# FCA urges tech giants to tackle unauthorised finfluencer schemes with tougher measures



The UK's Financial Conduct Authority (FCA) has called on major technology companies to increase their efforts to curb the persistent problem of unauthorised financial promotions on social media, a practice it described as a "whack-a-mole" issue. The regulator highlighted that many so-called "finfluencers"—individuals who promote financial schemes or trading strategies without the necessary authorisation—continue to evade enforcement by simply switching to new social media accounts after being shut down.

Lucy Castledine, director of consumer investments at the FCA, told the House of Commons Treasury select committee on Wednesday that the current approach, which involves submitting individual takedown requests for each offending account, is insufficient. “We can’t have that content popping up 12 hours later,” she said. “That is the big call to action.” Castledine emphasised that technology platforms possess the capability to proactively identify and block repeat offenders but have yet to fully utilise these tools.

The FCA revealed it received 25,000 reports related to unauthorised businesses last year alone, underscoring the scale of the issue. Following new guidance published last year and a crackdown on unauthorised financial promotions, the regulator has initiated prosecutions against several prominent social media figures. In 2024, the FCA charged nine individuals with promoting unauthorised financial trading schemes, including former stars from popular reality television shows such as Love Island and The Only Way is Essex. Combined, these influencers reach around 4.5 million followers. However, the cases are not expected to proceed to court until 2027.

During the committee session, Castledine presented MPs with a video of a social media promotion by an unlawful finfluencer that showcased luxury cars and houses, a tactic designed to entice followers. She also indicated ongoing discussions with the government about potential legislative changes to combat this problem more effectively. Specifically, the FCA is pushing for an increase in the maximum prison sentence for communicating unauthorised financial promotions under the Financial Services and Markets Act 2000, from two years 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. We need people to sit up and take action.” She also noted that many individuals may be exposed to these promotions even without following the finfluencers, as social media algorithms often push such content based on users' viewing habits.

Steve Smart, the FCA's joint executive director for enforcement and market oversight, warned MPs about the risks involved. “There have been a number of instances where what is being promoted turns out to be fraud or a scam where people will lose a significant proportion if not all of their money,” he said. He identified two principal types of finfluencers: those engaged in outright fraud and those offering unauthorised financial advice, including urging others to replicate their trading strategies.

Dame Meg Hillier, Labour MP and chair of the Treasury select committee, described the situation as “jaw-dropping,” expressing concern that no finfluencers have yet been convicted. She acknowledged the considerable work still required and underscored the responsibility that social media platforms bear in addressing the issue.

The Financial Times is reporting that the FCA continues to advocate for greater collaboration between regulators and Big Tech companies to stem the proliferation of unauthorised financial promotions on social media, amid rising concerns over investor protection and consumer harm.

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'—individuals promoting unauthorized financial schemes on social media. It highlights the FCA's concern over the 'whack-a-mole' problem, where these individuals evade enforcement by switching to new accounts after being shut down.
2. <https://www.ft.com/content/a8b24738-49b9-4576-a405-33d5fa45b75a> - This piece details the FCA charging former reality TV stars from shows like Love Island and The Only Way is Essex for promoting unauthorized financial trading schemes on Instagram. The charges underscore the FCA's crackdown on 'finfluencers' and its efforts to protect consumers from potential harm.
3. <https://www.reuters.com/world/uk/uk-reality-tv-finfluencers-face-2027-trial-investment-charges-2024-07-11/> - This article discusses the FCA's charges against individuals, including reality TV stars, for promoting unauthorized trading schemes via Instagram. It notes that the trials are not expected to proceed until 2027, highlighting the ongoing legal proceedings in these cases.
4. <https://www.ft.com/content/6f5055fc-08f6-4d83-9b66-414f7f09971e> - This report highlights the surge in fraudulent social media investment schemes and the FCA's intensified efforts to curb financial promotions by influencers. It mentions the removal of 10,000 deceptive financial promotion ads by the FCA in 2023, up from 8,500 the previous year.
5. <https://www.ft.com/content/0bd12d95-c375-46eb-a2cb-3956b77ea8bd> - This article covers the Treasury select committee's call for an investigation into social media 'finfluencers' who promote investment schemes online. It emphasizes the need for balanced regulation to ensure consumer safety amid the government's efforts to encourage economic growth.
6. <https://www.ft.com/content/acec7be6-e4a8-4c58-8b99-842d600a82f5> - This piece reports on the FCA's call for Big Tech companies to do more to tackle the growing 'finfluencer' problem. It discusses the FCA's concerns about the persistence of unauthorized financial promotions on social media and the need for proactive measures by technology platforms.
7. <https://www.ft.com/content/acec7be6-e4a8-4c58-8b99-842d600a82f5> - Please view link - unable to able to access data