# UK cloning scams soar 57% in 2024 with AI fuelling sophisticated fraud tactics



Consumers in the UK are facing an alarming rise in cloning scams, with fraudsters reportedly stealing £2.7 million from individuals looking to invest in the latter half of 2024, according to a recent report by the Investment Association (IA). This concerning trend has been highlighted as part of the ongoing “Take Five” fraud prevention initiative, aimed at raising awareness of various financial frauds.

Cloning scams involve criminals replicating the identities of legitimate companies, creating near-identical versions of their websites, emails, or even setting up fake WhatsApp groups. These tactics are designed to deceive consumers into sending money to these fraudulent sources. The IA report revealed that there were 478 cases of impersonation of investment management companies during this period, with nearly 24% of these scams succeeding. Adrian Hood, a regulatory and financial crime expert at the IA, emphasised the breadth of tactics used by scammers, which include impersonating genuine investment managers and stealing card details.

As the nature of these scams evolves, the risk to consumers has grown, particularly due to advancements in artificial intelligence (AI). Hood noted that AI technologies allow criminals to create increasingly sophisticated scams that mimic legitimate firms with greater efficacy. For example, Action Fraud has warned that the use of AI tools can enable scammers to produce convincing fake content—essentially blurring the lines between authentic offerings and fraudulent ones.

Despite the surge in cloning scams, the overall landscape of fraud seems to be experiencing some successes in countermeasures. The IA indicated that losses from fraud for its members’ customers fell by 29% in the same timeframe, reducing from £7.6 million in the first half of 2024 to £5.4 million in the latter half. Moreover, efforts to recover scammed funds have shown promise, with £1.7 million successfully retrieved for victims. There also appears to be a slight decline in incidents of account takeovers and card fraud, indicating some effectiveness in the measures designed to combat these forms of financial crime.

However, the struggle against cloning scams persists, with 1,014 such cases reported against IA member firms throughout 2024. This represents a staggering 57% increase from the previous year, even as reports of other types of fraud have decreased. According to the Financial Services Compensation Scheme (FSCS), such scams often target vulnerable consumers, particularly those over the age of 55, who lost nearly £26,000 on average over the past year.

Expert opinion from UK Finance underscores the proactive steps consumers can take to avoid falling victim to these schemes. They recommend verifying any investment firm against the Financial Conduct Authority's (FCA) official register before engaging in any transactions. This resource is crucial for consumers aiming to confirm the legitimacy of firms before disclosing sensitive information or making payments.

As the financial landscape continues to be plagued by fraud, consumers are urged to remain vigilant. Should an individual suspect that they have been targeted by a scam, immediate action is essential. They are advised to contact their investment platform or provider and to report the incident to the Action Fraud centre or local law enforcement.

With the industry and law enforcement agencies actively working to mitigate the impact of cloning scams, ongoing consumer education remains pivotal. The rise of AI in scamming practices presents unique challenges, heightening the urgency for both individuals and institutions to adapt strategies to protect themselves against fraud in an increasingly digital world.

### Reference Map

1. Paragraphs 1, 2, 3, 4, 5, 6, 7
2. Paragraphs 1, 2, 3, 4
3. Paragraph 4
4. Paragraph 5
5. Paragraph 6
6. Paragraph 6
7. Paragraph 7

