



Carbon Credits Recovery Fraud

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CARBON CREDITS RECOVERY FRAUD

The purpose of this alert is to raise awareness to ROCU's, police forces in the UK and regulatory bodies such as the Financial Conduct Authority (FCA), on how previous investors of carbon credits are being targeted for recovery fraud.

ALERT CONTENT

Summary

Consumers, who initially invested in carbon credits between 2011 and 2013, have reported recent contact from firms offering exit strategies for their carbon credit investments in exchange for an advance fee. The reports received by the NFIB suggest that when the advance fee is paid, the consumer receives no further contact from the firm, or a financial return for the sale of their carbon credits.

How does it work?

Consumers (predominantly aged 55 to 80 years old) who have previously invested in carbon credits between 2011 and 2013 are being targeted by cold callers. Some callers state they are calling from a financial regulator, such as the Financial Conduct Authority (FCA), to persuade members of the public that their initial carbon credit venture was fraudulent; therefore they should pay an upfront fee for insurance to recover their investment.

Other consumers have experienced cold callers who offer to sell their carbon credits due to the company becoming insolvent or have promised higher returns on their preliminary investment. In order for them to sell the victim's carbon credits, the victim is required to pay an advanced fee directly to the suspects' account via bank transfer. The caller states a fee is required to cover costs for reasons such as:

- Insurance
- Administration
- Security Bond
- Converting Verified Emissions Reductions (VER's) to Certified Emission Reductions (CER's)
- US income tax - if the carbon credits were held by a US firm

However, once the upfront fee is paid, the company selling the carbon credits can no longer be contacted, or the promised high returns are not paid to the victim.

Over the past 12 months, there have been 78 reports on carbon credit recovery rooms recorded by Action Fraud, with a total reported loss of £570,000. In 60% of Action Fraud reports, victims have claimed that suspects are located in the City of London, in multi-occupancy offices, which are utilised for their prestigious address. The firm may only use the London address to re-direct their mail and may not physically operate from the address, or have any association with the address at all.

Who is affected?

Victims from the UK, especially in South East England, have been contacted by recovery fraud boiler rooms offering high returns for carbon credits previously purchased. Victims who have been targeted have been aged 55 to 80 on average.

PROTECTION / PREVENTION ADVICE

- **Protect:** Be suspicious of all unsolicited calls. Cold-calling for investment business is illegal, so reputable brokers will not do it.
- **Protect:** Do not give out personal or financial details and never agree to anything or send money upfront without making your own enquires into the company first.
- **Prevent:** Regulators such as the FCA, will never request an advance fee to recover consumer funds.
- **Protect:** Make some enquiries by checking whether the company is regulated on the FCA register (<https://register.fca.org.uk/>) or by calling the FCA on 0300 500 5000.
- **Prevent:** Further advice on recovery scams of previous frauds can be found on Action Fraud and the FCA websites:
<http://www.fca.org.uk/consumers/scams/news-and-investigations/carbon-neutral-investments>
<https://www.fca.org.uk/consumers/scams/report-scam>
<http://www.actionfraud.police.uk/news/financial-conduct-authority-FCA-has-launched-a-national-campaign-scamsmart-oct15>
- **Protect:** Check the address of the company and ask whether the employees are physically working from the address.
- **Protect:** If you have been contacted by a suspicious firm or have been affected by this, or any other scam, report it to Action Fraud by calling **0300 123 2040**, or visiting www.actionfraud.police.uk

FEEDBACK

The NFIB needs feedback from our readers to evaluate the quality of our products and to inform our priorities. Please would you complete the following NFIB feedback survey through: <https://www.surveymonkey.com/r/FeedbackSDU>. This should take you no more than 2 minutes to complete. If you have other feedback or additional information that you would prefer to provide by email please send to NFIBfeedback@cityoflondon.pnn.police.uk.

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