PASA Cybercrime & Fraud Working Group

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PASA Experts for Cybercrime & Fraud

Counter Fraud Guidance

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1. Introduction

The nature of fraud and how it affects the pensions sector

Fraud is a pernicious problem. Its economic effects are clear – private companies are less financially healthy and stable, the quality of public services is reduced, individual citizens have less disposable income and charities are deprived of resources needed for deserving causes. In every sector of every country, fraud has a serious and detrimental impact on the quality of life.

In respect of pensions, fraud can affect people at a time of life when sources of income become more limited and the chances of financial recovery are reduced. This Guidance covers all pension fraud, not just those which could impact on administrators.

However, pension schemes are attractive to fraudsters. Large sums of money are held for beneficiaries who may have had very little involvement in overseeing their pensions and where the process commenced several decades beforehand. There's often an assumption by beneficiaries that 'everything will turn out alright' when they retire and it doesn't help communications from pension schemes about entitlements are sometimes lengthy and complex. This lack of direct involvement by beneficiaries can make it easier for fraud to be perpetrated.

Pensions account for very significant sums of money, both in the payments made to pensioners and the pension scheme investments which provide them. There's a notable difference between the extensive protection the banking sector puts around the relatively small sums usually found in our current accounts and the protection in place around the much larger sums found in the pensions sector.

So we have a sector where large amounts of money are paid and invested, the beneficiaries of that money are relatively inactive and those administering and responsible for it have only recently started protecting themselves to an extent proportionate to the risks.

In recent years, what's been described as the 'pension liberation' reforms have stimulated an increase in frauds targeting those with pensions. This has, in turn, led to an increase in the action by authorities to tackle this problem. Whilst 'pension liberation frauds' have been widely reported in the media, there's also a wider range of opportunities for fraud across the pensions sector. These opportunities include internal fraud, fraud related to inappropriate investments and the targeting of pension schemes by external fraudsters, sometimes those involved in organised crime. These incidents have received less attention.

The nature of this document

This guidance has been developed by PASA's Fraud and Cybercrime Working Group. It's intended primarily for those in senior management positions in pensions administrators. It's aim is to encompass all types of fraud which can affect the pensions sector (at the time of publication) and the full range of tactics needing to be deployed to counter them – not just reacting after fraud has taken place or been detected, but proactively taking steps to minimise its extent and cost. There are a number of similar guidance notes issued by different bodies in the pensions sector (several of which are referenced below) and this guidance is intended to complement those by providing context as to the breadth and scale of the fraud challenge.

Significance of the issue

In respect of private pensions there are around £56 billion in payments made each year and £2.9 trillion in assets is invested each year[1].

Fraud across all sectors has been estimated to cost the UK £190 billion[2] a year and the pensions sector specifically over £6.17 billion[3] a year.

Fraud can affect beneficiaries directly (as in the case of pensions 'liberation' fraud) and indirectly (where the funds used to pay pensions or the costs of administration are impacted). Fraud can also expose the sponsor in a defined benefit ('DB') scheme and the administrator to both financial and reputational damage.

Developments in recent years

Since 2007 the cost of fraud generally has risen by over 50%[4], and, since the outbreak of COVID-19 and related restrictions and changes, the incidence of fraud has risen by a further 21%[5]. Digitisation has increased the speed of evolution of fraud over the last 10 years and relatively unchanging 'controls' have, to a greater extent, fallen behind the latest manifestations of the problem.

A common understanding and language concerning fraud

Apart from discussions around pension 'scams'[6] affecting individual beneficiaries the extent of debate of the issue of fraud in the pensions sector has been limited. This can be done without undermining confidence or exposing weaknesses that can be exploited. One of the key aims of this guidance is to create an understanding of the range and potential for fraud and a common language about what needs to be done. The PASA Fraud and Cybercrime Working Group hopes the guidance will be regularly updated to match the speed of evolution of the phenomenon of fraud itself.

[1] FCA, 2018; ONS - MQ5 Investment by insurance companies, pension funds and trusts October to December 2018

[2] Annual Fraud Indicator – Centre for Counter Fraud Studies, University of Portsmouth

[3] The Nature and Extent of Pensions Fraud – Centre for Counter Fraud Studies, University of Portsmouth

[4] The Financial Cost of Fraud Report 2019 – Centre for counter Fraud Studies, University of Portsmouth

[5] Office for National Statistics – Crime Survey for England and Wales – October, November and December 2020 statistics

[6] There's discussion about whether the use of the word 'scam' trivialises the problem and makes it harder to raise awareness of its seriousness

PASA's role

PASA exists for a single purpose:

> To promote and improve the quality of pensions administration services for UK pension schemes in order to improve member outcomes.

