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Financial Crime Awareness Bulletin **February 2019**

This bulletin considers recent developments and trends in the Financial Crime sector and is designed to bring them to your attention.

Pension Cold-Calling Ban Takes Effect

As of 9th January 2019, companies that make unsolicited phone calls to people about their pensions will be liable to enforcement action, including fines of up to £500,000. The ban has been introduced in a bid to prevent people falling victim to cold call scams that can lead to them losing their life savings.

According to research from the Money Advice Service (MAS), as many as eight scam calls take place every second, which is around 250 million calls a year.

Highly sophisticated fraudsters have tricked people into transferring their pensions into fraudulent schemes and victims can lose their savings and be left facing retirement with limited income. The FCA have estimated that £91,000 per victim was stolen in 2018.

The ban prohibits cold-calling in relation to pensions, except where:

- The caller is authorised by the FCA, or is the trustee or manager of an occupational or personal pension scheme, and
- The recipient of the call consents to calls or has an existing relationship with the caller.

Cold calling is currently by far the most common method used to initiate pension fraud. It is important to take note of the following scam tactics which can also be used:

- Unexpected contact about your pension via post or email.
- Promises of guaranteed high returns and downplaying the risks.
- Offering unusual or overseas investments that are not regulated by the FCA e.g. overseas hotels, forestry, green energy schemes etc.
- Putting people under pressure to make a quick decision, for example with time-limited offers, and sending a courier round with paperwork to sign.
- Claiming to be able to unlock money from an individual pension.

Please be aware of this scam and the tactics that can be used. If you think you have received a cold call, please report it to the Information Commissioner's Office via their website, https://ico.org.uk/make-a-complaint/nuisance-calls-and-messages/ or by calling 0303 123 1113.

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The More Vulnerable in Society are More at Risk of Falling Victim to Fraudsters

Research carried out by Action Fraud and the National Fraud Intelligence Bureau reveals that those suffering from a mental health issues, an impairment of intelligence and social functioning or with a physical disability are more susceptible to certain fraud type.

One of the common scams affecting vulnerable people is advance fee fraud. This consists of the victim receiving unexpected telephone calls emails and unsolicited letters. Without anyone to speak with immediately, the victim can find it difficult to make an informed decision on what to do. People who live alone with little support, friendship or someone to rely on, could find themselves more easily bullied or manipulated into making payments to fraudsters.

Bogus callers often impersonate government agencies such as HMRC to falsely threaten their victims with court action, or arrest unless they pay money. If an individual has a medical issue, this can mean a person is more likely to be less mobile and at home during the day where they may receive more telephone calls.

How can individuals protect themselves?

- Do not assume an email, telephone call or letter is authentic.
- Never respond to messages or calls that ask for your personal or financial details.

Online Crime

Most people now have access to the internet and almost all frauds now use computers or technology in some way. There are many criminals who take advantage of the anonymity of the online world to deceive, hack and steal. There are a number of ways cyber criminals can attack you and your devices. They may search the internet to find insecure devices, send an email containing malicious software or even set up fake website.

By carrying out a few simple security measures you can reduce your chances of becoming a victim;

- Be wary about the personal information you post online, ensure you check your privacy settings on websites.
- Ensure your password is strong and contains a mixture of upper case, lower case, numeric and symbols.
- If available, set up 2 factor authentication as double security measure.
- Use anti-virus software on all devices and update regularly.
- Back up your important data regularly using an external device or cloud storage service.

Cyber dependent crimes rely on the criminal gaining unauthorised access to a computer system or making a system unusable. If a network is connected to the internet, it offers the cyber criminal an opportunity to try and gain access via this route. If access is gained a hacker may have the ability to steal or change data held on a network.

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Hacking

Hacking occurs when a suspect manages to gain access to a computer system. There are a number of ways in which computer systems can be hacked. These include:

- Password Attacks - the suspect will use computer programmes that will attempt to guess the password that allows access to a system. The programme will generate password based on predefined terms and will then use these passwords to try and break into the system.
- Application Attacks - this involves targeting weaknesses in the computer systems applications or programmes. Often new programmes or software have vulnerabilities that can be easily exploited and allow security to be breached.

You can protect yourself and your business from hacking by following these simple tips:

- Use A Firewall - A firewall is designed to protect one computer network from another. They are used between areas of high and low trust, like a private network and the internet. Firewalls offer protection by controlling traffic entering and leaving a network. The firewall does this using a set of filters or rules that are set by the user to allow or block particular types of traffic. A firewall can help protect against hackers accessing your systems if correctly set up.
- Encrypt Sensitive Data - Make sure all important and sensitive data is encrypted so if it is accessed or stolen it cannot be read. Encryption solutions can take many forms and are dependent on what type of data is being encrypted and how the data is being used, stored or transferred.
- Keep Software Updated - It is important to make sure any software on your computers, systems and mobile devices is kept up-to-date as its designers are constantly updating it to keep it secure as new vulnerabilities are discovered. This is done by downloading updates or 'patches' from the software developer when prompted. This can often be done automatically, but you may have to select this option within the software tools. It is also important to make sure that up to date software is used as older software may be redundant and not have update support. This means that any new vulnerabilities found by cyber criminals will not be fixed, leaving the software at risk of attack.

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Have A Strong Password

Often IT system security is breached because a default password on software or hardware, such as a router, is not changed. It is important that all default passwords are changed as soon as practicable.

There are a number of general rules regarding passwords that will make them more secure:

- Make a password as long as possible, the more characters it has the harder it is to crack.
- Use different types of characters including numbers, symbols and punctuation marks.
- Try not to include dictionary words in your password as this makes them easier to crack. If you are going to use words for ease of remembering, replace a letter with a similar symbol such as an 'a' with an '@' or an 's' with a '$'.
- Consider using a pass phrase with three random words together or maybe lyrics from a favourite song.
- Use different passwords for different accounts. If one password is compromised, then at least only one account can be hacked.
- Try to avoid using personal information such as birthdays, favourite sports teams or children / pet names. These can often be discovered by cyber criminals from information you have posted online, so should not be used.

We hope you have found this edition of the Financial Crime Bulletin informative. Should you have any questions, please contact your adviser at Champain.

END.