PENSIONS AND
LIFETIME SAVINGS
ASSOCIATION

PENSION SCAMS:
PLSA RESPONSE TO A CONSULTATION BY THE DWP AND HM TREASURY

February 2017

PENSIONS AND LIFETIME SAVINGS ASSOCIATION

1. INTRODUCTION – THE PLSA'S APPROACH TO PENSION SCAMS

We are the Pensions and Lifetime Savings Association; the national association with a ninety-year history of helping pension professionals to run better pension schemes. With the support of over 1,300 pension schemes and over 400 supporting businesses, we are the voice for pensions and lifetime savings in Westminster, Whitehall and Brussels. Our purpose is simple: to help everyone to achieve a better income in retirement. We work to get more money into retirement savings, to get more value out of those savings and to strengthen savers' confidence and understanding.

Pension schemes see scams as a major and increasing problem: first, as a threat to their members' retirement savings; and second, as a source of costly and time-consuming due diligence checks on the schemes receiving transfers. The problem has increased significantly since the introduction of pensions freedom and we strongly welcome the Government's commitment to tackle it.

Evidence from our own research (a member survey is summarised in Annex 1) shows that SSASs and QROPS are key vehicles for scams. This echoes the Government's analysis of the key risk areas. Of those respondents to our survey that had blocked transfer requests, 70% said they had received requests from SSASs and 48% from QROPS.

SSASs were originally intended for small groups of company directors or practice partners, but are now being widely used by scammers. The attraction is that SSASs are not subject to investment restrictions, so the whole pot can be invested in, for example, a hotel development or other asset with no diversification. In many cases, the scheme is set up with the member as the sole trustee.

This response sets out a comprehensive set of proposals, not only to stop SSASs and other small schemes from being used as a vehicle for scams, but also to introduce a robust authorisation regime for workplace pension schemes.

2. PLSA ASSESSMENT OF THE GOVERNMENT'S PROPOSALS

The proposals in the Government's consultation paper are a good start, but we need a much more ambitious approach.

The proposals do not address the central problem – that being a *registered* pension schemes is no proof of being a *legitimate* pension scheme, as opposed to a vehicle for scams. We need a much tougher approach to stop rogue firms from entering the market and to tackle those using existing schemes as a vehicle for their activities.

- The proposed ban on cold calling is welcome, but should also cover SMSs and other forms of digital messaging.

- The proposal to limit the right to a transfer should be much more ambitious. The PLSA proposes protecting members by introducing a completely new authorisation regime for workplace pension schemes, which would run in parallel to FCA authorisation of the retail market. This would be applied initially to new schemes with fewer than 100 members and to existing schemes that have fewer than 100 members and wish to receive transfers. In due course, the authorisation regime would be applied to the stock of existing schemes, starting with those of highest risk.

- The Government's proposal to increase regulation of SSASs by requiring pension schemes to be registered by an active (as opposed to dormant) company is likely to prove ineffective. It would be too easy for a scammer to make a company appear 'active'.

- Instead, the Government should require the schemes covered by the PLSA's proposed new authorisation regime to have an independent professional trustee. This would be supported by an accreditation system for independent professional trustees, operated by the Pension Regulator. An alternative would be for schemes to have a trustee who is a recognised professional (such as a lawyer or accountant). In either case, the new trustee would have a 'whistle-blowing' duty.

- There is a case for simply banning the creation of new SSASs and single-member schemes, on the grounds that small employers now have a range of master trusts available to help them provide pensions for their staff. However, this might rule out perfectly legitimate schemes, such as those for a handful of company directors. The independent trustee approach would stop SSASs from being used for scams.

3. PLSA PROPOSAL – AN AUTHORISATION REGIME

The PLSA is proposing that savers would only have the right to transfer their pension to a scheme that had been authorised. The nature of the authorisation system and the pace with which it is introduced should depend on the risks presented and the challenges associated with putting it in place.

As a priority, authorisation should be introduced as soon as possible for schemes that present the greatest risk. As noted above, the PLSA agrees with the DWP and the Pension Regulator that the greatest risks arise in the case of transfers to small schemes and to overseas schemes.

