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Too good to be true? The six warning signs of investment scams

Are you too smart to fall for an investment scam? Don't be so sure. Research conducted by the Financial Conducts Authority (FCA) in 2014 showed that the most financially sophisticated 5% of the UK's population are approximately five and a half times more likely to be a victim of financial crime than the rest of the UK.

And scams are on the rise. Latest figures show investment scam losses nearly doubled in the first half of 2021 as fraudsters lured investors with bogus products offering high returns. Victims lost just under £108m to investment scams in the first half of last year – up 95% on the same period in 2020.

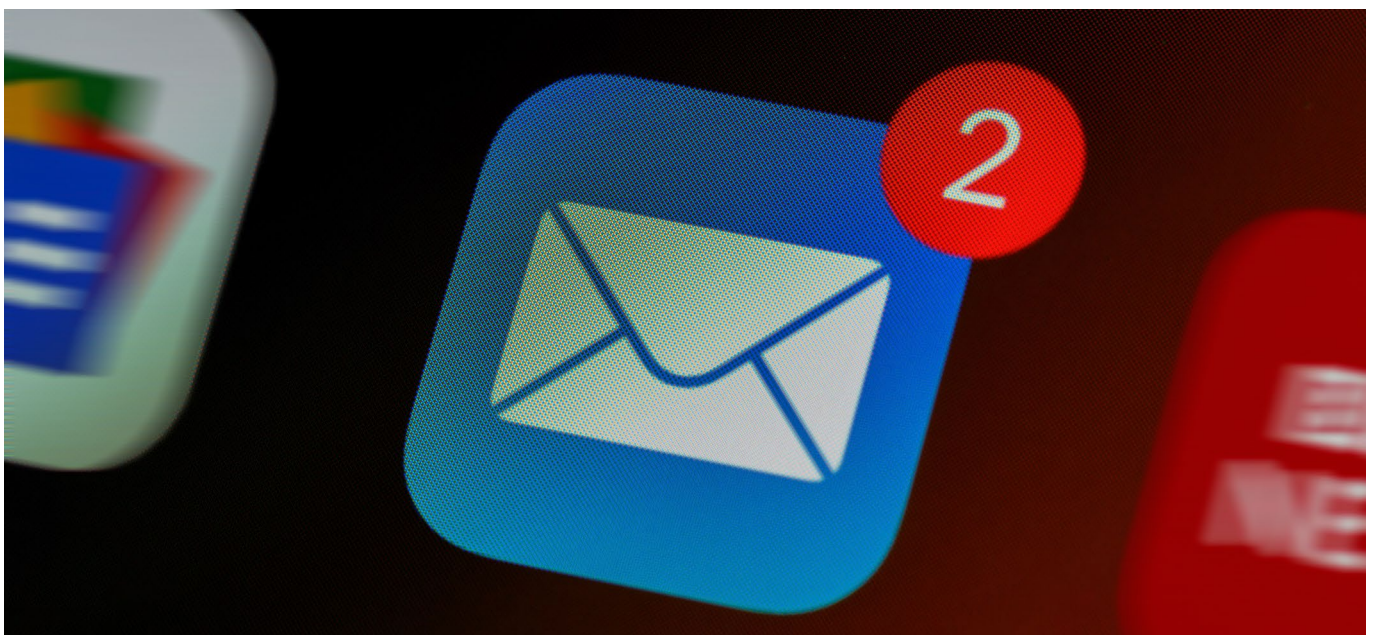
Losses from bank transfer scams rose 71% to £355m, and £754m was stolen from bank customers – up 30% year on year. UK Finance says fraud has reached such a high level that it poses a 'national security threat'.

Recent trends

The number of clone cases has increased. Fraudsters will claim to be FCA-authorized companies by using their branding and even replicating websites to persuade victims to make investments. Often the website addresses are remarkably similar to the original but with minor differences.

Another trending scam involves asking victims to download software that allows fraudsters remote access to the victims' computers. In an increasingly popular scam, criminals pretend to be the FCA and claim that victims owe money. The FCA reported a 73% increase in these types of scams.

We encourage investors to check the [FCA Warning List](#), which takes people on a step-by-step process to assess the legitimacy of any investment approach. The FCA also issues [warnings on fraudulent companies](#) as scams are reported and has a [register of legitimate companies](#).





Look out for these six warning signs

To help fight the spread of scams, the FCA has relaunched its ScamSmart Campaign to share essential advice on how investors can protect themselves.

The FCA encourages people to watch out for these six warning signs:

- Unexpected contact – scammers will often cold-call but may make contact in person or online, either via email or, increasingly, through social media.
- Time pressure – they might offer a time-limited deal.
- Social proof – they may share fake reviews and claim other clients have invested or want in on the deal.
- Unrealistic returns – fraudsters often promise tempting returns.
- False authority – scammers claim to be regulated using convincing literature and websites.
- Flattery – they may try to build a friendship with you to lull you into a false sense of security.

Steps to protect yourself:

- Reject any unsolicited investment opportunities
- Check whether the scheme you have been approached about is on the FCA Warning List
- Don't be rushed into a decision
- Seek out impartial advice

The FCA's [ScamSmart](http://www.fca.org.uk/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 have lost money in a scam, contact Action Fraud on 0300 123 2040 or www.actionfraud.police.uk.

If you are approached by anyone claiming to represent James Hambro & Partners and suspect they may be scammers, please call us – **020 3817 3500**.

Remember, James Hambro & Partners never makes unsolicited approaches encouraging you to invest.