

# FRAUD focus



National Fraud  
Authority

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## NFA reveals true extent of UK's £30 billion fraud loss

The UK's first comprehensive fraud estimate puts the cost of fraud at over £30 billion a year<sup>1</sup>.

The figure, recently published by the NFA in the *National Fraud Authority Annual Fraud Indicator* and widely reported in the media, is far more comprehensive than the 2005 estimate of £13 billion<sup>2</sup>. The 2005 figure captured only a proportion of the true fraud loss, as it only referenced publicly available information.

The new, higher figure is the result of the NFA collating previously unpublished fraud loss figures and producing its own fraud estimates in areas where fraud data was unavailable.

The report's overall fraud loss estimate identifies those areas of fraud that cause the most harm to the UK economy. It will be used to enable both the NFA and Government to develop clearer priorities to prevent, detect and deter fraudsters.

Based predominantly on 2008 data, the current fraud loss figures were collated by a specialist team at the NFA. Using information gathered from a cross-section of public and private sector agencies, the public sector accounts for 58% of the total figure, the private sector 31% and fraud against individuals 12%<sup>3</sup>.



The public sector figures reflect more mature and sophisticated measurement processes and a willingness to share this data for inclusion in the report. Private and voluntary sector fraud information is patchier and while their figures are as accurate as possible, the report is likely to have underestimated their total losses.

### Private sector losses

In the private sector, the financial services industry recorded the highest

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Call 0300 123 2040

# op1 NFA reveals true extent of UK's £30 billion fraud loss

loss to fraudsters, estimated at £3.8 billion, with £1 billion in mortgage fraud and over £2 billion in insurance fraud. Fraud in plastic cards, online banking and cheques comprise most of the remainder. Credit and debit card fraud is estimated to be 0.1% of total transactions. The consumer goods and manufacturing industry are estimated to have lost £1.3 billion and £1 billion respectively to fraud, while the technology, media and telecommunications industry had losses of £948 million.

Losses attributed to mass-marketing frauds, such as share sale fraud and lottery and loan scams, amounted to £3.5 billion.

The *National Fraud Authority Annual Fraud Indicator* report is available at [www.attorneygeneral.gov.uk/nfa](http://www.attorneygeneral.gov.uk/nfa) 

**Commissioner Mike Bowron of the City of London Police** said: "We always believed the true cost of fraud could be much higher than previous estimates. It is vital we ensure the methodology used to measure the cost of fraud on the UK economy is as up to date and comprehensive as possible. We can then have confidence using this data to help support and inform government policy in this important area of policing."



**Attorney General Baroness Scotland QC**, said: "The *NFA Annual Fraud Indicator* is a milestone in tackling fraud. However, we have a way to go. We need more organisations to measure and report the money they lose to fraud, so we can continue to build our knowledge and response to this endemic crime."



<sup>1</sup> National Fraud Authority Annual Fraud Indicator, published January 2010.

<sup>2</sup> The Nature, Extent and Economic Impact of Fraud in the UK, Michael Levi et al, commissioned by ACPO, February 2007.

<sup>3</sup> Figures have been rounded up.

## Sharing best practice

Bernard Herdan, Chief Executive of the National Fraud Authority

**Fraud has become even higher profile in recent months, particularly now we have an even better understanding of it, but sharing best practice and solutions remains a challenge.**



At the Fraud Summits we held last year, our teams were able to discuss priorities with those fighting fraud in local authorities and the health service, enforcement agencies, financial and professional services industries, charities and technology firms.

They highlighted a number of specific issues as well as good, practical suggestions which we are now building into our existing work streams. I and other members of my team regularly speak on the work of the NFA at conferences and smaller events organised by a wide range of stakeholders. We welcome these opportunities to share our experiences and hear yours first hand. We have learned – and passed

on – many examples of best practice in this way.

From our lead article you will see that just over half of the total cost of fraud in the UK is in the public sector. The Government has proposed new measures to combat this costly and harmful crime in a recent White Paper. 'Smarter Government', published in December 2009, called for the setting up of a cross-Government task force to tackle public sector fraud.

The National Fraud Authority has been asked to lead this task force. Our colleagues in Her Majesty's Revenue and Customs and the Department for Work and Pensions,

# Ally Cook runs Action Fraud, the UK's first national fraud reporting centre



Ally Cook



## The power of 'talk'

The Action Fraud helpline began operating on 26 October and is now being supported with a PR, digital marketing and ad campaign in the Midlands and North West of England. Its first real test came in mid-January when exposure of a scam online clothing website significantly increased the number of calls coming in.

The online clothing site is alleged to have defrauded thousands of UK consumers out of almost £1m worth of goods that were never delivered. The story broke as one furious customer after another shared their experiences and complaints on the popular MoneySavingExpert.com website. Included among the 800+ postings to the forum were some from victims who had called the Action Fraud help-line to receive guidance and a crime reference number. They encouraged other victims to do the same.

