



FCA warns public of investment scams as over £197 million reported losses in 2018

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- Victims lost on average over £29,000 to investment scams in 2018
 - The most common scams reported involved investments in shares and bonds, forex and cryptocurrencies
 - 54% of those who checked the FCA Warning List were contacted via online sources, up from 45% in 2017
 - Financial expert Alvin Hall put to the test in [video scam challenge](#)
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The Financial Conduct Authority (FCA) is today warning investors to be vigilant to the threat posed by investment scammers, as data from Action Fraud reveals over £197 million¹ of reported losses in 2018. Victims were scammed out of over £29,000 on average last year, as fraudsters employed increasingly sophisticated tactics to persuade victims to invest.

According to data from the FCA call centre, the most commonly reported scams involved investments in shares and bonds, forex and cryptocurrencies by firms that are not authorised by the FCA. Together they accounted for 85%² of all suspected investment scams reported in 2018. People are warned to be particularly vigilant during the first quarter of the year, the peak investment season, as many look to invest before the tax year end.

Interestingly, the profile of investment scams is changing as more and more people are being targeted online, moving away from the traditional cold call. Fraudsters are now contacting people through emails, professional looking websites and social media channels, such as Facebook and Instagram. Last year 54% of those who did the right thing by checking the FCA Warning List had been contacted by potential fraudsters via online sources, up from 45% in 2017. The FCA Warning List is a tool that helps users to find out more about the risks associated with an investment, and search a list of firms the FCA knows are operating without its authorisation.

Though the contact methods used by fraudsters may vary, their tactics remain the same. We are working with financial expert and experienced investor Alvin Hall to educate the public on the most common tactics used by investment scammers. The FCA is urging people to be vigilant when making investment decisions, and to look out for these six warning signs.

1. Unexpected contact – Traditionally scammers cold-call but contact can also come from online sources e.g. email or social media, post, word of mouth or even in person at a seminar or exhibition.
2. Time pressure – They might offer you a bonus or discount if you invest before a set date or say the opportunity is only available for a short period.
3. Social proof – They may share fake reviews and claim other clients have invested or want in on the deal.
4. Unrealistic returns – Fraudsters often promise tempting returns that sound too good to be true, such as much better interest rates than elsewhere.
5. False authority - Using convincing literature and websites, claiming to be regulated, speaking with authority on investment products.
6. Flattery – Building a friendship with you to lull you into a false sense of security.

Alvin Hall, personal finance expert, who is supporting the campaign, said:

'The amount lost last year to investment fraud is staggering, over £197 million according to Action Fraud.'

'If my 30 years of experience in investment markets has taught me anything, it's this - regardless of how confident you are about what you're investing in, you should also be just as confident you know who you're investing with. The FCA Warning List is a fantastic resource for smart investors to use to protect themselves from scams.'

'Spotting an investment scam is increasingly challenging. To prove that point, my experience was put to the test when I was pitched three investment opportunities. [Watch the video](#) to see how I got on.'

Mark Steward, Executive Director of Enforcement and Market Oversight, FCA, said:

'The first quarter of the year is a common time for people to make their financial plans for the year, including investments. But before you invest do your homework. Always check the FCA's register to make sure you're dealing with an authorised firm and use the contact details on our register, not the details the firm gives you, to avoid 'clones'. Also check the FCA Warning List of firms to avoid. Remember, if in any doubt - don't invest!'

'Investment scams are becoming more and more sophisticated and fraudsters are using fake credentials to make themselves look legitimate. The FCA is working harder than ever to help protect the public against this threat. Last year we published over 360 warnings about potentially fraudulent firms. And we want to spread the message so we can all better protect ourselves from investment scams.'

Director of Action Fraud, Pauline Smith, said:

'These statistics show that investment fraud is a major threat, with fraudsters doing everything they can to manipulate potential victims into making investments. Victims are often coerced or persuaded into parting with significant amounts of money and this can have a devastating impact on their wellbeing and finances.'

'We are working with the FCA to raise awareness of investment fraud and would urge anyone who is considering investing to check with the FCA before parting with their money.'

'If you think you have been a victim of investment fraud, report it to Action Fraud.'

To reduce the chance of falling victim to investment fraud, the FCA advises consumers to, at the very least:

1. Reject unsolicited investment offers whether made online, on social media or over the phone.
2. Before investing, check the [FCA Register](#) to see if the firm or individual you are dealing with is authorised and check the [FCA Warning List](#) of firms to avoid.
3. Get impartial advice before investing.

The FCA's ScamSmart campaign encourages those considering investing to check its dedicated website (www.fca.org.uk/scamsmart) for tips on how to avoid investment fraud. If you've lost money in a scam, contact Action Fraud on 0300 123 2040 or www.actionfraud.police.uk.

Notes to editors

1. Action Fraud data: Total amount lost during 2018 £197,465,740.12 from 6759 reports.
2. FCA contact centre data: 5,884 investment scams reports to the call centre in 2018 4,996 involved share and bond scams, forex and cryptocurrencies.
3. On 1 April 2013, the FCA became responsible for the conduct supervision of all regulated financial firms and the prudential supervision of those not supervised by the Prudential Regulation Authority.
4. The FCA has an overarching strategic objective of ensuring the relevant markets function well. To support this it has three operational objectives: to secure an appropriate degree of protection for consumers; to protect and enhance the integrity of the UK financial system; and to promote effective competition in the interests of consumers.
5. ScamSmart advertising is currently live until 31 March 2019. The advertising includes radio, online video and banner ads, paid search. www.fca.org.uk/scamsmart

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