# Investment **Scams**

## What is an investment scam?

Investment scams are when a criminal persuades you to invest your money into an opportunity that is either fake or misleading compared to what has been promised. These scams can appear professional and are typically accompanied by convincing websites, apps or emails. As these scams become more sophisticated, it is more important than ever to remain vigilant about where you're putting your money.

With Savings Week around the corner, be wary of potential investment scammers who may attempt to take advantage of your savings and steal them. We've listed some of the tell-tale signs of an investment scam, and what to do if you find them happening to you.

**£612 million**
lost to investment fraud in the first half of 2025*

## Unsolicited contact

This contact may be in the form of cold calls, emails or follow-up calls after a promotional brochure is posted to you. Scam callers will attempt to remain on the phone with you for a long time, and may call you back many times if you've shown interest. They could also attempt to contact you via social media or by in-person visits.

### What to do

If you've received a call from someone claiming to be from a firm but you're unsure if they're being truthful, you can hang up and go directly to the website that they claim to be from. If it's a place you already bank with, you can also call the number on the back of your card for a direct line.


## Pressuring

Fraudsters will often apply pressure to you to transfer over money quickly before you have the time to check their legitimacy. For example, saying there's a limited time offer or a bonus for setting up an account before a specific date.

### What to do

If you're feeling pressured, there's no harm in stopping the conversation and coming back to it later when you're more informed. A genuine firm or bank won't pressure you to decide on the spot.

## Too good to be true


Investment scams will entice people with offers that seem too good to be true, like much better interest rates than anywhere else. They will also downplay risks to your investments, and may use complex language and jargon to confuse you. Celebrity endorsements for their products can be easily faked with AI.

### What to do

If an offer seems too good to be true, unfortunately it usually is. You can use the **FCA Firm Checker** to check if the firm you're talking to is legitimate. Do your own research before committing to something or sending anyone money.


## Exclusive offers

Being asked to keep an offer a secret is one of the biggest red flags for investment fraud. Scammers may say that they're only making the offer available to you or even ask you not to tell anyone else about the opportunity. While this may seem enticing to have an exclusive offer, it is a tactic used to isolate a victim.

### What to do

If you're unsure about a financial decision or financial advice from one of these calls, it's always good to talk to a trusted family member or friend for a second opinion. You can also get independent financial advice from an FCA-regulated firm if you're thinking about an investment opportunity that seems out of the ordinary.

*Statistics from **MoneyHelper**

# Different types of investment scams

Here are a few of the different types of investment scams that fraudsters may be using.

## Ponzi Schemes

Sometimes called a pyramid scheme, a Ponzi scheme is where the money of new investors is used to pay off previous investors rather than actually being invested. Once the money being owed is larger than the money coming in, the scheme collapses, leaving many of the investors out of money.


## Crypto scams

Cryptocurrency scams will often take advantage of people's lack of knowledge or experience in digital currency to scam them. These scams will often be promoted through social media with fake celebrity endorsements claiming it's a method to 'get rich quick'. Be wary, as specific forms of currency and crypto assets are not protected by the FCA or FSCS.

## Clone Firm scams

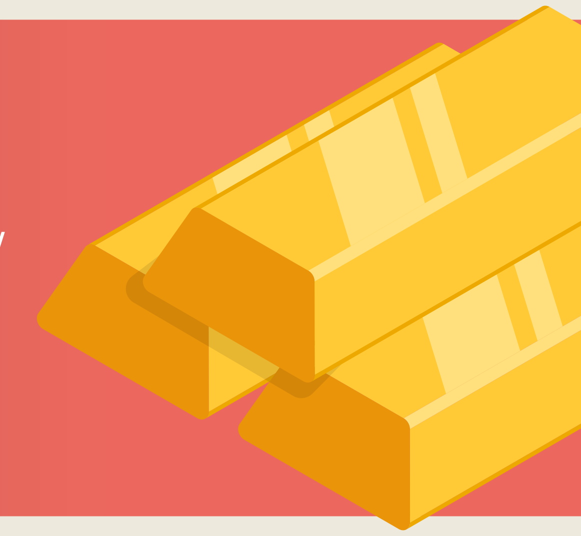
These scams are where fraudsters copy regulated companies and steal money from victims who believe they are legitimate. These clone firms will imitate websites and branding, and the scammers can sound authoritative in their knowledge.

## Pension scams

This is where scammers will try to convince pensioners to move their funds into fraudulent investment schemes. It is illegal to cold-call about pensions in the UK, so treat any unexpected pension offers as a scam.

## Unregulated investment schemes

Some scams will involve investments that are not FCA regulated, sometimes called collective investment schemes. Even if these firms/schemes are legitimate, be careful if you're investing in products that the FCA don't regulate, like diamonds, gold or land overseas. If something goes wrong with these investments, you aren't protected, and you could lose all your money.



## Binary option scams

Binary options are a form of fixed-odds betting. Typically, a trade involves predicting whether an event will happen or not. If the investor is correct, they 'win' and should see a return on their investment. If they're wrong, they lose their full investment. From 2019, firms were banned from selling binary options in the UK. If you're offered binary options, it's probably a scam.

## Recovery room scams

This fraud scheme occurs after someone has already lost money in a previous scam. Fraudsters will offer to help get the victim's money back for an upfront fee. Usually, no explanation about how money will be recovered is given. These scammers will impersonate the government, the police, the FCA or any other regulatory firm.

**Over £146 million** was lost in cryptocurrency fraud in 2021**

## If you think you've been a target of investment fraud, here's what to do:

1. Do not send any more money to the fraudster.
2. Immediately contact your bank – do not use any contact details from the scammer. Use a trusted number like the one on the back of your card.
3. If you've lost money to a scam, **contact Fraud Report.**

**Statistic from Report Fraud: **UK's Home for Reporting Cyber Crime & Fraud**