Action Fraud took victims' reports from across the UK, all related to the same website, and fed them straight to the National Fraud Intelligence Bureau, which built a package of intelligence to aid the police investigation.


This example demonstrates how sophisticated and organised fraudsters can be, but it also shows the power of 'talk', in this case online discussions,

for mobilising people to action.

Establishing an online presence for Action Fraud and providing a secure method for online reporting is a critical element in our customer service plan. At the end of January, the Action Fraud service expanded to include a dedicated website. This provides a trusted central source of information and advice and will be followed shortly with the launch of an online reporting tool. We hope that, with future expansion, it will also include a forum for users to talk about their experiences, without embarrassment, and break the silence that fraudsters rely on.

## Call and report

Individuals or small/medium sized business operators who have been victimised by fraud or want to report a fraud should call **Action Fraud on 0300 123 2040**.

**Textphone 0300 123 2050**  
[www.actionfraud.org.uk](http://www.actionfraud.org.uk) 

**Over half of all fraud victims do not report the crime. Many do not want to talk about what's happened to them because they feel embarrassed and ashamed. They suffer both financial loss and a loss of self esteem because they blame themselves. It's little wonder that fraud is sometimes referred to as a silent crime. And fraudsters rely on their victims' silence.**

The best way to fight fraud is to get people talking about it. Action Fraud is helping victims fight back against fraud. It provides them with a central point of contact where they can report fraud, share their experience and get support. As the UK's first national fraud reporting centre, it aims to deliver a co-ordinated response to fraud reporting that has never existed before.



Call 0300 123 2040

## THE ACTION FRAUD WEBSITE IS NOW LIVE

Link to the Action Fraud website and help the fight against fraud. If you would like to place a link to Action Fraud on your website or refer victims to us, please let us know. We want to help.

You can contact our team at:  
eileen.kahler@attorneygeneral.gsi.gov.uk  
alexandra.moore@attorneygeneral.gsi.gov.uk

**WE CAN BEAT FRAUD IF WE TALK**



Sophia Agamemnonos

# IMPROVING THE DEAL FOR VICTIMS

## Sophia Agamemnonos explains the NFA's pilot of enhanced victim support which launched this week.

The landmark "Support for Victims" report commissioned by the NFA and published in December 2009, marked the beginning of a better deal for individual and small business victims of fraud.

The research we conducted helped identify that if fraud victims were to get a better deal, their needs had to be properly recognised and responded to in a consistent and sympathetic manner.

### Improving the response

The NFA has now developed and designed a victim care project to respond to this need, working with Victim Support, City of London Police, Serious Organised Crime Agency and the West Midlands Police Force. The project involves testing two different models of improved support for individual victims of fraud and their families.

This week we launched a 16 week Support for Victims of Fraud pilot in the West Midlands, focussed on the new Action Fraud reporting call centre. The delivery partners taking part in this pilot include Victim Support, Citizens Advice

Bureaux, Voice UK, Age UK (the new organisation combining Age Concern and Help the Aged) and Trading Standards.

### Supporting different needs

From now on any fraud victim in the West Midlands calling the Action Fraud service will be offered a referral to Victim Support, whose volunteers will provide them with emotional support. If the victims' needs extend beyond this, they will be directed to other organisations that are better placed to offer that support or service.

The Support for Victims of Fraud pilot will cater for a variety of fraud victims' needs, including debt counselling, credit repair services, help with money management or housing matters. It is also designed to ensure that specialist support is


made available where required, such as assisting an elderly victim or a victim with learning difficulties.

Recognising that many small businesses also fall foul of fraudsters, we are working with partners to develop and trial new arrangements of improved support for these victims.

### Tailored training

Fraud is a largely silent and misunderstood crime and victims often feel embarrassed or ashamed to speak up. We have provided information to help all our delivery partners understand more about fraud and toolkits so they can best assist victims. Volunteers and Victim Care Managers at Victim Support West Midlands have also undergone specific training for when they start receiving referrals from Action Fraud.

By working closely with delivery partners that can offer emotional support and practical and financial advice, we aim to create a more coordinated and responsive support journey for a victim of fraud. I look forward to sharing the results with you later in the year.

