

# News

## *FCA bans sale of certain mini bonds*

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We have long warned of the serious risks for solicitors involving themselves in investment schemes that appear to be dubious. Often, the involvement of a solicitor is purely to give the scheme a veneer of credibility. No actual legal work takes place.

Investors – ordinary members of the public looking for a decent return on their savings – have reported hundreds of millions of pounds of losses over the years. They usually have no way of reclaiming these losses, and applications to the Compensation Fund are not successful because they were not users of legal services.

The vehicles used for these investment schemes can vary, and new products emerge all the time. A new report we are finalising for publication in the New Year identified mini bonds as one such product.

Last week, the Financial Conduct Authority (FCA) banned those it regulates from selling mini bonds that aim to raise funds which are then lent to third parties. High-profile cases involving such bonds, and affecting nearly 12,000 investors, sparked the ban.

The sale of mini bonds aimed at fund raising directly for their companies are not banned.

Unregulated mini bond sellers are also unaffected as they are outside of the FCA's remit.

This ban should serve as further warning to the profession to take great care when helping an investment scheme operator.