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Investment fraud:

Helping you to protect yourself

The British Bankers' Association (BBA), and the City of London Police's National Fraud Intelligence Bureau (NFIB) are collaborating to help the public protect themselves against investment fraud.

This is a particularly harmful type of fraud, with some of the most vulnerable members of society being targeted by organised crime gangs using high pressurised cold calling techniques. Investment "opportunities" range from shares, land, carbon credits, wine and even gold and diamonds, with the common theme being that they are either massively over priced or do not even exist. Victims are having their life savings taken – individual losses run from a few thousand pounds up to several million – destroying both their retirement and their health.

And it is not just the novice investor who can be duped in this way. Research shows that the majority of share sale fraud victims are experienced investors. The Financial Services Authority (FSA) estimates that up to £500 million is defrauded from victims in the UK every year.

This advice sheet has been produced to help you to protect yourself from the threat of investment fraud, and to provide guidance if you have been targeted or fallen victim.

THE CITY OF LONDON POLICE AND BBA ADVISE TO HANG UP IF YOU ARE COLD CALLED AND ASKED TO INVEST IN SOMETHING WITH THE PROMISE OF PROFIT.

REMEMBER THAT IF SOMETHING SOUNDS TOO GOOD TO BE TRUE THEN IT PROBABLY IS.

How to recognise an investment fraud

- **Be very careful about organisations that cold call you about investment opportunities.** You may also be approached via a letter or email from a company prior to getting a call. You should not allow a glossy brochure or website to trick you into thinking that you are dealing with a credible and/or legitimate company.
- **The caller will likely be a well trained, highly professional sounding salesperson.** They can be very persistent, never taking 'no' for an answer, usually operating from a script to help them answer your questions or ward off your objections.
- **Be aware of closing techniques and high pressure sales tactics.** The caller will sometimes invent a scenario to create a sense of urgency – “this is your chance, tomorrow will be too late”. They may try to isolate you from sources of advice by making you sign up to a confidentiality agreements – “I’m going to need you to sign this non disclosure agreement before we go any further”. The caller may utilise objection handling techniques - they will listen, repeat your point back to you, appear to address it, check you’ve understood and then redirect the conversation. You may also be told that you have already entered into a contract to buy the shares and are under an obligation to pay. This is not the case as such contracts are unenforceable under UK law.

How to protect yourself

- **HANG UP ON COLD CALLERS ASKING YOU TO INVESTMENT IN SOMETHING WITH THE PROMISE OF A PROFIT.**

If you decide to engage with the caller:

- **Double check the caller is from the firm they say they are:** ask for their name and telephone number and say you will call them back. Check their identity by calling the firm using the contact number listed on the FSA Register. www.fsa.gov.uk/Pages/register/
- **Check the validity of the company** with the FSA, perform an internet search of the ‘company name and fraud’ to see what comes up and/or ring the fraud department of your bank.
- **If you have been cold called by a company that appears to be on the register, it is either a clone or a real company who may be breaking the law.** In both cases, it would be worth speaking to the FSA who will record a complaint, will investigate and will take action where appropriate. If it is a clone they will issue an alert, if it is the real company acting inappropriately, the FSA may take regulatory action against them.



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- **If you have any doubts call the FSA Consumer Helpline** with details, or complete the FSA's unauthorised firms reporting form online. Tel: 0845 606 1234* Minicom/Textphone: 08457 300 104* (*call rates may vary).
- **Please report any approach to Action Fraud** who are the UK's national fraud reporting centre. Both fraud and information of a potential fraud can be reported either online, www.actionfraud.police.uk, or by calling, 0300 123 2040. The Action Fraud website also contains information about various frauds, including boiler room fraud, support and prevention advice.
- **All Action Fraud reports, crime and information, are received by the NFIB** to build the intelligence picture in order to help the Police identify and apprehend the people behind the fraud, and the make the UK a more fraud resistant society.

Examples of investment fraud

The City of London Police has investigated a host of investment frauds, finding victims right across the UK. One of these cases involved the conviction of a criminal gang that made millions of pounds by targeting vulnerable people over the phone, in their local pubs and even at an England cricket match.

The investigation uncovered a network of 'investment brokers' pressurising people into buying worthless shares in companies that were about to float on the stock market, guaranteeing them a substantial return on their money.

Victims then received a contract note, detailing the number and price of shares they had agreed to purchase and information about how they should make their payment. Once the money had been transferred, all communication ended.

One man who was directly approached at Lords Cricket Ground ended up losing £1million, with fraudsters going as far as collecting cheques from him in person.

The victims of investment fraud can affect a broad cross section of society. In 2012 the City of London Police successfully investigated one of the UK's biggest investment frauds, which trapped 800 investors from around the world.

Victims, including people from the world of sport and entertainment, were given personal guarantees and told they were buying into a niche area that needed to be kept confidential to avoid alerting competition.

The reality was the suspect, described by counsel as a 'Svengali' like character, was investing next to nothing and instead spending millions on a luxury life-style, owning a fleet of fast cars, a private jet and renting £20,000 per month properties.