AUTHORISATION REGIME: TAILORED TO RISK

TYPE OF SCHEME	NUMBERS (APPROX.)	SCAMS RISK	PROPOSED ACTION: EXISTING SCHEMES	PROPOSED ACTION: NEW SCHEMES
Master Trust (DC)	100	Low	Continue with introduction of Pension Scheme Bill regime	Continue with introduction of Pension Scheme Bill regime
Multi-Employer DB	25+	Low	Introduce authorisation regime at a later date for schemes wishing to receive transfers	Introduce authorisation regime at a later date
Large single-employer Scheme	6,000 DB 3,000 DC	Low	Introduce authorisation regime at a later date for schemes wishing to receive transfers	Introduce authorisation regime at a later date
Small schemes (fewer than 100 members but more than 12)	13,000	Medium	Introduce authorisation regime now for schemes wishing to receive transfers	Introduce authorisation regime asap
SSASs (fewer than 12 members)	24,000	High	Introduce authorisation regime now for schemes wishing to receive transfers	Introduce authorisation regime asap
Single Member Schemes	760,000	High	Introduce authorisation regime now for schemes wishing to receive transfers	Introduce authorisation regime asap
Overseas Schemes		High	Tougher HMRC checks required, including more liaison with overseas regulators	Tougher HMRC checks required, including more liaison with overseas regulators

TAILORED AUTHORISATION

Authorisation would operate in different ways for different types and sizes of scheme, but the objective in each case would be the same – to ensure savers and trustees can be confident that a robust system of regulation is ensuring that the pension schemes in which they save – or to which they might transfer – can be trusted.

- For *Master Trusts*, an authorisation regime is already being introduced through the Pension Schemes Bill.

- For *large schemes (whether multi-employer DB or single-employer DB or DC)*, while an authorisation regime would be desirable in the medium-to-long term, the risks are relatively low, so the introduction of a new regime for such schemes is not an immediate priority.

- For *small schemes with fewer than 100[1] members, including SSASs*, we propose that immediate action be taken. The exact nature of the authorisation regime need not be as onerous as for Master Trusts, but it would need to ensure that such schemes are operating for *bona fide* reasons and are non-fraudulent. We propose that the regime should be based on one of the following options:

    - no small scheme would be allowed to accept transfers in unless it has appointed an independent professional trustee who is compliant with a new and comprehensive framework to ensure these individuals meet demanding standards; or

    - no small scheme would be allowed to accept transfers in unless it has appointed a trustee who is a registered professional, such as a lawyer, an accountant or an actuary. (This would build on, but strengthen and modernise, the pre-2006 requirement for SSASs to have a 'Pensioneer Trustee').

- Regarding *single-member schemes,* of which there are 760,000, we do not see any good reason for a member to wish to transfer to such a scheme. In cases where a single-member scheme has been set up specifically to receive a transfer, this should ring a loud warning bell for the transferring scheme's trustees. These schemes would also be covered by our new authorisation regime.

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[1] 100 members is chosen as it is an existing threshold in pensions regulation. The EU Directive on workplace pensions (the Directive on Institutions for Occupational Retirement Provision or 'IORP Directive') does not apply to schemes with fewer than 100 members.

- Regarding *overseas schemes*, which are by definition beyond the reach of a UK authorisation regime, the PLSA's view is that HMRC should make more rigorous checks, stepping up its liaison with overseas regulators.

HOW AUTHORISATION WOULD WORK

The key innovation in the PLSA's proposals would be the introduction of an independent professional trustee or a registered professional.

- The independent professional trustee or registered professional would be given a 'whistle-blowing' duty in cases where there is a risk of scamming.

- By 'risk of scamming', we mean any activity that falls within the definition of a scam set out in section 2.1 of the consultation paper. This includes 'inappropriate investments' (which might well be legal, but unwise).

- 'Whistle-blowing' would mean reporting the scam-related activity to TPR and HMRC.

- The independent professional trustee or registered professional would also be expected to tell the other trustees to stop making the inappropriate investments and, if they persist, to tell them to cease accepting transfers into the scheme.

- The proposed authorisation regime would significantly reduce the due diligence required from schemes. Under these proposals, the scheme would simply check whether the receiving scheme had been authorised and, if so, would pay the transfer. Transfers would be made more quickly.

- This approach would remove the discretion that trustees currently have to pay transfers even where the member does not have a statutory *right* to a transfer.

COST

Operating a new system of vetting and approving independent professional trustees would be a significant new role for TPR. The costs would need to be covered. One option would be for the costs to fall on the community of independent professional trustees themselves. There are useful parallels in fields such as law and accountancy. A further option would be for schemes to pay.

