the Commissioner, *Financial Abuse of Older People in Northern Ireland: the Unsettling Truth*, and *Who's Calling? Levels of Cold Calls and Scams of Older People in Northern Ireland*, revealed alarming levels of cold calling and financial abuse happening to older people.

In *Who's Calling?*, the Commissioner outlined a range of factors that have made cold calling easier:

- The increasing amount of personal data being bought, held and sold.
- Reductions in costs of making calls and an increased ability to make large numbers of calls at once.
- Technology enabling cold callers and scammers to find a way around calling line identification technology.
- Increased ability to route calls through several countries, making them more difficult to trace.¹

All of these factors are also coinciding with the increased ability older people have to access their pension pots introduced by the Pension freedoms legislation in 2015.² There is now a cohort of older people who will have access to larger lump sums, and will be more likely to be targeted by scammers, who have an increasing variety of ways of doing so. These matters are of serious concern to the Commissioner.

This consultation reflects that pensions cold calling is a serious issue for older people - "*cold calling is the most common method used to initiate pension fraud*" and that up to 97% of cases brought to Citizen's Advice stemmed from cold calling. This indicates that banning these calls has the potential to make an important contribution towards restricting pension fraud.

The results of the Commissioner's report, *Who's Calling?*, the product of a representative survey of 1,025 older people across every Northern Ireland Council area, demonstrated how much cold calling and silent calls are affecting older people's lives. The results show older people here are having to deal with very high levels of intrusion from phone calls:

- 67% (which extrapolates to 239,860 older people in Northern Ireland) of respondents confirmed they received phone calls to their house where they answered and no one speaks. This happened to 38% at least once a week.

¹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/299140/Action_Plan.pdf

² HM Treasury, 'Freedom and Choice in Pensions: Government Response to the Consultation'.

- 80% (286,400 older people) of respondents said they received unsolicited calls to their home. 47% received them at least once a week (168,260 older people).
- Respondents indicated these calls often upset or caused unnecessary stress. Individuals commented they were 'nervous', 'fed up', 'very cross', 'angry' or 'suspicious'.

The Commissioner supports the commitment in this consultation to ban pensions cold calling. It is a measure that could make a contribution to reducing the increasingly alarming intrusion of cold calling and silent calls into the home life of an older person. The Commissioner also agrees with the proposition of this consultation that a ban could also significantly simplify the anti fraud message to the public, with a ban supported by a clear message to older people they should never legitimately be cold called about their pension.

The Commissioner noted from the Work and Pensions Committee report on Pension Freedom and Guidance and Advice that recommended the Government *“urgently redouble its publicity efforts around pension scams,”*³ and it is very important these changes are sufficiently publicised. The Commissioner hopes that the Department of the Communities here will play a full part in this. The Commissioner is encouraged that the consultation proposes a number of channels through which to publicise the proposed ban on pensions cold calling, and hopes that this forms part of a strengthened long term strategy for publicising pension issues to older people.

The consultation also asks the question about the proposals to ban cold calling being extended to all electronic communications, such as email or text messages. The numbers of older people with access to new communication technologies is increasing year on year, and this trend is very likely to continue. Internet access has risen by over 20% over the last 10 years among those aged 70 and over, and by over 30% among those aged 60-69. Mobile phone ownership among those aged 60 and over has increased from 40% to over 80% in the same time.⁴ Despite the fact landline calls make up by far the largest percentage of pension cold calls at present, increasing numbers of older people are using other forms of communication technology. It is also reasonable to assume that if it is made substantially harder to make pension cold calls to landline phones, scammers may respond by increasingly targeting other forms of communication. Given this trend, it is sensible to draft legislation that blocks cold calls from other forms of communication technology.

COPNI also supports in principle the proposal to limit the statutory right to transfer to some occupational pension schemes. Firms or trustees being able to block pension

³ HM Treasury, 'Pension Freedom Guidance and Advice: Government Response to the Work and Pensions Committee's First Report of Session 2015-16'.

⁴ Office of the First Minister and Deputy First Minister, 'A Profile of Older People in Northern Ireland – Annual Update (2015)'.

transfers when there are concerns over the legitimacy of the receiving vehicle has the potential to reduce fraud, and the Commissioner agrees that there should be “*clear objective criteria regarding the grounds on which transfers could be blocked.*” It is important that these criteria adequately define how older people should be notified quickly and clearly why their transfers are being blocked.

COPNI also supports in principle the proposal that there be new restrictions on the ability to set up small tax registered pensions schemes that require no registration with the Pension Regulator. The fact that withdrawals from pension pots have increased after the reforms (still running at over £500 million a quarter in the UK)⁵, indicate a higher risk of large sums being taken from older people with more access to cash. It is a logical and proportionate response to this that it be made more difficult to set up schemes that have been the vehicle for fraud.

Generally, the Commissioner thinks it is correct for the definition of pension scams to be widened, with this consultation identifying the definition used by Project Bloom, which is wider than the existing Government definition - “*attempts to release funds from HMRC registered pension schemes in an unauthorised way.*” Through hosting roundtable events for relevant stakeholders, communicating with individual older people, and being part of the Scamwise partnership in Northern Ireland, it has been reported to the Commissioner that the range of scams fraudsters can perpetrate is increasing, and the cost to the individuals affected is very high. Therefore COPNI would support the proposal in this consultation to establish a wider definition of scams.

If you would like to discuss any of these queries in further detail, please do not hesitate to contact the Policy Team via:

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Yours faithfully,

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⁵ <https://www.abi.org.uk/News/News-releases/2016/08/ABI-pension-freedom-statistics-factsheet-April-2015-April-2016>