

# Information Commissioner ‘too weak’ to stop cold callers – Altmann

The Information Commissioner’s Office (ICO) is incapable of effectively enforcing a cold-calling ban and MPs should vote today for tougher measures to protect consumers says former pensions minister Baroness Ros Altmann.

by **John Greenwood** — March 13, 2018

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Urging MPs to vote today to back work and pensions select committee chairman Frank Field MP’s amendment requiring providers to automatically refer retirees to the new single financial guidance body before accessing funds, Altmann says the FCA should be the body that enforces a cold-calling ban because only it has the teeth to stop providers accepting business derived through illegal sources.

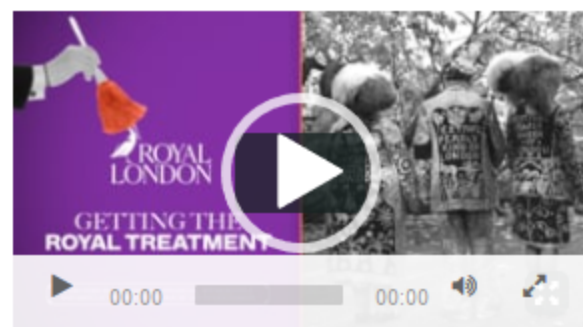
Filed has tabled amendments to the Financial Guidance and Claims Bill that would strengthen providers’ obligations to ensure customers receive guidance before accessing pensions.

The amendments call tough cold-calling controls to be introduced as a matter of urgency and for a requirement that retirees be automatically referred to the unified independent guidance service that will be created when the Money Advice Service, Pension Wise and debt counselling charity Step Change are merged into a single organisation.

Altmann says that it is imperative that a proposed cold-calling ban should also prohibit the use of leads obtained from cold-callers.

Altmann says: “The Government wants the ICO to implement the cold-calling ban

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– this is not enough to protect the public. The ICO already bans cold-calls to anyone using services such as the Telephone Preference Service, but this measure is totally ineffectual – customers whose numbers are registered still get constant cold-calls.

“ICO cannot stop cold-calling. All it can do is try to catch the perpetrators, but by then it is too late. If the cold-callers are based overseas, penalties cannot be enforced. And even if they are UK-based, the company often declares insolvency to avoid the fines. Meanwhile, customers have already lost their money in scam products from providers who bought their information from the cold-callers.

“The FCA must also ban the use of leads from cold-calls. If product providers cannot sell to a customer who came to them from a cold-call, then the cold-callers could not monetise the leads, thus removing the business rationale for the cold-calling.

“The House of Lords also passed another vital amendment to the Bill, which was to ensure more people receive impartial guidance to help them make the right decision about their pension. Before they transfer or cash-in their pension, this legislation could ensure they are referred to the new independent guidance body, currently called PensionWise. This can protect them against scams and also help them understand the risks of cashing-in too early, tax implications of taking money out of their pensions, how to assess what type of annuity they need and how to evaluate income drawdown policies. These are vital pieces of information that most consumers receive no help with at the moment, even though the PensionWise service was set up by the Government specifically for them. Some pension providers ensure their customers get guidance first, but many are happy for customers to phone their own helplines, which are not independent or impartial and which may not give them the help they need.”

LEBC director of public policy Kay Ingram says: “The Financial Conduct Authority review of retirement outcomes showed that too few consumers shop around at retirement and consequently miss out on thousands of pounds of retirement income over their lifetime. We know from our experience of advising over 25,000 retirees per year that up to 70 per cent of them can qualify for an enhanced guaranteed lifetime income, once all of their personal circumstances are taken into account.

“We gave evidence to the Select Committee urging that all retirees should be referred to the guidance service, unless they have already taken regulated independent advice. It is a free and impartial service and can play a role in educating consumers. Pension freedoms provide much more flexibility for consumers to spend their retirement savings in a shape and over a timeframe which suits their circumstances more closely. However, taking on the risks and costs of flexible draw down is not suitable for everyone. The free guidance service can help many more to determine whether flexible retirement is in fact something they should explore, prior to taking independent regulated advice, which can help them to execute and manage their decision after considering all the options available.”

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