NEW AND EXISTING SCHEMES

Applying the new authorisation system only to new schemes would run the risk of scammers simply using existing schemes. This is why we also propose applying the authorisation system immediately to all schemes with fewer than 100 members that are looking to receive transfers.

No existing scheme would be required to seek authorisation unless it wished to receive transfers, thereby aligning any additional costs with the incidence of risks. The large majority of schemes would have no reason to seek authorisation in the near future.

4. APPROVING INDEPENDENT PROFESSIONAL TRUSTEES

The PLSA's proposal for an accreditation or approval regime for independent professional trustees builds on our thinking set out in our response to the Pensions Regulator's discussion paper "*21st Century Trusteeship and Governance*[2].

In that response, we argued that the current situation, in which anyone may style themselves as a 'professional trustee', is undesirable and we proposed that demonstrable professional experience, as assessed by a professional body, could initially accredit independent professional trustees, but eventually a mandatory qualification should be introduced.[3] Standards for independent professional trustees should be set at a higher level than those for lay trustees.

One option for the mandatory qualification would be to introduce a three-legged approval process for all independent professional trustees, based closely on the requirements for trustees of Master Trusts. These will be set out in detail by secondary legislation to be tabled once the current Pension Schemes Bill becomes law, but the Government has stated that it will draw closely on the FCA's 'fit and proper' test, which would mean independent professional trustees would have to demonstrate:

- honesty, integrity and reputation;
- competence and capability; and
- financial soundness.[4]

An approval process would need to include regular reviews - to check that approved independent professional trustees continue to comply with the requirements.

[2] TPR, July 2016
[3] PLSA, 9 September 2016
[4] Detailed criteria are set out in *The Fit and Proper test for approved persons*, FCA, December 2016.

TIMETABLE FOR INTRODUCTION OF THE NEW REGIME

In practice, it would take some while to introduce these new requirements – probably one to three years. It should, however, be possible to make a relatively quick start on major elements well before the actual legal requirements enter force.

- For example, professional bodies could start accrediting independent professional trustees and small schemes could start the process of appointing them (or registered professionals) well in advance of the requirement coming into force.

- TPR could compile an interim 'white list' of schemes, to which schemes could transfer in the confident knowledge that the receiving schemes were legitimate and that they would not be penalised for making the transfers. This 'white list' would include master trusts that meet the Master Trust Assurance Framework criteria, large DB and single-employer DC schemes with over 1,000 members, FCA authorised insurers plus any further schemes deemed to be an extremely low scam risk.

An indicative timetable might be as follows:

Outline timetable for introduction of authorisation regime	
Months	*Actions*
0-6	• DWP consults on detail of authorisation regime. • TPR sets up interim 'White List' system, covering master trusts and other schemes with over 1,000 members. Largest master trusts are included immediately. Other schemes included within 6 months.
6-12	• Legislation on authorisation regime
13-24	• Independent professional trustees apply for / receive TPR approval. • New small schemes and existing schemes with fewer than 100 members that wish to receive transfers start to appoint independent professional trustees / registered professionals.
24-36	• Authorisation regime introduced. Transfers to new small schemes and existing schemes with fewer than 100 members only allowed if receiving scheme is authorised.

5. ANSWERS TO CONSULTATION QUESTIONS

Question 2.1 Does the definition in 2.1 above capture the key areas of consumer detriment caused by pension scam activity?
Yes, this captures the wide range of pensions scams, which affect savers both before and after age 55, and range from criminal fraud to legal, but ill-advised, investment choices.

Question 2.2 Are there any other factors that should be considered as signs of a scam?
No.

Question 3.1 In your experience, how are consumers affected by cold calling about pensions? Do any consumers benefit from cold calling about pensions?
The PLSA is not aware of any circumstances in which pension scheme members benefit from an approach initiated by cold calling. Our advice to savers is that they should be suspicious of any approach by cold calling in relation to their pension.

Q**uestion 3.2 Do you agree that the scope of the ban should include the actions set out in paragraph 3.5 above? Are there any other activities that should fall within the scope of the proposed ban on pensions cold calling?**
Yes, the PLSA would endorse the list of activities in paragraph 3.5. However, the scope of the proposed ban should go much wider than just cold calling. It should also include approaches by all forms of electronic communication, including SMS text messages, online direct messaging and email.

