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CHARTERED FINANCIAL PLANNERS

Coronavirus scams –how to spot and avoid them

Scammers are exploiting fears over coronavirus to target consumers. Follow our tips to avoid being scammed.

There's been a worrying increase in the number of scams since the coronavirus (Covid-19) epidemic. The National Fraud Intelligence Bureau has received over 500 reports of coronavirus-related fraud since the start of the outbreak, with victims being tricked out of £1.6 million.

How to spot a scam

Scammers are always coming up with new ways of tricking people, and fears over coronavirus have given them a perfect opportunity. But although the scams vary, there are some things they have in common.

Here are some of the main scams, and tips from the financial regulator, the Financial Conduct Authority (FCA), on how to avoid them:

Pension fraud

Be wary of fraudsters who claim they can help you access your pension before 55. If you do, you'll incur massive tax charges of 55% of your pension pot in addition to the scammers' fees which could be up to 30% of the value of your pot. In some cases you could lose all of your money. There are only very limited circumstances when you can legitimately access your pension pot before 55, such as if you are in serious ill-health.

Also watch out for offers of free pension reviews which come out of the blue and offers to help you move your money to a safe haven. Your money will be invested in high-risk and unregulated investments or will disappear altogether.

Pension cold calls are illegal so if you get one, just hang up – it's a sure sign that it's a scam. Ignore any offers you get via email, text or online adverts too.



Advance loan fee fraud

This scam involves being asked for an upfront fee in order to get accepted for a loan. The fee can be between £25 and £450 and you may be asked to pay it by bank transfer, Western Union or even iTunes vouchers. No matter how much you pay, the loan never materialises.

Warning signs to look for include being contacted by text or email out of the blue, or being put under pressure to pay the fee quickly. You can protect yourself by checking that the firm that asks for an upfront payment is authorised by the FCA. Simply type the firm's name into the FCA's Register.

Good cause scams

Criminals have also been targeting people with a number of scam emails asking for donations to good causes. For example, one convincing-looking email pretends to be from the government, and asks for money for the NHS. Others appear to come from an organisation that claims donations will go towards the production of hand sanitiser or protective equipment for the NHS.

To avoid being scammed, don't download attachments or click on links in emails unless you're sure who sent them. Even if the email is from an organisation you know, if the email itself is unexpected or asks you to click on a link, it could be a scam. That's especially true if it asks for personal or financial information. Your bank will never ask you for personal information in an email.

You can reduce the risk of being scammed by only donating to legitimate charities. You can search for a registered charity in England and Wales on the Gov.uk website charity register.



Number spoofing scams

Number spoofing is where a scammer sends a text message that looks like it's come from a genuine organisation, such as the government, HM Revenue and Customs or your bank. These scams are very hard to spot especially as the messages will sometimes appear in a chain of otherwise genuine text messages. The best advice is not to click on any link in a text that appears to come from a legitimate source. HMRC doesn't issue tax rebates by text, and banks don't ask for personal information this way.

Clone firm scams

This is where scammers pretend to be from an FCA-authorised firm to try and convince you they are genuine. A firm needs to be authorised by the Financial Conduct Authority to sell, promote or advise on the sale of shares or investments (including pensions) in the UK.

These fraudsters set up websites that use names similar to those of legitimate firms, and typically cold-call you to promote worthless or non-existent shares, property or investment opportunities.

Protect yourself by checking the FCA register to see if the firm is authorised. Always access the FCA's Register directly from register.fca.org.uk rather than from any links sent to you by the firm itself.

The FCA also recommends using the switchboard number given on the FCA Register to call the firm back rather than the one the firm gives you. If the firm claims the number on the register is out of date, contact the FCA's Consumer Helpline on [0800 111 6768](tel:08001116768).



Lookalike websites

There's been a sharp increase in the number of people visiting the websites of debt advice charities since the government introduced coronavirus measures, and scammers are taking advantage of this. They are advertising websites that offer debt advice. These sites have very similar names to the genuine services and charities. They're not illegal, but you could end up paying for debt advice that you could get for free. And you may end up sharing your personal details with a company you don't know anything about.

If you're visiting a website to get debt advice, always check the website address to make sure you're not clicking on a 'lookalike' site by mistake.

Cold call and doorstep scams

Not all scams are online or over the phone. Some people have reported that scammers have been going door-to-door offering 'coronavirus tests'. To avoid being scammed, ask to see the identity badge of anyone who comes to your door and claims to be from a company or organisation.

If you're not 100% comfortable, don't let them in, and don't give away financial information (such as your bank account details) either.



Other scam warning signs

The FCA is also warning that scammers could use any of the following tactics during the coronavirus pandemic. The fraudsters may:

- Play on worries you have about your investments falling in value and advise you to invest or transfer your investments into investments they recommend.
- Contact you claiming to be from a claims management company, insurance company or your credit card provider. They'll tell you they can help you make a claim for the cost of a holiday or a cancelled event and will ask you to send them some money or your bank details.
- Send you messages telling you your bank is in trouble due to the coronavirus and to transfer money to a new (bogus) bank account.

Action Fraud, which is the organisation to report fraud to, is warning about fraudsters who claim to be able to give you a list of people affected by coronavirus in your area. To access the information you have to click on a link (which will then steal your personal details) or provide an upfront payment. It has also seen examples of fraudsters writing articles about coronavirus with links to a fake company website where you're encouraged to subscribe to daily updates.



Help from Kellands

There are a lot of unknowns in the world right now. But one thing is certain — Kellands is here for you. Please don't hesitate to get in touch if there is anything we can help you with or you would simply like a chat.

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Please note that this article was written by Royal London and was last updated in 8 April 2020. Any information quoted was accurate on this date.

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