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://www.ft.com/content/4aea4a81-10d5-48f2-8594-8883a298363f> - Please view link - unable to able to access data
2. <https://www.ft.com/content/4aea4a81-10d5-48f2-8594-8883a298363f> - Consumers have been warned to remain on the lookout for so-called cloning scams after a UK investment trade body found fraudsters took £2.7mn from members’ customers through the practice in the second half of 2024. Criminals perpetrating the scams create a nearly identical duplicate of a legitimate company’s website, email or a fake WhatsApp group to persuade consumers to send them payments. Such frauds were “topping the list of threats” facing consumers who wanted to invest, a report by the Investment Association found. The study was published to mark “Take Five” fraud prevention week. There were 478 reports of impersonation of investment management companies in the second half of 2024, according to the report. Just under one in four was successful. Adrian Hood, a regulatory and financial crime expert at the association, said criminals would use “a variety of means” to trick people into parting with their money. They could impersonate genuine investment managers, steal card details or fraudulently log into a person’s account. The IA advised consumers to “stay vigilant”, double-checking senders’ email addresses and web addresses for slight differences from those of legitimate companies. Hood said the risk was growing more acute as fraudsters used new artificial intelligence (AI) technology. “The growth of AI is likely to see increasingly sophisticated scams, with criminals better able to mimic legitimate firms,” he said. There were 1,014 cloning scams against IA member firms detected in 2024, a 57 per cent increase on the year before, despite an overall fall in the number of other scams detected. However, the association said efforts to counter fraud generally were succeeding, and that losses from fraud for its members’ customers fell by 29 per cent, to £5.4mn, between the first and second halves of 2024. Some £1.7mn scammed from members’ customers was recovered. There was a drop in the number of account takeovers, in which fraudsters take control of an account to cash in an investment, from 142 to 132 between the two halves of the year. Over the same period, there was a decline in reports of card fraud, in which a criminal uses stolen card details to open an investment account, from 36 to 17. UK Finance said criminals already went to great lengths to appear legitimate and AI tools could make it easier for them to do so. “People can check the Financial Conduct Authority’s register for lists of regulated firms and only use the contact details listed on the register to confirm you’re dealing with the genuine firm before parting with your money or information,” it said. Customers who believe they have been scammed are advised to contact their investment platform or provider immediately and report the incident to UK police forces’ Action Fraud centre.
3. <https://www.actionfraud.police.uk/news/clonefirms> - Action Fraud, the City of London Police, and the Financial Conduct Authority (FCA) have issued a warning about the rise in 'clone firm' investment scams. These scams involve fraudsters replicating the name, address, and Firm Reference Number (FRN) of legitimate FCA-authorised firms to deceive consumers into investing. Reports indicate a 29% increase in such scams since the UK's first lockdown in March 2020, with victims losing an average of £45,242 each. The FCA advises consumers to verify firms through the FCA Register and use contact details listed there to avoid falling victim to these scams.
4. <https://www.fscs.org.uk/news/fraud/worrying-rise-in-online-financial-scams/> - The Financial Services Compensation Scheme (FSCS) has highlighted a concerning rise in online financial scams, particularly those involving 'brand cloning.' Fraudsters are increasingly imitating well-known financial services brands to create fake advertisements, documents, and websites, often targeting consumers seeking higher returns. Data from Lloyds Bank indicates that one in four investment scam victims in the past year were aged over 55, losing nearly £26,000 on average. The FSCS urges consumers to remain vigilant and verify the authenticity of financial offers to protect themselves from such scams.
5. <https://www.nationalcrimeagency.gov.uk/news/over-78-million-stolen-in-clone-firm-investment-scams/> - The National Crime Agency (NCA) has reported that over £78 million was stolen in 'clone firm' investment scams between January and December 2020. These scams involve fraudsters setting up fake firms using the name, address, and Firm Reference Number (FRN) of real companies authorised by the Financial Conduct Authority (FCA). Victims lost an average of £45,242 each. The NCA, along with partners including the City of London Police and FCA, is working to tackle these fraudulent schemes and advises consumers to check the FCA’s Financial Services Register before investing.
6. <https://www.staffordshire.gov.uk/Newsroom/Articles/2024/07-July/Scams-warning-as-criminals-turn-to-AI-to-defraud-consumers.aspx> - Staffordshire County Council has issued a warning about the increasing use of Artificial Intelligence (AI) in scams. Criminals are leveraging AI technologies, such as deepfakes and voice cloning, to create convincing fraudulent content, including fake celebrity endorsements and phishing messages. The council emphasizes the importance of consumers staying informed and vigilant to recognize and avoid these sophisticated scams. Victims are advised to contact their bank immediately and report the incident to Action Fraud or the police.
7. <https://www.cifas.org.uk/newsroom/gasa-stateofscamsuk2024> - The Global Anti-Scam Alliance’s (GASA) latest report, conducted in association with Cifas, reveals that UK consumers lost £11.4 billion to scams in the last 12 months, up £4 billion from the previous year. The report highlights the rise in scams, including fake parcel delivery texts, social media marketplace scams, and AI voice cloning. It also notes that 42% of British adults have been targeted by a scam in the past year, with an average loss of £1,400 per victim. The report urges consumers to remain vigilant and report any suspicious activity.