Question 3.3 Do you agree that existing client relationships and express requests should be excluded from the proposed ban?
We agree that existing client relationships and express requests should be excluded from a ban, if it is introduced. These can result in appropriate transfers from schemes, accompanied by clear advice from regulated firms demonstrating an understanding of the consumer and of pension products.

Question 3.4 What would the costs and benefits be of extending the proposed ban to include all electronic communications?
Limiting the proposed ban to cold calling would simply lead to the scammers switching to other channels. *Contra* the consultation paper, we are not confident that savers would be more likely to disregard approaches by these other methods.

Therefore, the PLSA strongly urges the Government to extend the proposed ban to all forms of electronic communication, including SMS text messages, online direct messaging and email.

Question 3.5 How can the government best maintain the clarity of existing PECR concepts in light of the proposed ban on pensions cold calling?

We have no comment on this issue.

Question 3.6 How can the government best ensure consumers are aware of the ban?

Trustees, scheme managers and administrators should be encouraged to publicise the ban in their communications with members. The PLSA would be pleased to highlight this with our members.

Question 3.7 Do you have any views on enforcement mechanism set out in paragraph 3.10 above?

We have no comment on this issue.

Question 3.8 Is there any reason why legitimate firms' business models should be affected as a result of the ban?

If there is any impact on legitimate operators, it should be positive, as the ban – especially if accompanied by the authorisation regime proposed elsewhere in this response – will increase consumer confidence in the pensions system.

Question 3.9 Do you have any other views or information the government should consider in relation to the proposed ban on cold calling in relation to pensions?

The proposed cold-calling ban is a welcome proposal, but needs to have a much wider scope – as outlined in our response to question 3.2.

However, it is important to recognise that banning these kinds of approaches will not address the central issue – that being a *registered* pension scheme does not equate to being a *legitimate* pension scheme. The real emphasis should be on introducing a robust authorisation regime, as set out elsewhere in this response.

Regarding the implementation of the cold-calling ban, the PLSA would favour introducing it straightaway, as long as legislation permits.

Question 4.1 Do you agree with the proposal to limit the statutory right to transfer in this way, or should this be further limited? If so, in what way and why?
We would support much tighter limits on the statutory right to transfer, but the proposals in the consultation do not go far enough.

- We agree that there should be a right to transfer to FCA-regulated entities or authorised master trusts. This is a clear-cut test that cannot be readily abused.

- The proposed employment test, however, would be open to abuse and the PLSA would not support it. Our members have examples of fictitious 'proof' of employment and earnings, sometimes simply downloaded from the internet. Schemes and administrators would still have to conduct extensive due diligence to check whether the 'proof' supplied to them was genuine.

Question 4.2 Would a requirement to evidence a regular earnings link act as a major deterrent to prevent fraud? How could the requirements be circumvented?
This would not deter determined scammers. Our members have examples of fictitious 'proof' of employment and earnings, sometimes simply downloaded from the internet. Schemes and administrators would still have to conduct extensive due diligence to check whether the 'proof' supplied to them was genuine.

Question 4.3 How might an earnings and employment link be implemented? Should the onus be on the scheme member to provide proof of earnings?
As stated above, this would be open to abuse.

Placing the onus to provide evidence on the scheme member would not release the transferring scheme from a responsibility for checking whether what was provided did actually prove the existence of a regular earnings link.

Question 4.4 What would be the impact and cost to trustees / managers / firms?
At present, due diligence on each transfer request takes around 9 hours of staff time, according to a survey of PLSA members.

We should aim to reach a situation where a scheme can make a simple check that the receiving scheme is authorised. If it is, then the member would have a right to the transfer and the transfer would be made - with confidence that the receiving scheme is legitimate.

This is why the PLSA proposes a much more ambitious approach than is outlined in the consultation. We favour a fully developed authorisation system for pension schemes, as detailed in the introduction to this paper.

Question 4.5 Under the proposals, how would the process for 'non-statutory' transfers change for trustees or managers? What would they need to do differently from the current situation?

There would be little demand from PLSA members to maintain discretion to pay transfers to non-authorised schemes. But there could be a case for a transitional period.

Question 4.6 What are the pros and cons of introducing a statutory discharge form for insistent clients? How effective would this be as a means of combatting scams?

Most schemes already use discharge letters, but they are not an effective mechanism for preventing scams.

Discharge letters might have some value in protecting trustees from subsequent liability, but that should not be the focus of this exercise.

Question 4.7 How could it be ensured that a statutory discharge of responsibility did not reduce the requirement on firms and trustees to undertake due diligence?