Part of this purpose must be to raise the issue of fraud a view to encouraging all those involved to improve the safety and security of members' benefits.

PASA is focusing on fraud in this Guidance because its extent has been increasing across all sectors and especially since the advent of COVID-19[7]. It's also important to recognise the impact of any fraud in the pensions sector is particularly detrimental because it can ultimately have an adverse impact on pensions beneficiaries. This Guidance is intended to help administrators (a) understand the nature and scale of the problem and (b) better protect themselves against it.

[7] See the Office for National Statistics Crime Statistics for England and Wales for the period since April 2020

2. What is fraud? Legal definitions

Understanding the scale of fraud in the pensions sector requires a common understanding of what constitutes fraud. A number of differing definitions of fraud have been adopted which can tend to skew any common or meaningful understanding of the nature and scale of the problem.

Very briefly and taking the laws in England and Wales by way of example, fraud can be a criminal matter, a civil matter, or both[8]. Given the breadth of activities which the term is used to cover, there's no single, universally applicable and 'legally anchored' definition of fraud. That said, the following paragraphs set out a brief overview of how the term is used in both the criminal and civil context.

The principal statute concerning fraud in the criminal law is the Fraud Act 2006 (the "Act").[9] Section 1 of the Act provides the offence of fraud can be committed in three ways:

- **Fraud by false representation** – as set out in section 2 of the Act, focuses on the case where a person dishonestly makes a false representation as to fact or law (whether express or implied) with the intention of gaining as a result;[10]

- **Fraud by failing to disclose information** – as set out in section 3 of the Act, focuses on the case where a person dishonestly fails to disclose to another person information which he/she is under a legal duty to disclose with the intention of gaining as a result;[11] and

- **Fraud by abuse of position** – as set out in section 4 of the Act, focuses on the case where a person dishonestly abuses a position in which he/she is expected to safeguard, or not act against, the financial interests of another person with the intention of gaining as a result.[12]

In the civil context, 'fraud' is a broad term which encompasses a number of possible causes of action, including (but not limited to) deceit, conspiracy, breach of fiduciary duty, breach of trust, dishonest assistance and conversion. Therefore, there's no single definition of fraud in the civil context.

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[8] The laws of Scotland and Northern Ireland will not necessarily follow those of England and Wales. The English and Welsh laws have been used to provide a sense of the approach taken to fraud from a legal perspective in contrast to its usage in the media and in industry reports

[9] While there are offences under the Fraud Act 2006 additional to those outlined here, as well as other offences which may be relevant in the context of pensions fraud (including, by way of example, the common law, the Theft Act 1968, the Bribery Act 2010; the Computer Misuse Act 1990; the Forgery and Counterfeiting Act 1981; the Identity Documents Act 2010; and the Proceeds of Crime Act 2002), the three examples serve to provide a sense of the nature of the pensions fraud conduct as viewed in a criminal context.

[10] The elements of the offence under Section 2 require that a person dishonestly makes a false representation as to fact or law, whether express or implied, which the person knows is, or might be, untrue or misleading, and by making the representation that person intends either to make a gain or to cause loss or expose another to the risk of loss.

[11] The elements of the offence under Section 3 require that a person dishonestly fails to disclose to another person information which he/she is under a legal duty to disclose, and intends, by failing to disclose the information, either to make a gain, or to cause loss or expose another to a risk of loss.

[12] The elements of the offence under Section 3 require that a person: (i) occupies a position in which he/she is expected to safeguard, or not act against, the financial interests of another person; (ii) dishonestly abuses that position, whether by act or omission; and (iii) intends, by means of abuse of that position, to make a gain, or to cause loss or expose another to a risk of loss.

The term is, however, most commonly used to describe fraudulent misrepresentation or the common law tort[13] of deceit, which requires the following elements: a representation, which is false, dishonestly made, and which is intended to be relied on and is in fact relied on to the detriment of another.[14]

The examples of the types of fraud which follow reflect the elements of fraud derived from the law addressed briefly above.

