

We use cookies to improve your online experience. Some of these cookies are necessary to make the site work. We use other optional cookies to understand how the website is used. All our cookie data is anonymised. Please let us know if you agree to these optional cookies. Find out more in our privacy policy.

**Yes, I agree**

**No, I don't agree**

[Home](#) / [News](#)

/ [FCA warns consumers of the risks of investments advertising high returns based on cryptoassets](#)

# FCA warns consumers of the risks of investments advertising high returns based on cryptoassets

News stories | First published: 11/01/2021 | Last updated: 11/01/2021

Share page

---

The FCA is aware that some firms are offering investments in cryptoassets, or lending or investments linked to cryptoassets, that promise high returns. Investing in cryptoassets, or investments and lending linked to them, generally involves taking very high risks with investors' money. If consumers invest in these types of product, they should be prepared to lose all their money.

---

As with all high-risk, speculative investments, consumers should make sure they understand what they're investing in, the risks associated with investing, and any regulatory protections that apply.

For cryptoasset-related investments, consumers are unlikely to have access to the [Financial Ombudsman Service](#) (FOS) or the [Financial Services Compensation Scheme](#) (FSCS) if something goes wrong. Consumers can find out more about which cryptoasset activities the FCA regulates in [PS19/22: Guidance on Cryptoassets](#).

Consumers should be wary if they're contacted out of the blue, pressured to invest quickly or promised returns that sound too good to be true. Visit the FCA's [ScamSmart](#) pages for more information on how consumers should protect themselves from fraud.

We use cookies to improve your online experience. Some of these cookies are necessary to make the site work. We use other optional cookies to understand how the website is used. All our cookie data is anonymised. Please let us know if you agree to these optional cookies. Find out more in our privacy policy.

**Yes, I agree**

**No, I don't agree**

- **Consumer protection:** Some investments advertising high returns based on cryptoassets may not be subject to regulation beyond anti-money laundering requirements.
- **Price volatility:** Significant price volatility in cryptoassets, combined with the inherent difficulties of valuing cryptoassets reliably, places consumers at a high risk of losses.
- **Product complexity:** The complexity of some products and services relating to cryptoassets can make it hard for consumers to understand the risks. There is no guarantee that cryptoassets can be converted back into cash. Converting a cryptoasset back to cash depends on demand and supply existing in the market.
- **Charges and fees:** Consumers should consider the impact of fees and charges on their investment which may be more than those for regulated investment products.
- **Marketing materials:** Firms may overstate the returns of products or understate the risks involved.

Consumers should be aware of the risks and fully consider whether investing in high-return investments based on cryptoassets is appropriate for them. They should check and carefully consider the cryptoasset business involved.

## What to do:

**Step 1:** Consumers should check if the firm they're using is on the [Financial Services Register](#) or [list of firms with Temporary Registration](#) (Note: appearing on the Temporary Registration Register does not mean that the FCA has assessed them as fit and proper, nor that the FCA has determined their application for the purposes of the Money Laundering Regulations).

**Step 2:** If they're not, consumers should ask the firm whether they are entitled to carry on business without being registered with the FCA.

**Step 3:** If they're not, the FCA suggests that consumers should withdraw their cryptoassets and/or money. This is because the firm is operating illegally if it has not ceased trading by 9 January 2021.

Visit the FCA's [Cryptoassets pages](#) for more information.

Was this page helpful?

Yes No

We use cookies to improve your online experience. Some of these cookies are necessary to make the site work. We use other optional cookies to understand how the website is used. All our cookie data is anonymised. Please let us know if you agree to these optional cookies. Find out more in our privacy policy.

[Yes, I agree](#)[No, I don't agree](#)

---

## Registers and Systems

[Mutuals Public Register](#)[Connect](#)[FCA Handbook](#)[Financial Services Register](#)[Gabriel](#)

---

## Careers

[Careers home](#)[Early careers](#)[Experienced professionals](#)[Search jobs and apply](#)

---

## Accessibility

[Complain about us](#)[Copyright notice](#)[Corporate responsibility](#)[Cymraeg](#)[Freedom of information](#)[Modern Slavery and Human Trafficking Statement](#)[Privacy](#)[Sitemap](#)[Translated languages](#)

---

## Contact

We use cookies to improve your online experience. Some of these cookies are necessary to make the site work. We use other optional cookies to understand how the website is used. All our cookie data is anonymised. Please let us know if you agree to these optional cookies. Find out more in our privacy policy.

**Yes, I agree**

**No, I don't agree**



Copyright © 2021 FCA. All rights reserved.



[Back to top](#)

Company no. 01920623