The Government's objective should be to develop an authorisation solution to stop scams in the first place. There would then be no need to discharge trustees from responsibility.

Question 4.8 What are your views on a 'cooling-off period' for pension transfers? Do you have any evidence of how this could help to combat pension scams?

This is not an appropriate solution for pension scams.

Cooling-off periods work when a consumer buys a product and only *subsequently* reads all the information about it.

In the case of pension transfers, the usual situation is that the saver is given extensive information and warnings *before* going ahead. A typical scenario would see the transferring scheme's trustees set out in writing why they suspect a scam. The member would then be asked to confirm that, despite the trustees' suspicions, they still want to go ahead with the transfer.

Effectively, the cooling off period already takes place – albeit in advance of the transfer and in a much more robust fashion than the typical consumer cooling-off arrangement. It is difficult to see what value a post-transfer cooling-off period would add.

Cooling-off periods would, however, increase administrative burdens for pension schemes. These would be particularly complex, given that the member's money would have been disinvested and would then have to be reinvested, thereby incurring significant charges and transaction costs. These costs would have to be covered by taking money from the member's pension pot – a particularly complex challenge in defined benefit pension schemes.

The markets would inevitably have moved in the period when the member was out of the scheme, so it would be impossible to replicate the investments held before the transfer out of the fund.

Question 4.9 What additional measures or safeguards could be put in place to ensure that trustees or managers appropriately handle transfers that do not meet the new proposed statutory requirements?

As outlined in the introduction to this response, the PLSA proposes a robust authorisation regime.

Savers would only have the right to a transfer if they were transferring to a scheme that had been authorised. At the moment, only FCA-approved schemes can be said to be authorised.

Authorisation would operate in different ways for different types and sizes of scheme, but the objective in each case would be the same – to ensure savers and trustees can be confident that a robust system of regulation is ensuring that the pension schemes in which they save – or to which they might transfer money – can be trusted.

- For *Master Trusts*, an authorisation regime is already being introduced through the Pension Schemes Bill.

- For *large schemes (whether multi-employer DB or single-employer DB or DC,* while an authorisation regime would be desirable in the medium-to-long term, the risks are relatively low, so the introduction of a new regime for such schemes is not an immediate priority.

- For *small schemes with fewer than 100 members, including SSASs*, we propose that immediate action be taken. The exact nature of the authorisation regime need not be as onerous as for Master Trusts, but it would need to ensure that such schemes are operating for *bona fide* reasons and are non-fraudulent. We propose that the regime should be based on one of the following options:

    - no small scheme would be allowed to accept transfers in unless it has appointed an independent professional trustee who is compliant with a new and comprehensive framework to ensure these individuals meet demanding standards; or

    - no small scheme would be allowed to accept transfers in unless it has appointed a trustee who is a registered professional, such as a lawyer, an accountant or an actuary. (This would build on, but strengthen and modernise, the pre-2006 requirement for SSASs to have a 'Pensioneer Trustee').

- This authorisation regime would be applied initially to new schemes with fewer than 100 members and to existing schemes that have fewer than 100 members and wish to receive transfers. In due course, the authorisation regime would be applied to the stock of existing schemes, starting with those of highest risk.

- Regarding *single-member schemes,* of which there are 776,000, we do not see any good reason for a member to wish to transfer to such a scheme. In cases where a single-member scheme has been set up specifically to receive a transfer, this should ring a loud warning bell for the transferring scheme's trustees. These schemes would also be covered by our new authorisation regime.

- Regarding o*verseas schemes*, which are by definition beyond the reach of a UK authorisation regime, the PLSA's view is that HMRC should make more rigorous checks, stepping up its liaison with overseas regulators.

- The independent professional trustee or registered professional would be given a 'whistle-blowing' duty in cases where there is a risk of scamming.

- By ‘risk of scamming’, we mean any activity that falls within the definition of a scam set out in section 2.1 of the consultation paper. This includes ‘inappropriate investments’ (which might well be legal, but unwise).

- ‘Whistle-blowing’ would mean reporting the scam-related activity to TPR and HMRC.

- The independent professional trustee or registered professional would also be expected to tell the other trustees to stop making the inappropriate investments and, if they persist, to tell them to cease accepting transfers into the scheme.

Question 4.10 Are there other potential risks that this proposal might present? Do you have any suggestions as to how these risks might be mitigated?

