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Child Financial Harms

Briefing 1

In this briefing paper we take a deep dive into ‘child financial harms’ and propose actions for both policymakers and other stakeholders, to ensure the best outcomes for children.



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Our work

Parent Zone has been investigating money-related online harms since 2018. Our work on [skin gambling](#) exposed the scale and accessibility of unregulated sites which facilitate gambling with virtual currencies.

In 2019 we explored the financially exploitative mechanics that were increasingly becoming an integral part of gaming in '[The Rip-Off Games](#)'.

In 2023, and with funding from Nominet, we established a consortium to start to understand, map and test responses to 'child financial harms' (CFH). Our work is summarised in this briefing paper.

Children as financial actors online

Children as young as seven are making, spending and losing money online. Many of these children are getting their first financial education in environments full of gambling, scams and influencer marketing.

In the UK, it's estimated that **13-18 year olds** collectively spend over **£50m** a week, with **96%** having made an online purchase.¹

Parents are taking responsibility but are mainly left dealing with this alone, without support and unprotected as a result of inadequate legislation and enforcement.

¹ [A problem hiding in plain sight?](#)

A range of harms

The financial harms children and young people are experiencing online are complex and extensive. The majority of parents (**62%**) recognise that CFH are an issue for their family.²

Data from our work and that of others shows the extent and range of these harms:

- **88%** of children and young people aged **13-21** have been targeted by fraud³
- **22%** of young people have subscribed to a paid-for service and been unable to cancel it⁴
- **8%** of parents who were aware their child had experienced a money-related problem online told us their child had been offered money in exchange for naked images⁵
- **4%** of these children had their identity stolen, **13%** had taken money from others without their consent and **9%** had been offered money in exchange for holding someone else's money in their account ('money muling')⁶

It is particularly concerning to note that these figures only represent situations where parents were aware that their child had actually experienced the problem described. We know from our research with young people that the actual numbers are likely to be much higher.

The picture is dire. Online industries continue to develop in ways which facilitate CFH and regulation is failing to keep pace.

² [Short changed and out of time](#)

³ [Understanding and addressing fraud against children and young people: An action plan](#)

⁴ [A problem hiding in plain sight?](#)

⁵ [Short changed and out of time](#)

⁶ Ibid.

The impact on children and families

Pervasive, daily exposure to online financial risks and harms is having a direct impact on families' finances and the wellbeing of children.

Contrary to the narrative that falling prey to scams mainly impacts older generations, **50% of 16-25** year olds have experienced a scam when online.⁷

Money is also a driver for serious crime and abuse. Online child sexual extortion and financial exploitation are similarly on the rise, with reports of these harms more than doubling in recent years.⁸

Nearly half of parents and carers (**44%**) do not feel confident talking to their children about money.⁹ **30%** don't know where to go for information about CFH.¹⁰

Without information and support, parents are left to deal with this on their own. Children and young people themselves are calling for better education on financial literacy and related harms.¹¹

Gaps in knowledge and emerging risks can also mean that some harms are undetected.

As one parent told us:

"I don't know what I don't know."

⁷ [Follow the money – protecting young people from online financial harms - Digital Youth Index](#)

⁸ [Hotline reports 'shocking' rise in the sextortion of boys](#)

⁹ [Short changed and out of time](#)

¹⁰ Ibid.

¹¹ [The Children's Society](#)

Finding solutions: the Child Financial Harms consortium

All of this is avoidable if those who can affect change acknowledge CFH and take action. Solutions are possible, and direct harms to children could be reduced with the right interventions, regulation and willingness to act.

[The Child Financial Harms consortium](#) is raising awareness of these online harms and developing and testing ways of countering them.

The consortium includes **Parent Zone**, the **PSHE Association**, **UK Finance**, **Cifas**, **Dr David Zendle (University of York)**, and **Reason Digital** bringing together expertise from across education, finance, gambling and fraud to provide a unique perspective on the multi-faceted and continually developing nature of CFH, to develop resources, and to test interventions.

In short, our aim is to achieve change in a system that is too often not just failing families, but actively working against them.

During the Consortium's three years' of work we have:

- Established a new body of quantitative and qualitative research and data on child financial harms¹²
- Consulted directly with exploited children and young people on their experience¹³
- Worked with Cifas to provide new guidance that recognises children's vulnerability to financial harm¹⁴
- Launched a national education programme for KS2 to KS5 along with training for teachers¹⁵
- Trained counselling staff and volunteers at Mental Health Innovations to respond to CFH-related calls from young people
- Published recommendations to enhance parents' financial capabilities and literacies in a digital age¹⁶
- Convened cross-sector stakeholders, including MPs and parliamentarians

¹² [Child Financial Harms Research | Parent Zone | At the heart of digital family life](#)

¹³ [A problem hiding in plain sight?](#)

¹⁴ [Advice for Young People](#)

¹⁵ <https://pshe-association.org.uk/online-financial-harms>

¹⁶ [Developing Parents' Digital Financial Capability](#)

Ensuring that change actually happens will require more innovation and collaboration from both individuals and organisations. It also requires significant policy change to ensure that this category of harm is recognised.

We are calling for:

- A body to be established to continue the work of the Child Financial Harms consortium
- Changes to regulation including the OSA, the DMCCA and the Gambling Act
- Financial education to be made statutory in schools

For more information on the full range of work that Parent Zone and the Child Financial Harms consortium are doing in this area, visit:

www.parentzone.org.uk/ChildFinancialHarms

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