[13] A wrongful act or an infringement of a right (other than under contract) leading to legal liability

[14] See, for example of some of the cases in this area: the notable case of *Derry v Peek* from 1889 ((1889) 14 App. Cas. 337) and the more recent *The Kriti Palm* from 2006 ([2006] EWCA Civ 1601 at paragraph 251).

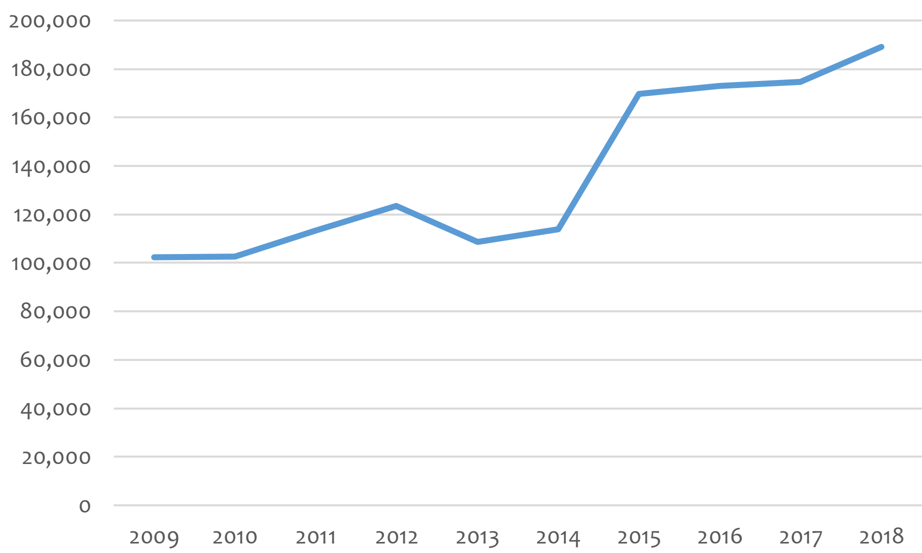
3. Types of pensions fraud

Pension payments are made by DB and defined contribution (DC) schemes and are derived from schemes originated by companies or public sector bodies as well as those sourced by individuals. Pension schemes are responsible for very large investments. Given the scale and diversity of the sector there are many risks of fraud. Direct fraud against individual beneficiaries (so-called 'pension scams' - described later in this section as 'Fraud against beneficiaries') can have a devastating impact but fraud against pensions organisations can, in aggregate, also have a significant effect. This Guidance looks across the range of types of fraud and provides case studies to help in identifying the breadth of fraud currently taking place.

Identity fraud

There's a body of evidence showing identity fraud has been increasing as a problem over the last 10 years. Cifas, a fraud prevention service in the UK, produces statistics each year on the number of cases of identity fraud. Cifas defines identity fraud as 'when a criminal abuses personal data to impersonate an innocent party or creates a fictitious identity to open an account'[15]. Its statistics show almost a doubling of this problem during the last decade, as illustrated in figure 1.

Figure 1 – Cifas: cases of identity fraud 2009-2018



The Office for National Statistics Crime Survey for England and Wales doesn't ask questions about prior experience of identity fraud. The Scottish Crime Survey, however, does and in the last few years it's regularly reported 1% of Scots experiencing their identity being stolen for fraudulent purposes. If such rates were replicated over the whole UK it would mean about 500,000 victims of such a crime.

[15] Cifas, 2019

Given the evidence of a rise in identity fraud generally, some of the potential weaknesses in the counter fraud processes of pension administrators (which will be explored later) and the large sums available, all pensions are attractive targets for, and therefore at risk of, identity fraud from imposters impersonating the real pension holders to claim their benefits.

Pensions schemes make millions of payments which can generate a variety of risks of fraud. Corrupt staff may use their knowledge to facilitate a variety of frauds and some parts of the sector are more prone to this type of insider threat. For example, research has estimated there are over 1.6 million 'lost' individual pension funds worth around £20 billion[16]. These 'lost' pensions can be due to beneficiaries moving addresses and jobs frequently and losing track of their past investments. Such monies are vulnerable to dishonest insiders who can use their knowledge to divert pension payments before the real beneficiaries can register a legitimate interest. Beneficiaries may not become aware for years.

