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Child Financial Exploitation: A Growing Threat in the Digital Age

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New research has revealed a disturbing rise in the financial exploitation of children and young people, with low levels of financial literacy leaving them vulnerable to manipulation by money launderers. Social media platforms and online gaming environments have emerged as primary channels through which criminals establish contact with their targets, exploiting their trust for illicit gain.

According to fraud-prevention service Cifas, a staggering 6,434 individuals under 21 had their bank accounts exploited for money laundering in the past year alone. The Children's Society, in its report *Moving Money: Uncovering the Reality of Exploitative Money Laundering and Other Forms of Child Financial Exploitation*, published last Friday, described this as "a stark wake-up call" to the scale of the issue. The report, the charity's first deep dive into this problem, draws on insights from over 100 children and professionals in child-exploitation services.

The study highlights significant gaps in awareness among teachers, parents, and law enforcement, often resulting in young victims being unfairly blamed or penalised for crimes they were coerced into committing. Mark Russell, chief executive of the Children's Society, stated in a recent interview: "This research lays bare a hidden crisis that is robbing children of their futures. Urgent action is needed from the government, police, and banks to address this growing threat."

The report details how exploiters use sophisticated tactics, such as fake social media profiles and seemingly legitimate job advertisements, to lure young people into schemes promising quick wealth. Once engaged, victims are manipulated into opening bank accounts or participating in fraudulent activities, often under the guise of "get-rich-quick" opportunities. For teenagers aged 15–17, the consequences can be particularly severe, with the report documenting cases of extreme violence, including stabbings, gunshot wounds, and severe beatings, alongside coercive tactics like threats to family members and financially motivated "sextortion."

Unlike other forms of exploitation, financial vulnerability does not discriminate by socioeconomic status. Criminals target young people's access to bank accounts and financial products, which can be used to mask illegal activities. The fallout is devastating, with frozen bank accounts leaving families unable to afford essentials like food or energy bills. The report also notes links to drug use and other forms of abuse, compounding the harm.

The Children's Society has called for a multi-pronged response, including comprehensive financial education in schools to teach children about grooming and exploitation, specialised training for professionals such as teachers and police, and stronger banking safeguards to protect young customers. Legislative reforms and further research into the issue are also deemed essential, alongside efforts to tackle root causes like poverty and school exclusions.

Cifas, which issued updated guidance this year to help its members report to the National Fraud Database, echoed these concerns. Its chief executive, Mike Haley, remarked: “The harm caused by this exploitation is deeply troubling. A united effort from industry, regulators, and government is critical to stopping fraudsters who prey on young people’s trust.”

The current Labour government has yet to outline a clear strategy to address this crisis, raising concerns among campaigners about whether sufficient priority will be given to protecting vulnerable children. Without decisive action, the exploitation of young people’s financial naivety risks becoming an even greater blight on society.