

New Figures Reveal How Much Victims Lost To Investment Fraud Scams on Social Media

Figures released by the City of London Police show criminals continue to use popular social media apps to advertise investment scams and contact potential victims.

Over £63m was lost nationally by victims of investment fraud who referred to a social media platform in their report to Action Fraud, the national reporting centre for fraud and cyber crime. Some victims mentioned being approached directly by an investment fraudster, whilst others said they were attracted to a fake investment through adverts.

Superintendent Sanjay Andersen, from the City of London Police's National Fraud Intelligence Bureau, said:

"Reports of investment fraud have increased significantly since the start of the coronavirus pandemic, which is unsurprising when you think the vast majority of us have had to conduct nearly every aspect of our lives on a computer or mobile phone.

"Being online more means criminals have a greater opportunity to approach unsuspecting victims with their scams. We would encourage anyone thinking about making an investment to do their research first. Visit the FCA's website and check and double check every detail before handing over your money or personal details."

During a 12 month period, 5,039 reports of investment fraud made reference to a social media platform, with 44.7 per cent of reports stating the fake commodity they had been scammed into investing in was a type of cryptocurrency. In the reports, Instagram was the most referenced platform (35.2 per cent), followed by Facebook (18.4 per cent).

The City of London Police says the use of social media by criminals is helping to buck the trend for typical investment fraud victims, with under 30s being most affected. Specifically, 27.5 per cent of all investment fraud victims who mentioned social media in their report were aged 19-25, and 61 per cent were men. By contrast, when looking at investment fraud reports where social media didn't play a factor in the scam, the average age of victims was over 50.

Criminals are also using social media influencers to carry out their scams, exploiting the brand image and reputation of well-known individuals without their knowledge and advertising bogus celebrity endorsements.

Fraudsters present professional and credible looking online adverts, send emails, and create websites to advertise fake investment opportunities in cryptocurrency, foreign exchange trading and bonds. Often, fake testimonials are accompanied with a picture of a well-known figure to help the investment seem legitimate.

Between April 2020 and March 2021, Action Fraud received over 500 investment fraud reports which made reference to a bogus celebrity endorsement, with losses reaching over £10m.

Another common trend seen by crime analysts at the City of London Police's National Fraud Intelligence Bureau, relates to cloned company investment fraud, where criminals will copy the branding of legitimate investment companies to trick people into handing over money. Some reports even mentioned seeing LinkedIn profiles for the broker who had approached them, which helped persuade them that the offer was legitimate.

The force teamed up with the Financial Conduct Authority and the National Economic Crime Centre to warn the public about cloned company investment fraud in January. However, a recent report identified that 8 per cent of all cloned company fraud victims had initiated contact with the suspect following a direct approach, or after seeing an advert, on a social media platform. Whilst the average victim age for cloned company fraud overall was found to be 60 years, this nearly halved amongst those who referenced a social media platform in their report.

How to protect yourself from investment fraud

- Be suspicious if you are contacted out of the blue about an investment opportunity. This could be via a cold-call, an e-mail or an approach on social media.
- Don't be rushed into making an investment. No legitimate organisation will pressure you into making a transaction, or committing to something on the spot. Take time to do your research.
- Seek advice from trusted friends, family members or independent professional advice services before making a significant financial decision. Even genuine investment schemes can be high risk.
- Use a financial advisor accredited by the Financial Conduct Authority. Paying for professional advice may seem like an unnecessary expense, but it will help prevent you from being scammed.
- Always check the FCA Register to make sure you're dealing with an authorised firm and check the FCA Warning List of firms to avoid.
- Only use the telephone number and email address on the FCA Register, not the contact details the firm gives you and look out for subtle differences.
- Just because a company has a glossy website and glowing reviews from 'high net worth' investors does not mean it is genuine – fraudsters will go to great lengths to convince you they are not a scam.

Remember, if something sounds too good to be true, it probably is. If you think you've been a victim of an investment fraud, report it to Action Fraud online at www.actionfraud.police.uk or by calling 0300 123 2040. For more information about investment fraud, visit www.fca.org.uk/scamsmart.

Message Sent By

Graeme Barbour (Police, Digital Communications Manager, Hampshire)