The means to perpetrate identity related fraud have become more easily available. Advances in technology have enabled criminals to produce false documents to very high standards. The internet has allowed such technology to be offered widely for sale, as if they were any other consumer product. Passports, driving licences, utility statements, pay statements, bank statements and death certificates are just some of the many fake identity documents that can be easily purchased[17] or in some cases created at home using over-the-counter software. The quality of such false documents varies and some may fail to breach the controls of national gatekeepers, such as passport control. However, used against organisations who haven't invested in controls to detect such false documents, such as some pension schemes and their administrators, they can lead to successful fraud.

The extent of false document production was shown when the Metropolitan Police closed down 'Confidential Access', an organisation which had been selling identity fraud packages. They found 11,000 customers on their database[18].

The security around the production of documents and the features built into them is often less sophisticated in countries beyond the UK. This provides opportunities for false documents from other countries to be purchased which are harder to check in the UK, and in some countries for legitimate documents to be issued by corrupt officials. The Chair of PASA's Cybercrime and Fraud Working Group is aware of a case where fake birth certificates had been certified as correct by a corrupt solicitor and used to try and impersonate a pension beneficiary.

[16] Association of British Insurers, 2018
[17] See the joint Crowe and University of Portsmouth report – 'The Dark Web: Bad for Business'
[18] Naked Security, 2012

CASE STUDIES

In 2013 the Sun newspaper, using an undercover reporter, was able to secure a death certificate and an official Indian record of the death. Such records are available for as little as £300 from corrupt officials[19].

There have been a number of reports of attempts to use such documents to commit fraud.

In one case in Russia, in 2010, the wife of the 'deceased' presented a Russian death certificate to the British embassy to enable a variety of frauds to take place[20].

In another case, in 2014, a man was jailed for attempting to claim a £1 million life insurance policy using false death certificates from India[21].

In the European Union alone, there could be almost 340,000 people living and claiming the UK state pension[22] and research has suggested there could be over 5.5 million British people living abroad. These pensioners or potential pensioners are seen by fraudsters as possible targets, particularly if false documents can be easily purchased or faked in the host country.

Administrators have been tightening up their checks to prevent identity fraud and PASA has recently established a new working group on member identity management in partnership with LexisNexis® Risk Solutions. This will consider:

- Identity verification and authentication
- Verifying member residency status, movement and reconnection
- Verifying marital status
- Existence checks
- Biometrics (including behavioural) for identity
- Digital Identity.

Opportunistic pension fraud

Like social security payments and financial services applications, there are also opportunities for legitimate pension holders' accounts to be used for fraud. For example, there's a significant risk from the close relatives of a deceased person who fail to declare their death or falsify details enabling the claiming of fraudulent benefits.

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[19] The Sun, 2013
[20] Mailonline, 2010
[21] Mailonline, 2014
[22] ONS, 2017

A report in 2003 estimated 100,000 individuals were claiming the pensions of deceased relatives amounting to a £200 million fraud[23]. There are a number of tools available to match lists of deceased people against those receiving pensions, which have become more commonly used over the last 15 years.

CASE STUDIES

In 2019 a woman was convicted of continuing to claim her father's war pension and other benefits after his death in 2004 amounting to a £740k loss[24].

In another case, a daughter continued to claim her mother's pension for two years after her death, defrauding the pension scheme of over £7.5k[25].

There's also risk to vulnerable people who can be open to fraud from those managing their affairs when they're not in a position to do so.

Evidence from the National Fraud Initiative, where details of the deceased are matched against those receiving benefits, also illustrates this continues to be a significant problem. As the relevant Government website notes:

'The NFI helped identify 2,910 cases where pensioners had died but payments were continuing, identified by pension schemes. The average pension overpayment, actual plus estimated, was £33,677'[26].

The most recent NFI report identified £144.8 million of payments to individuals claiming the pensions of dead persons and in the Civil Service Pension scheme alone £2 million of overpayments were identified[27].

