

gone phishing

THE RISE IN FINANCIAL SCAMS IS CATCHING PEOPLE OUT,
WRITES NICK STEWART

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You can trust the experts. Unfortunately, there are a lot of people pretending to be experts – and it can be a fairly sophisticated ruse. How do we tell one from the other, and how do you find genuine advice?

Nigel Latta, New Zealand's unofficial psychology uncle, recently released a series around scams and the level of detail some of them go into. If you have not yet watched it, do. It's informative, and a little uncomfortable to watch in the way good investigative series are.

What the series has illuminated once again is not only the prevalence of scams, but the ensnaring of relatively savvy victims.

Scams have gone beyond "your phone company" calling to tell you about an urgent issue with your internet which can only be solved by providing your credit card details... though these classics still exist and are clearly lucrative enough to be worthwhile.

More elaborate scams (the ones pretending to be banks like HSBC or Citibank, or even the NZ Post or Waka Kotahi scam texts that have circulated in the past year or so) work because they make it seem like the contact is a trustworthy source. What's safer than a bank or a government agency?

We feel like we can trust the source, so we do.

Then they might play on greed or status. If you invest in XYZ, you'll get this much back and you'll be able to afford all these lovely things for yourself and your family. You end up with a source you think you can trust, who only tells you good news. The scammers exploit people's inherent desire to grow assets and do well – or at the least, their fear of missing out. That can be enough to override caution and cause someone to make poor decisions.

Most of these scams are conducted remotely, via the phone or online. If you can't meet the adviser or promoter in person, that's a red flag. Another good check is looking them up on the Financial Services Provider Register (FSPR); the individual and their employer. You can also look up pertinent investment information and legal documents on the Disclose Register.

Think of it like buying a second-hand car, where a smart course of action is to get the AA to run an independent check for any issues. Buying sight unseen or going solely on reassurance from the dealer leaves you vulnerable to spending your hard-earned cash on a lemon – something that will fail to perform, or worse, cost more in the long run. Be sure to treat any investment products or 'opportunities' which come your way to the same level of scrutiny.

Is the offer for a limited time? Is it imperative that you make the choice right now without consulting an external party? Did you approach them, or did



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they approach you unsolicited? Do they exist in all the places they should for the product they sell? These are all questions which could save you a lot of anguish.

Investing is not a competition. Investing is not even a skill. It's a discipline. This is revealed with the passing of time, not short-term spurts of speculation. Guessing the market on the daily gives you no better odds than flipping a coin.

Remember the golden rule: If it sounds too good to be true, it probably is.

The real experts are local, have valid credentials and are registered where they should be to

provide financial services. If you're thinking of investing your hard-earned money, start with a chat to a trusted fiduciary. Go for someone local if you can – it's much more difficult to scam people in the same community network, and you will likely get a higher level of care and service from someone with skin in the game. You can also look for things like CEFEX accreditation, which indicate a voluntary dedication to third party scrutiny and a high level of care.

This will help you find someone to take you through the proper advice process, help find the ideal solution for your timeframe and goals – and put it all down in writing, to protect and serve your best interest.

Any opinions expressed in this article are of a general nature only, not to be construed or relied upon as a recommendation to invest in a financial product or class of financial products. You should seek financial advice specific to your circumstances from a Financial Adviser before making any financial decisions.



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