

# Crypto-fraud: Digital Currency Scams on the Rise



Article By

[Katherine Wakeham](#)

[Squire Patton Boggs \(US\) LLP](#)

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Monday, September 3, 2018

It seems it's difficult to look anywhere right now without an advert staring back at you for cryptocurrency investments or investment products including a crypto-asset feature: they are on the side of taxis, tube platforms, and the pages of the daily papers. After the semi-meteoric rise (and fall) that was Bitcoin at the end of 2017 it seems some consumers have been jumping on the Bitcoin-bandwagon hoping to gain a quick buck.

And where investors go, scammers follow. So much so that the FCA has recently re-published its [warning on cryptocurrency investment scams](#) to highlight this concerning trend.

Both the FCA and [Action Fraud](#) report increasing volumes of fraud involving cryptocurrency and cryptocurrency products, or "crypto-fraud". The scams tend to have the same key features to entice potential victims:

1. Many will advertise on social media.
2. They fake recommendations from prominent business people or celebrities to promote the investment, or make it appear as though those individuals endorse the offering.
3. Following their links will lead to a legitimate-appearing website.
4. They will give their address as a prominent UK location, usually in the City of

London, though most of these scams are reported to be operating from overseas.

5. The promise will be of high returns achieved quickly.

As the FCA makes clear, cryptocurrencies by themselves are not regulated in the UK and so, whilst some crypto-products do relate to regulated investments within the FCA's remit, in many cases there is limited protection when things go wrong. In order to avoid being left out of pocket, the FCA and Action Fraud suggest:

- Researching the offering, and the firm making it.
- Not being rushed into making an investment decision.
- Reporting scams to either the FCA or Action Fraud.
- If it looks too good to be true, it probably is.

With the hope of reaping big rewards from a well-timed cryptocurrency investment still lingering, we can expect to see the unscrupulous to continue to target consumers with crypto-scams.

But for those looking to legitimately trade in or offer regulated crypto-assets, the FCA and PRA have recently written to firms setting out their expectations. You can see our previous blog post on that topic [here](#).

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