Internal fraud

Insiders are also a significant risk of fraud (and error) in the administration of pensions. Some of the risk areas include:

- Unlawful disclosure of personal information (such as unclaimed pensions) to third parties by mistake or for the purposes of enabling fraud;
- Manipulation of records to enable pensioners to receive pension to which they're not entitled; and
- Diversion of payments from legitimate pensioners

[23] The Telegraph, 2003
[24] BBC News, 2019b
[25] Hull Daily Mail, 2019
[26] Cabinet Office, 2015
[27] Cabinet Office, 2018

A number of reports have noted the growing problem of internal fraud[28], but evidence on the extent of the insider problem is difficult to find for a variety of reasons. It's clear, however, having an appropriate strategy to reduce the risk of insiders is required. As the Centre for the Protection of National Infrastructure ('CPNI') notes:

'As organisations implement increasingly sophisticated physical and cyber security measures to protect their assets from external threats, the recruitment of insiders becomes a more attractive option for those attempting to gain access'[29].

There was also a case recently of an opportunist from overseas contacting pensions firms via LinkedIn asking for details of beneficiaries seeking to transfer their pension benefits out of their current scheme. This was with a view to contacting them to divert their funds into alternative investments which could be potentially fraudulent[30].

Fraud against beneficiaries

There's also a problem with fraud targeting current and prospective pension beneficiaries. This type of behaviour can involve:

- Liberation schemes offering access to a pension before the age of 55. This can result in a large tax bill in addition to the loss of savings
- Investment schemes offering high (unrealistic) returns on overseas investments of pensions
- 'Review' scams offering a 'free' review into pension savings and investment returns
- 'Advice scams' offering free advice with the aim of obtaining information or authority to transfer a pension or to act as a lead for other pensions scams[31].

There's been a wide range of actions pursued by TPR and the police to address this growing problem[32]. In addition, the Pension Scams Industry Group (PSIG) produced a code of good practice in this area.

This document is also described on the PASA website[33]. The original Code, first published in 2015, set out the key steps to help identify possible pension scams, as well as providing practical guidance like checklists and sample letters. Whilst the Code has no statutory basis, schemes have been adopting its guidelines in the six years since its launch, which is believed to have resulted in the prevention of thousands of transfers to unauthorised arrangements and protecting many people from a likely loss of pension savings.

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[28] Cifas, 2019
[29] CPNI, n.d.
[30] LinkedIn, February 2021
[31] Citizen Advice cited in House of Commons Library, 2019, p3
[32] E.g. Project Bloom / TPR's "Scorpion campaign" / The FCA and TPR's joint "ScamSmart" campaign / TPR's anti-scam campaign launched November 2020
[33] PSIG Code – The Pensions Administration Standards Association (pasa-uk.com)

Version 2.1 of this document - *Combating Pension Scams – A Code of Good Practice* – has been available since June 2019[34] and has been updated to reflect a new world of scamming and changes to the market and scammers' tactics.

Rather than repeat the content of the code in this guidance, we recommend readers read the PSIG Code of Good Practice.

There is an example of this type of fraud below:

CASE STUDY

In October 2018 four men were banned by TPR from being trustees after duping 245 people out of their pensions in a £13.7 million scam[35].

Investment and misappropriation risks

The large sums of money pension schemes hold are attractive targets for fraudsters and there is evidence of corrupt insiders investing in inappropriate schemes and organised fraudsters targeting staff running pension funds. Operational controls embedded within administration can be a first line of sight to these frauds.

CASE STUDIES

In January 2019 the former head of the Westminster City Council pension fund was jailed for seven years after having been found guilty of stealing over £1 million from the fund, by diverting monies earmarked for investments for his own personal use[36].

In another case in March 2019, an accountant was convicted and sentenced to more than three years imprisonment after he took over £280k from a pension scheme, for which he was a trustee, to invest in one of his failing businesses, by falsifying details of a meeting that approved it[37].

TPR has also taken an interest in this issue and has sought to intervene to prevent potential problems.

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[34] www.combatingpensionscams.org
[35] Pensions Regulator, 2018c
[36] Public Sector Executive, 2019
[37] TPR Press release – 29 March 2019

CASE STUDY

In November 2018 a Chief Executive Officer (CEO) and trustee of a pension scheme was banned from being a trustee after a whistle-blower highlighted he was planning to invest £1.2 million of the pension fund in the firm he was CEO of and a major shareholder in[38].

Another dimension to this concerns a small minority of trustees who oversee pension funds.

CASE STUDY

In May 2019, the trustees of the pension scheme for Dunnes Stores were replaced by TPR after a catalogue of governance failures[39].

