

# Warning about investment scams using law firms and solicitors



Easy Read

# Beware the latest get rich quick scams



**Fraudsters** are always coming up with ways to win our trust and take our money.



A **fraudster** is someone who is not honest and is telling lies to get money off you.



Recently **fraudsters** have been using real firms of solicitors in their **scams**.



A **Scam** is the way that **fraudsters** get your money off you.



You can trust most solicitors. They will do the right thing.

But a small number of solicitors are involved in scams.

Just because a solicitor is involved it doesn't mean that it is safe.



Some people have lost their life savings.

People say they have lost more than £100m.



We are the **Solicitors Regulation Authority**. We try to keep solicitors to the rules.



We have told solicitors to keep away from 'Get rich quick' schemes.

# What is the problem?



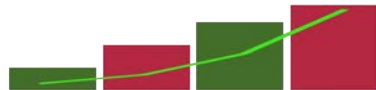
There are many types of **investment** plans that turn out to be scams.



An **investment** is where you put your money into something - like a company or a thing. It might be a building, some art, or maybe some fine wine.



You hope that the value of your investment will go up.



Mostly the value goes up in small steps.



If someone is telling you that your investment will grow fast - it might be a scam. **You need to be careful!**

# Some recent scams



- **Carbon credit trading** – ordinary people cannot really buy and sell in this market.

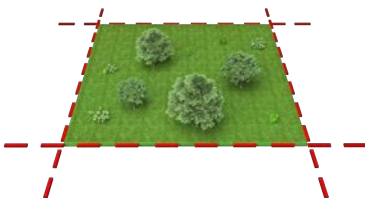


**Carbon credit trading** is a way that big companies can sell their right to cause pollution.



- Investing in **diamonds, fine wines, graphene, rare metals** and so on.

It is legal to buy and sell these things - but there is no special way to make a lot of money. With scams you never actually buy anything valuable.



- **Landbanking.** This is where you are asked to buy a small strip of land because they say you will make lots of money if they are allowed to build on it.





In the cases we have seen, they were never going to be allowed to build on the land.



- Being asked to buy one room in a hotel. This is a strange and expensive way to invest in a hotel.



- Invest in schemes to grow food abroad – we have seen schemes in Ukraine, Africa and other countries that did not work.



- Paying for holiday homes abroad before they are built.

Watch out for schemes where you don't have your own solicitor.

These schemes are often in countries where it is hard to get your money back if things go wrong.

# Why are law firms involved?



**Fraudsters** will involve a law firm because it makes the scheme seem more real and trustworthy.



You might be told your money is covered by the law firm's insurance.

If it's a scam, the insurance company may refuse to pay out.

## Other things to look out for



- The law firm is not working for you – it is working for the company trying to get you to hand over your money.



- If an investment company needs a law firm to sell its products it might be dodgy.



- They tell you it is safe because you pay your money into the solicitors bank account. The money is often just sent on to the **fraudster**.



- Having a law firm involved doesn't mean the investment is safe.



- Be wary of a solicitor saying they will give you an **undertaking** and that the scheme is safe. It might not be.



An **undertaking** made by a solicitor is a promise. Usually you can trust it - but it is not a safe promise in an investment scam.



- You may not get your money back if you have not checked things properly.



# Be careful



The **fraudsters** have noticed that we are warning people about ‘get rich quick’ schemes.

They are now changing what what they say so that they are not found out.



Some schemes used to offer a 40% rate of interest, but now they are saying 20% or less.

They do this to make people believe in the plan.



A **rate of interest** is the money you get back every year if you invest your money.



At the moment banks are paying about 1% in interest. So an investment which is offering 20% is very suspicious.



They will probably now offer 10% if they see this warning.

# If you are looking to invest your money:



- Don't invest in schemes that are too good to be true.

- Unusual investments are often risky.

- Always get your own, independent advice from an independent law firm or someone you trust.



- Always choose your own adviser. Don't use the adviser they tell you to use.



- Look out for warnings on the Financial Conduct Authority website:

**[www.fca.org.uk/consumers](http://www.fca.org.uk/consumers)**



- Take time to think and get advice. Do not be pushed to signing anything quickly.

# How to report scams



If you think a law firm is involved with such a scam you can report it to us at:

**[www.sra.org.uk/consumers/problems/report-solicitor.page#how-report-sra](http://www.sra.org.uk/consumers/problems/report-solicitor.page#how-report-sra)**



If you have been a victim of a scam please report it to Action Fraud:

**[www.actionfraud.org.uk](http://www.actionfraud.org.uk)**



We cannot investigate the frauds itself, only the solicitors involved.



Please do report your concerns. Your actions may help others as well as yourself.

# For more information

If you need more information please contact us at:



**Tel:** 0370 606 2555



**Web:** [www.sra.org.uk](http://www.sra.org.uk)

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