# FCA demands tougher action from Big Tech to halt rise of finfluencer scams



The UK’s Financial Conduct Authority (FCA) has urged major technology firms to take more robust measures to tackle the ongoing issue of unauthorised financial promotions by "finfluencers" on social media platforms. These influencers, who promote financial schemes or trading strategies without proper authorisation, have been found to simply switch accounts when one is shut down, creating a repetitive "whack-a-mole" challenge for regulatory enforcement.

Addressing MPs in the House of Commons Treasury select committee on Wednesday, Lucy Castledine, director of consumer investments at the FCA, highlighted the persistence of this problem. "We can’t have that content popping up 12 hours later," she said. Castledine emphasised that the current approach, which requires submitting individual account takedown requests, is insufficient given the technological capabilities of social media platforms. She called for proactive measures from Big Tech companies to identify and prevent unauthorised financial promotions from reappearing.

The FCA reported receiving 25,000 notifications related to unauthorised businesses in the past year alone, underscoring the scale of the issue. The regulatory body has intensified its efforts to crack down on finfluencers by issuing guidance on financial promotions on social media and initiating prosecutions. In 2024, the FCA charged nine individuals—including former reality TV stars from shows like Love Island and The Only Way is Essex—for promoting unauthorised financial trading schemes to their combined follower base of approximately 4.5 million. However, these cases are scheduled to be heard in court only by 2027.

In a further demonstration to MPs, Castledine presented a video showcasing one of these illicit social media promotions featuring luxury cars and houses, designed to attract potential investors deceptively. She mentioned ongoing discussions with the government about introducing tougher prison sentences for violations of financial promotion laws. The FCA is proposing to increase the maximum prison term for communicating unauthorised financial promotions under the Financial Services and Markets Act 2000 from two to five years.

"Fundamentally this content is illegal," Castledine said. "It is driving people into parting with their money. It is very much a recurring theme we are seeing and it is a growing trend." She noted that social media algorithms often expose users to these promotions even if they are not direct followers of the finfluencers, based on their viewing history.

Steve Smart, joint executive director for enforcement and market oversight at the FCA, added that many of these promotions involve fraudulent schemes or scams, with victims potentially losing a significant or total share of their investments. He identified two primary categories of finfluencers: fraudsters and those providing unauthorised financial advice, such as offering personal trading strategies.

Dame Meg Hillier, chair of the Treasury select committee, expressed concern over the lack of convictions despite the number of prosecutions, describing the situation as "jaw-dropping." She remarked on the considerable work required to tackle this issue effectively and emphasised the responsibility social media platforms hold in managing and restricting these harmful promotions.

The Financial Times is reporting on these developments, which underscore the growing regulatory focus on the intersection of social media and financial crime, as efforts intensify to protect consumers from deceptive financial practices in the digital age.

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

## Bibliography

1. <https://www.ft.com/content/acec7be6-e4a8-4c58-8b99-842d600a82f5> - This article reports on the UK's Financial Conduct Authority (FCA) urging major technology platforms to take stronger action against 'finfluencers'—social media influencers promoting unauthorized financial schemes. It highlights the FCA's concerns about the persistence of these promotions and the need for proactive measures from Big Tech companies.
2. <https://www.ft.com/content/0bd12d95-c375-46eb-a2cb-3956b77ea8bd> - This piece discusses the UK's Treasury select committee chair, Dame Meg Hillier, calling for an investigation into social media 'finfluencers' who promote investment schemes online. It emphasizes the need for regulatory oversight to protect consumers from misleading financial advice.
3. <https://www.consumercreditcompliance.co.uk/tackling-misleading-financial-promotions-key-actions-and-insights-from-the-fcas-2024-data/> - This article provides insights into the FCA's actions against misleading financial promotions, including the introduction of the Section 21 Gateway regulation and the interview of 20 individuals under caution for promoting unauthorized financial products in 2024.
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5. <https://www.grosvenorlaw.com/2024/11/12/richard-coopey-discusses-the-fcas-crackdown-on-finfluencers-in-thomson-reuters-regulatory-intelligence/> - This article discusses the FCA's crackdown on 'finfluencers' and the importance of ensuring that social media financial promotions comply with regulatory standards to protect consumers from misleading information.
6. <https://www.tlt.com/insights-and-events/insight/finfluencers---fine-or-getting-fined/> - This piece examines the risks and legal implications for 'finfluencers' promoting financial services without proper authorization, highlighting the FCA's guidance on ensuring that such promotions are lawful and the potential consequences of non-compliance.
7. <https://www.ft.com/content/acec7be6-e4a8-4c58-8b99-842d600a82f5> - Please view link - unable to able to access data