In another case, TPR banned two trustees after they were found to lack competence, having (unintentionally) invested some of the pension funds into fraudulent investment schemes[40].

The latter case study demonstrates trustees and administrators can be vulnerable to being defrauded by those managing investments in which they invest, and other examples have been reported. The best way to avoid this is to undertake thorough due diligence and integrity checks on those involved.

CASE STUDY

A pension fund based in Norfolk, UK covering 90,000 members largely from the local council was part of a successful case to sue Los Angeles-based Puma Biotechnology and its chief executive who had made false claims artificially inflating the share price resulting in a £50k loss to the pension fund (and a £100 million loss across all defendants)[41].

[38] Pensions Regulator, 2018
[39] Pensions Regulator, 2018
[40] Pensions Regulator, 2018
[41] Eastern Daily Press, 2019

Other areas of potential fraud to be aware of

There are some other areas of potential fraud which could take place if effective preventative measures are not put in place:

- The possibility of account takeover fraud where the administrator has an online self-service portal
- The possibility of invoice fraud or so-called 'CEO fraud' (impersonation of a CEO or other company executive) which is more aimed at defrauding the client but administrators can be the middle man in falling for this and actioning fraudulent requests
- Fraud risks arising under the circumstances where significant numbers of people are working from home and electronic documents are relied on rather than original hard copy ones
- Fake documents (such as fake Power of Attorney documents) being used by fraudsters to take advantage of vulnerable family members

As fraud is such a rapidly evolving and changing phenomenon, it's important to think about how existing systems and processes might be exploited in the future even if this hasn't happened to date.

4. The nature and cost of pensions fraud – considerations for pensions administrators

Pensions fraud is diverse and costly. Unlike some other risks, it's rapidly evolving and continuously changing. It therefore requires continuous vigilance and the adaptation of counter measures to be effective against its latest manifestations.

In terms of its cost, most arise from high volume, low value fraud which is difficult to detect, but high value, low volume fraud is also a problem. Both can cause serious reputational damage and undermine confidence in pensions administration. What would be recognised as low to medium value fraud against an organisation, when perpetrated against an individual pension beneficiary, can cause serious financial damage.

Those managing pensions organisations need to understand, in addition to their role in seeking to counter fraud against their own organisations, they also have an important responsibility in preventing fraud against individual beneficiaries.

There are also important considerations in balancing fraud prevention measures with the needs of vulnerable clients for easy access to information and advice and in designing proportionate controls to prevent the post-death fraudulent receipt of pensions. For administrators, insurance against fraud may have a useful part to play. However, careful scrutiny of the detailed coverage and exclusions of such policies is always advisable.

The latest research on the cost of pensions fraud indicates that almost £6.17 billion a year is lost[42]. The next section of this guidance provides examples of what pensions administrators should do to protect themselves and pension beneficiaries and help to minimise this cost.

[42] The Nature and Extent of Pensions Fraud Report – Centre for Counter Fraud Studies at University of Portsmouth

5. What is to be done?

This guidance is focused on **three** main areas:

- The legal and regulatory landscape;
- Understanding your organisation's vulnerability to fraud; and
- Ensuring your organisation is resilient to fraud

5.1 The legal and regulatory landscape

This Guidance can't and doesn't provide a detailed overview of the complexity of the legal and regulatory obligations of pensions administrators in the context of the threat posed by pensions fraud. Pensions administrators need to be aware of the legal framework in which they operate, including the obligations deriving from legislation (including the Pensions Act 2004, the Pension Schemes Act 2021, the Financial Services and Markets Act 2000, and the Data Protection Act 2018, together with their associated secondary legislation) as well as regulatory and other rules (including those set out in the FCA Handbook).

While summarising the legal and regulatory landscape in short form in this Guidance isn't possible, a number of important expectations (underpinning which is the need to protect scheme assets) can be derived from the legislation and guidance. These include the requirements administrators should:

- Put good governance in place
- Assess risks, identify vulnerabilities and tailor defences accordingly
- Ensure data is secure
- Be aware of, and adapt to, emerging threats and issues
- Be ready to respond to incidents of fraud
- Understand the circumstances in which a relevant regulator may need to be notified
- Learn from incidents of fraud (both to a particular scheme, administrator and also across the industry) to ensure vulnerabilities are minimised
- Seek specialist legal, regulatory and other (for example, cyber) advice on issues facing their businesses

A non-exhaustive (and ever-evolving) list of regulatory and industry sources focused on fraud issues, available as at the time of publication, can be found at Appendix 1 below.

