

Investment in shares scams

This type of fraud is known as "boiler room fraud", and uses unfair and dishonest sales tactics to sell something worthless—most often stocks and shares.

How it works

These scams are promoted by telephone and sales tactics. Fraudsters encourage people to invest large amounts of money on worthless or non-existent shares.

The fraudsters use hard sell techniques to convince people. They may tell victims they have inside information and that they should invest immediately to ensure they do not miss an "opportunity".

To encourage victims further, the scam may refer to the involvement of lawyers or those working with them. This is to convince people the investment is credible. The firms identified may be genuine law firms that have no idea their name is being used.

The fraudsters are unauthorised investment firms based overseas. Because these firms are not authorised by the Financial Services Authority, people are unable to claim compensation.

What you should do

You can check if an investment is authorised by visiting the Financial Services Authority consumer website [<http://www.fsa.gov.uk>].

If you think you have fallen victim to a scam, or your name has been used in a scam, contact your local police.

If you are regulated by us and have information that may implicate a regulated person or firm, report it to us using our Red Alert line [[/solicitors/resources/fraud-dishonesty/](#)].

If you are a consumer or a member of the public, please follow the reporting instructions provided in [Recognising fraud and dishonesty](#) [[/consumers/problems/fraud-dishonesty/](#)].