

'Clone firm' investment scams

What's the threat?

The UK's financial watchdog has warned the public about scammers claiming to represent genuine investment firms, following a sharp rise in the number of such frauds at the start of lockdown last year.

The Financial Conduct Authority (FCA) said that 'clone firm' scams rose 29 per cent between March and April 2020, as fraudsters took advantage of people with money worries. Criminals stole more than £78m last year, according to Action Fraud, equating to an average loss of £45,242 for each victim. In the first stage of this sophisticated scam they set up fake firms using the name, address and firm reference number (FRN) of real companies as authorised by the FCA. They then send marketing emails linking to websites of legitimate firms, hoping to trick you into thinking you're dealing with the real company. They also use contact details that are similar to those used by the real firm.

How can you stay safe?

Before you sign on the dotted line, visit the FCA's 'Warning List' of firms (<https://tinyurl.com/yan3bu>), which is updated daily. Start by selecting whether you're checking a pension or investment offer, then say what type it is (such as a



The screenshot shows the FCA Warning List website. At the top, there is a search bar and navigation tabs for 'About us', 'Firms', 'Media', 'Consumer', 'News', and 'Publications'. Below this is a green banner that reads 'FCA Warning List' and 'Check an investment or pension opportunity and avoid scams'. The main content area contains a form with two steps. Step 1 is 'What are you considering?' with a dropdown menu showing 'An investment opportunity'. Step 2 is 'What type of opportunity is it?' with a dropdown menu showing 'Cryptocurrency (e.g. bitcoin)'. A red box highlights the 'Cryptocurrency (e.g. bitcoin)' option in Step 2.

cryptocurrency scheme - see screenshot) and where you saw it, before clicking the arrow at the bottom right. On the next page the FCA will warn you about the type of scams that are

prevalent, and whether they regulate such offers. Next, scroll down and click the bottom-right arrow, then type the name of the firm into the search box to see whether it appears on the FCA's Warning List. Alternatively, visit <https://tinyurl.com/v2625fs6> to browse an alphabetical list. You should also visit <https://register.fca.org.uk/s/> to check whether the firm is registered by the FCA.