5.2 Understanding your organisation's vulnerability to fraud

This requires a general understanding of the nature and scale of the problem – without which it's very difficult to develop and apply the right solution. Section 3 of this guidance seeks to provide some of that background.

The key questions to be asked by each organisation include:

- Do we and our suppliers understand the different types of fraud which may take place?
- Do we and our suppliers understand the extent of the risk of fraud and the cost of fraud?
- Do we and our suppliers understand the vulnerabilities of our systems and our beneficiaries in respect of fraud?

All pension administrators should have a risk register. It's important this considers the risk of fraud and the mitigating factors to reduce the likelihood of fraud taking place (see the following section).

5.3 Ensuring your organisation is resilient to fraud

Fraud risk is always present in any organisation of any size, because, just as there's always an honest majority, there's also always a dishonest minority. So, the real question is what potential for fraud exists, and how can the risk this poses be reduced to an acceptable level?

The following questions are intended to allow pension administrators to assess the extent of their resilience to fraud:

- Do we consider fraud and how we can minimise the extent of fraud and its impact?
- Do we have access to the right forensic and legal expertise to achieve this?
- Do we have the right level of resource in place as part of a comprehensive control framework?
- Do we have the right relationships in place with other bodies such as regulators, the police and our insurers?
- What do we do to create the right anti-fraud culture of integrity and to deter dishonest behaviour?
- Do we have strong internal controls in place (e.g. concerning identity verification, segregation of duties, dual authorisation for payments, independent reporting, etc. and other measures) to prevent fraud?
- What do we do to detect fraud?
- Do we and our suppliers have a clear plan of how we will respond if fraud is detected?

Where the above questions reveal weaknesses, pensions administrators should consider remediation. It's also important pensions administrators obtain periodic independent assurance their systems and processes are robust and they're resilient to fraud.

6. Conclusion

We hope this Guidance provides administrators with a helpful view of the range of types of fraud which can affect them, the pension schemes they provide services to and pension beneficiaries. The Guidance also aims to describe what they need to do to protect themselves as well as they can.

APPENDIX 1 - A non-exhaustive list of regulatory and industry sources on fraud

The Pensions Regulator

- https://www.thepensionsregulator.gov.uk/en/document-library/codes-of-practice/code-9-internal-controls
- https://www.thepensionsregulator.gov.uk/en/document-library/code-related-guidance/internal-controls-good-pension-scheme-governance
- https://www.thepensionsregulator.gov.uk/en/document-library/codes-of-practice/code-1-reporting-breaches-of-the-law
- https://www.thepensionsregulator.gov.uk/en/document-library/code-related-guidance/complying-with-the-duty-to-report-breaches-of-the-law
- https://www.thepensionsregulator.gov.uk/en/document-library/codes-of-practice/code-2-notifiable-events
- https://www.thepensionsregulator.gov.uk/en/document-library/code-related-guidance/the-notifiable-events-framework
- https://www.thepensionsregulator.gov.uk/pension-scams
- https://trusteetoolkit.thepensionsregulator.gov.uk/

The FCA

- https://www.handbook.fca.org.uk/handbook/FCG/4/
- https://www.fca.org.uk/news/news-stories/advising-pension-transfers-our-expectations
- https://www.fca.org.uk/scamsmart/how-avoid-pension-scams?
- https://www.fca.org.uk/publications/finalised-guidance/guidance-firms-fair-treatment-vulnerable-customers

The Pension Scams Industry Group

- https://www.plsa.co.uk/Portals/0/Documents/Policy-Documents/2019/Combating-Pension-Scams-Code-of-Good-Practice-2019.pdf

PASA

- https://www.pasa-uk.com/wp-content/uploads/2020/11/PASA-Cybercrime-Guidance-November-20-FINAL.pdf

Fraud Advisory Panel

- https://www.fraudadvisorypanel.org/resource-category/guidance/

Action Fraud

- https://www.actionfraud.police.uk/a-z-of-fraud/pension-scams

City of London Police

- https://www.cityoflondon.police.uk/advice/advice-and-information/fa2/fraud/personal-fraud/banking-payment-card-investment-pension-fraud/

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