

Written evidence submitted by Hargreaves Lansdown (OSB0197)

16 September 2021

We are writing to input into your Committee's scrutiny of the Online Safety Bill.

We welcome the Government's desire to tackle online harms. As a company operating in financial services we are responding to the question you pose:

- Are there any types of content omitted from the scope of the Bill that you consider significant e.g. commercial pornography or the promotion of financial scams? How should they be covered if so?

We are disappointed that online advertising and the promotion of financial 'advice' on social media is not part of the scope of the published Bill. We note that the FCA considers the need to cover online advertising within the scope of the Bill, something Hargreaves Lansdown would be very supportive of.

HL has over 1.64 million clients who trust us with £135.5 billion (as at 30 June 2021), making us the UK's largest investment platform. Our purpose is to empower people to save and invest with confidence and help them build their financial resilience over the long-term. More than 98% of client activity is done through our digital channels and over 600,000 access our mobile app each month. Retail investment is a growing market, over the year to 30 June 2021, we welcomed 233 000 new clients.

HL receives reports from individuals who have either been contacted or falling victim to a scam where the scammer is either posing as HL, or another type of external investment scam. All of these had an online element with some even mocking up fake HL websites. From our experience, this is a growing problem, something which is borne out in reports from UK Finance, the FCA and the City of London Police.

These scams may come from a variety of sources, including cold-calls and emails as well as online advertising and social media. We note the concern from the [City of London Police](#) about the growth in the use of social media in scams and the announcement by Tik Tok this summer to address content related to financial promotions.

However we do not think that relying on technology firms to police this boundary is sufficient or effective. As a regulated firm, subject to the [financial promotions regime](#), our communications with clients and potential new customers are strictly regulated. As we seek to communicate effectively with customers, it is difficult to cut through the communications noise, if we are not operating from a more level playing field.

The FCA in their [Consumer Investments Strategy](#) have set a target to move 1.7 million people, with significant assets in cash, into investment for the first time. We welcome that this strategy also covers reducing the number of scams. The report notes that 'consumers reported 30,000 potential scams to us [the FCA], with investment scams accounting for 58% of these enquiries. This is 82% higher than in the previous 12 months.'

We would encourage your committee, when considering the scope of this Bill, to assess the harm that online advertising and social media can do, when they are exploited by financial scams. The growth of the consumer investment market will help build financial resilience over the long term. In order to support this, it is vital that we all, firms, regulators and Parliament, do all we can to crack down on these harmful scams.

Kind regards

Anne Fairweather

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28 September 2021