



# Protecting yourself from investment scams

If something sounds too good to be true, it probably is

Investment scams are a rising concern, promising potential investors the allure of making a significant amount of money swiftly and effortlessly. These scams often involve minimal to no risk investments in various areas such as financial markets, property, cryptocurrencies, and precious metals and coins.

These schemes often masquerade as legitimate investments, with convincing websites, glowing testimonials and persuasive marketing material. However, it's crucial to remember that if something sounds too good to be true, it probably is.

One of the most notorious forms of investment fraud is the Ponzi Scheme. This method involves collecting money from new investors to pay off earlier ones. Eventually, the scheme crumbles when the debts exceed the incoming funds, leaving many investors penniless.

## 'PROVEN' INVESTMENT STRATEGIES

Additionally, some scams start with offering complimentary investing seminars or training sessions. These free offerings usually serve as bait, leading to substantial charges for additional lessons or coaching that claim to enhance your chances of success.

The scammers may assert that their programme provides you with an easy-to-use system, complete with a team of experts who handle everything on your behalf. They may also give you the opportunity to learn about 'proven' investment strategies.

## EVOLUTION OF SCAMS IN THE DIGITAL AGE

In today's digital age, investment scams have evolved into intricate webs of deceit. Some are so convincingly crafted that even seasoned investors fall prey to them. Scammers employ various tactics, such as cloning legitimate firms' websites or luring potential victims into unregulated investments, promising returns far superior to savings accounts.

The introduction of pension freedoms in April 2015 has made individuals aged 55 and over particularly susceptible to these scams. These individuals can now access lump sum payments from

their pension pots, making them attractive targets for scammers.

## IDENTIFYING THE RED FLAGS

All investment scams share one common trait – they promise high returns with minimal risk. If an opportunity appears too good to be true, it likely is.

### Stay vigilant and be aware of the warning signs that may indicate a scam:

- Unsolicited contact via phone call, text, email or door-to-door visit.
- The firm refused to allow a callback.
- Pressure to make quick decisions.
- Only mobile numbers or PO box addresses are provided as contact details.
- Promises of high returns with low risk.

## SAFEGUARDING AGAINST SCAMS

### To avoid falling victim to a scam, adhere to the following precautions:

- Dismiss any unsolicited calls, emails, texts or visitors. Legitimate investment companies will not cold call you or contact you unexpectedly.
- Verify the legitimacy of a company by checking the FCA register or the FCA warning list.
- If considering an investment opportunity, seek professional financial advice from an FCA-regulated firm.
- Always pay full attention to fraud warnings when making a payment: they are there for your safety.

## MARKETING FAKE INVESTMENT PRODUCTS

Fraudsters are going to great lengths to market fake investment products, often impersonating known brands and appearing perfectly professional.

With the prospect of high returns and financial protection, many people are losing most of their savings to this scam. ■

## NEED MORE INFORMATION?

Please contact us if you require further information or have questions about investment scams. Don't let scammers take advantage of your hard-earned money. Stay informed, stay safe.

THIS ARTICLE DOES NOT CONSTITUTE TAX OR LEGAL ADVICE AND SHOULD NOT BE RELIED UPON AS SUCH. TAX TREATMENT DEPENDS ON THE INDIVIDUAL CIRCUMSTANCES OF EACH CLIENT AND MAY BE SUBJECT TO CHANGE IN THE FUTURE. FOR GUIDANCE, SEEK PROFESSIONAL ADVICE.