

Scams

Govt 'delusional' over online scams, says former IFA

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By **Simoney Kyriakou**

Letters to the Department for Culture, Media and Sport to suggest actions that will prevent online fraud have "fallen on deaf ears", according to the financial specialist who sent them.

Richard Smith, a former IFA who set up Money Trainers to help educate people about finance, said he had become frustrated with the government's failure to act to crack down on online scams.

He said he had become exasperated at the number of complaints he had made to the Financial Conduct Authority, highlighting instances of online scams.

Therefore he sent a letter to his MP, Henry Smith, who took up the call to lobby Oliver Dowden, the MP who heads the DCMS, which is bringing the Online Harms Bill through parliament at the moment.

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The whole situation with online scams is now at factory levels of production.

Richard Smith

However, Smith (*pictured above*) told *FTAdviser*: "My letters calling for some changes to be implemented have fallen on 'deaf ears' it seems.

"The responses from the department are missing the point, to say the least, possibly even delusional.

"It does go to show a complete misunderstanding of the situation and of course further highlights the failure to act."

In his letter, dated May 14, which Henry Smith, MP for Crawley, passed on to Dowden, who is the minister for culture, media and sport, the adviser had urged the government to consider a series of actions that could help prevent online scams from multiplying.

His recommendations included:

- A regulator-based registrations database for all advertisers that are planning to use any online platform for advertising purposes,
- Forcing all online platforms (search and social) and cast into statute a rule that forces all online platforms and offline advertisers to consult with the database before allowing an advertisement/promotion to be made live,
- Combining pre-checks with Companies House information on whether the companies are registered or operational,
- Making sure all UK banks check and double-check accounts that could be used for fraudulent translations, with a view to placing a block on transfers that are unusual, with a limit of £500 before checks are made. "This can be driven by artificial intelligence, and is something they already do", he wrote.

In his letter, he commented: "These easy to implement rules will prevent many of these lead generators and the scammers from being able to act out their fraud on the major search engines and social platforms, and give an early warning for the regulator just in case it wants to take action in advance.

"It will also prevent [scammers] from moving the money in many instances."

But in the response from the DCMS, dated June 4, Dowden said advertising was the purview of the Advertising Standards Agency.

The response did not discuss pre-checks with Companies House, nor whether banks should be tasked with blocking unusual transfers.

Dowden's letter also said: "The government intends to strengthen standards around the placement and content of online advertising and ensure they can be effectively applied and enforced online, so we can foster fair, accountable and ethical online advertising.

"Later this year, we will consult on online advertising through our Online Advertising Programme."

Recent action

Earlier this week, [internet giant Google](#) announced it would make some changes to its advertising policy in a clampdown on financial scams.

This follows years of campaigning and pressure from the FCA and others, as reported earlier this year by *FTAdviser* when Stephen Timms MP, chairman of the Work and Pensions Committee, said he would be putting pressure on Google and its peers to crack down on scams.

At the time, [Timms also told FTAdviser](#) he would be campaigning to force the DCMS to include financial scams in its Online Harms Bill.



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