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FRAUD

Rising fraud – steer clear of scams

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Record levels of fraud, now often aided by the use of artificial intelligence (AI) to enhance convincing scams, mean increased vigilance is more important than ever.

AI is bringing many benefits to individuals and businesses but, as its capabilities and accessibility grow, it is not surprising that criminals are also exploiting its potential. People increasingly deal with their finances online and obtain information from social media, leaving them exposed to fraudsters as well as so-called 'finfluencers' – financial influencers – who generally have no professional qualifications.

The fraud prevention service Cifas revealed earlier this year that more than 444,000 cases were recorded to the National Fraud Database in 2025, a record high. Nearly three-quarters were linked to identity fraud and facility (account) takeover through use of stolen or compromised personal details.

Financial guidance shared by 'finfluencers' is generally of low quality. Although people say they verify what they read, many do so only by reading comments on a post.

AI and other technologies have enabled criminals quickly and easily to create convincing impersonations, fake documents and false identities. Fraudsters even tried to dupe customers of Coutts bank using the fake firm name 'Coutts Wealth Management', with fake client emails and phone numbers.

Research by Queen Mary University of London found that financial guidance shared by 'finfluencers' on popular social media platforms is generally of low quality. Although people say they verify what they read, many do so only by reading comments on a post. Fewer than 10% of posts from independent content creators stated the creator's relevant expertise.

Earlier this year seven 'finfluencers' were fined at Southwark Crown Court for promoting an unauthorised foreign exchange trading scheme on Instagram. They included TV stars from popular shows and their combined Instagram following was 4.5 million.

You can protect yourself by checking online advice on websites of respectable financial organisations and consulting your own accountants or financial advisers before taking any action. Remember: if it looks too good to be true, it almost certainly is.

EMPLOYMENT

Prepare for unfair dismissal reforms

The qualifying period to bring a claim for unfair dismissal will fall from two years to six months from January 2027.

Employees who have completed six months' service by that date will gain protection immediately. Employers need to start preparing now for this significant reform, and other changes to the unfair dismissal provisions, which will affect employment contracts and matters such as probationary periods.

Existing 'day one' protections unchanged

The changes only apply to 'ordinary' unfair dismissal. The existing 'day one' protections against discrimination and automatically unfair dismissals remain. The qualifying period for employees' rights to request written reasons for dismissal will also fall to six months and the qualifying period for protection against unfair dismissal for reason of spent convictions will be removed. The cap on compensation awards for unfair dismissal will be removed.

Probation period limit

The change will mean that an employee's probationary period cannot be extended beyond six months. Therefore it will be essential for employers to have structured probation and performance management processes in place from the outset.

The non-renewal of a fixed-term contract on its expiry counts as a dismissal for unfair dismissal purposes but the change means that contracts of over six months can be subject to scrutiny over fair dismissal. Redundancy may be an option but there are strict rules.

These changes do not apply to Northern Ireland, where unfair dismissal legislation is devolved.

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BUSINESS

Looking ahead to payrolling benefits

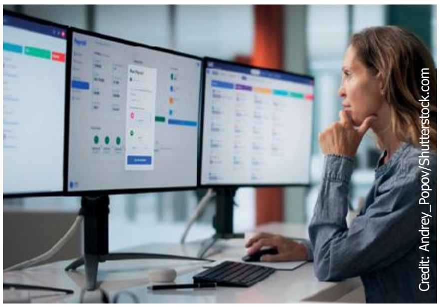
HMRC is now taking a phased approach when it comes to the introduction of mandatory payrolling of taxable benefits.

Simplified first phase

Mandatory payrolling from 6 April 2027 will apply to only the most popular benefits provided by employers; these are also generally the least complicated. The first phase will cover the following benefits.

- company cars and fuel;
- company vans and fuel; and
- private medical insurance and other employer-provided medical benefits.

The reporting requirements have also been significantly simplified following concerns around the opportunity for errors, with the number of required data fields reduced by 75%. The original number of over 100 fields could have easily led to an entire submission being rejected. With payrolling, the taxable value of benefits provided to employees has to be reported via your normal payroll full payment submission (FPS).



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Other benefits

All other taxable benefits, with two exceptions, will have to be payrolled from 6 April 2028. The exceptions are employer-provided accommodation and cheap/interest-free loans, although the intention is that these benefits will also have to be payrolled at some point in the future.

For 2027/28, the P11D process will remain in place for any benefits that are not payrolled either on a mandatory basis or voluntarily. The same applies from 2028/29 onwards, if an employer provides, but does not payroll, accommodation and/or loans.

Voluntary payrolling

Employers have the option of voluntarily payrolling those employee benefits that have not been mandated for 2027/28 – including accommodation and loans.

- Registration for voluntary payrolling must take place before 6 April 2027 prior to the start of the tax year (as is currently required). HMRC will open registration from November 2026.
- For 2028/29 onwards, it will be possible to voluntarily payroll accommodation and loans.

Double bill

The move to mandatory payrolling could mean that employees face having tax deducted for two tax years at the same time, so early communication is key.

Any employee facing financial difficulty as a result will be able to ask HMRC to spread the underpayment over more than one tax year.

PENSION

Self-employed pensions gap

Three-quarters of self-employed people are not saving into a private pension according to a report by the Institute for Fiscal Studies (IFS).

Pension saving is especially low among young workers and people in their first year after moving from employment to self-employment. This compares with four in five employees making regular contributions.

Much of the difference is the result of automatic enrolment of eligible employees by their employers, who also have to contribute to their employees' pensions. Self-employed people have to seek out a suitable scheme and decide how much to put into it – this at a time when they may be putting all their effort, time and financial resources into establishing and building their new business. Among workers aged 31–50, around 38% are paying into a pension scheme in the fifth year of self-employment, a very low figure.

A report by the second Pensions Commission in 2026 points to the challenges people face, citing "longer retirements, slower growth, and falling home ownership. … Many more will live without the stability that home ownership once offered; and will face higher housing costs than any generation of pensioners before". The value of the State pension is currently protected by the 'triple lock' to which the present government has committed until the end of its term in 2029, but for how much longer?

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Personal circumstances will vary but the later you start a pension plan the more you will have to put in to achieve a reasonably comfortable lifestyle in retirement.

Tax relief for pension savings

Pension saving has a great advantage over other forms of saving because of tax relief on contributions. But it is essential always to take good professional advice.

Employees should also review their pension arrangements. A £2,000 cap on salary sacrifice comes into force in April 2029, meaning that contributions over that amount will not save national insurance contributions. HMRC has estimated that 2.9 million employees are expected to reduce their pension savings.

VAT

VAT returns: look out for the calendar

HMRC is reminding taxpayers that there is no deadline extension if a VAT return submission date falls on a weekend or bank holiday.

The due date for submitting quarterly VAT returns is one calendar month plus seven days after the end of the quarter. So, 7 August for the quarter ended 30 June. It is the same deadline for paying HMRC, although you need to allow time for a payment to clear HMRC's account.

If customers use the annual accounting scheme, the VAT return is normally due two months after the end of the accounting period.

There is a growing trend of late VAT return submissions and payments based on incorrect information provided by artificial intelligence and third-party websites. VAT returns can be submitted over the weekend or on a bank holiday, and, if this is not possible, a return should be submitted on the last working day before the due date.