See 4.9

Question 5.1 Do you agree that new pension scheme registrations should be required to be made through an active company? If no, what are the legitimate circumstances in which a dormant company might want to register a new pension scheme?

This looks very easy to circumvent. The PLSA would not support it.

Question 5.2 Are there any further actions that the government should consider to prevent SSASs being used as vehicles for pension scams?

We have no comment on this issue.

PENSIONS AND LIFETIME SAVINGS ASSOCIATION

ANNEX 1: PLSA MEMBER SURVEY ON PENSION SCAMS

The PLSA surveyed its pension fund members in October and November 2016. 76 members responded.

- 58% were an employer or scheme with a single employer;
- 33% were schemes associated with a group of employers; and
- 5% were industry-wide schemes.

Nearly all (96%) of respondents reported that they operated a DB or hybrid scheme and two thirds (64%) DC schemes. Six in ten (61%) provided both DB and DC.

VOLUME OF TRANSFER REQUESTS

- Nearly all (92%) of DB or hybrid schemes had received transfer requests in the last six months.

- Around half (47%) of DC schemes had received transfer requests.

- The median number of requests received per scheme over the last six months was 35 for DB/hybrid and 34 for DC.

DUE DILIGENCE COSTS

- Schemes are very conscious that they need to carry out extensive due diligence, even when the scam risk is very obvious, in case they need to defend their actions against a subsequent complaint to the Pensions Ombudsman about the transfer request being blocked. (The Ombudsman has stated that there are more complaints about transfers

PLSA SCAMS SURVEY: KEY NUMBERS

- Around four in ten schemes reject some transfer requests.

- Two rejected requests, on average, for each of these schemes over six months. Some schemes report as many as 50 requests failing due diligence.

- Each transfer request requires around 9 hours of staff time (£137 cost) spent on due diligence.

- Most members are deterred by a warning of scam risk. Only one respondent reported transfers still going ahead – but the situation may be different in smaller schemes.

- Both small UK occupational schemes (SSASs) and QROPS are used for transfers.

- 74% of respondents say transfer requests have increased since Pensions Freedom.

refused than about transfers paid but later regretted by the individual member.[5]) Removing the right to a transfer to schemes not on the new register would also remove the risk of an Ombudsman investigation - ending the 'driver' behind so much time-consuming but unproductive due diligence.

- On average (median), the DB/hybrid schemes spent 9 hours and £137 in full-time equivalent staff costs on due diligence for each transfer request.[6]

- This due diligence is inevitably duplicated, with different schemes' trustees and administrators carrying out the same checks on the same receiving schemes, with no way of sharing the information. This work should really be a task for a regulator, not for individual pension schemes.

NUMBERS OF SUSPECT REQUESTS

- Around four in ten (37%) respondents reported that some transfer requests failed at the due diligence stage. In other words, the scheme manager, administrator or trustees had serious concerns about the receiving scheme.

- On average, these schemes reported two transfer requests failing due diligence over the previous six months.

- However, some schemes reported as many as 50 transfer requests failing due diligence over the six-month period.

TYPES OF SCHEME USED FOR SCAMS

- Of those respondents that had blocked transfer requests, seven in ten said they had received requests from small UK-based occupational schemes (SSASs) and 48% had received requests from Qualifying Recognised Overseas Pension Schemes (QROPS).

- SSASs are really intended for small groups of company directors or practice partners, but are now being widely used by scammers. The attraction is that

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[5] The Pensions Ombudsman's *Annual* Report for 2014-15 stated 'Most cases classified as concerning pension liberation are about not being able to transfer a pension because the transferring scheme thinks the transfer may not be in the member's best interests (for tax reasons, because of investment risk or because of "scams"). A smaller number are from people who were able to transfer into various schemes and have subsequently become concerned about the safety of their money. They argue that the transferring scheme should not have paid out.'

[6] There was insufficient data to allow equivalent figures to be generated for DC schemes.

SSASs are not subject to investment restrictions, so the whole pot can be invested in, for example, a hotel development or other asset with no diversification. In many cases, the scheme is set up with the member as the sole trustee.

- Malta was the most commonly mentioned location for QROPS, although this is based on a very small sample.

IMPACT OF WARNINGS FROM SCHEME MANAGERS

- Almost all PLSA members (92%) alert members to their concerns when a transfer request fails due diligence.

- In the vast majority of cases, this warning works. Only one respondent reported transfers still going ahead after this kind of warning.