For more information about this pilot, please contact me, Sophia Agamemnonos at: [Sophia.agamemnonos@attorneygeneral.gsi.gov.uk](mailto:Sophia.agamemnonos@attorneygeneral.gsi.gov.uk) 

*By working closely with delivery partners that can offer emotional support and practical and financial advice, we aim to create a better coordinated and responsive support journey for a victim of fraud.*



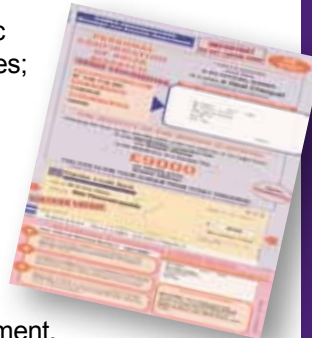
# Mass Marketing Fraud

Collin Belcher leads the NFA's workstream to address mass marketing fraud

One in 15 adults become victims of a mass marketing scam each year<sup>1</sup>, but by its very nature, this type of fraud is inherently difficult to combat. Some of the scams can be so convincing it is hard to help people recognise that they are being exposed to a mass marketing fraud. It is not easy also to disrupt the methods fraudsters use to reach their targets – email, internet and the post.

Now the NFA and four key agencies within the counter fraud community have launched a strategy to tackle mass marketing fraud together. The Serious Organised Crime Agency will be taking on sharing knowledge and intelligence; the Office of Fair Trading will work to improve awareness and understanding of mass marketing

fraud to the public and other agencies; the Metropolitan Police will concentrate on prevention and disruption; and City of London Police will focus on enforcement, making the UK as hostile a place as possible for anyone attempting this type of fraud. The NFA is co-ordinating the project, making key recommendations and taking forward specific intervention activity.



Launched during Scamnesty month, the new strategy provides the framework for agencies to set priorities for tackling this devastating fraud. Scamnesty runs throughout February and is the OFT's annual mass marketing awareness campaign. It provides prevention advice to the public and encourages them to send in the scam emails they've received and bring scam letters to designated bins. For more information about Scamnesty, visit [www.consumerdirect.gov.uk/scamnesty](http://www.consumerdirect.gov.uk/scamnesty).

I will update you on the wider mass marketing strategy in the Summer.

<sup>1</sup>Office of Fair Trading 2006



Collin Belcher

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## Sharing best practice

who have a thorough understanding of the challenges and a number of best practice anti-fraud measures to share, are important Task Force members. The work will draw heavily on private sector best practice. The output of the NFA's measurement and analysis unit will be invaluable in informing the work which will focus on specific measures to address fraudsters targeting Government departments. We will keep you updated and, in the meantime, if you've anything you'd like to contribute, please get in touch.



## NFA IN THE NEWS

The NFA's drive to increase public awareness of fraud has led to a high volume of coverage across national and regional media.

In January our national fraud estimate hit headlines on national TV, radio, print and online media, helping to increase understanding of the issue. NFA CEO Bernard Herdan was interviewed by BBC Breakfast and ITV News and Baroness Scotland featured on GMTV and Sky News. Specialist titles serving the financial services sectors have also run features using the industry-specific figures we provided.

In December we worked with City of London Police and UK Payments to launch the '12 Scams of Christmas' to educate consumers about the most prevalent scams of the festive season. NFA Director Mike Haley was interviewed by GMTV, which featured the Action Fraud number on their website. Online, 'Sixtysurfer plus' took the message to particularly vulnerable elderly consumers.

December also saw the launch of our much anticipated victims research. Coverage promoted the Action Fraud helpline and included an interview with Bernard Herdan on 'You and Yours' (Radio 4) and the Daily Mirror's fraud-busting column.

Reaching out to those combating fraud in specialist sectors, the British Retail Consortium's publication The Retailer featured the progress the NFA has made in its first year and Credit Today included Bernard Herdan in its list of most influential people.



Peter  
Wilson

# Understanding fraud in the regions

Peter Wilson, Director of Engagement at the NFA

new ideas and suggestions for our work. As well as brainstorming new approaches, the events helped to confirm and validate what the NFA is doing at a national level.

We were delighted to have presentations from members of the Regional Fraud Forum at each location and look forward to maintaining links with these and other regionally focussed member organisations in the coming year.

**In December we held four more consultation exercises with stakeholders in the English regions and in Wales. Over 300 delegates, representing a wide range of public, private and voluntary sector organisations, attended the summit events we hosted in Brighton, Birmingham, Bristol and Cardiff.**


*"The whole day was very informative and thought provoking and provided me with a lot of ideas on how we can improve"*

The feedback we received from delegates was that these events have been informative and worthwhile and the majority felt the workshops were good or excellent. We were particularly keen to ensure there was plenty of opportunity for discussion, so we were pleased that over 90% of attendees felt they had adequate opportunity to share their views and ask questions.

NFA project leaders made short presentations on our priority workstreams including information sharing, policing and enforcement, support for victims and Action Fraud. We also ran workshops on ID crime, mass marketing fraud, enforcement issues and information sharing. Throughout the days, delegates joined in productive discussions, providing useful feedback on the key issues they face and contributing

A full report on the main issues raised at the Summits and the areas of work we are now considering as a result, will be going on our website soon.



Since the events took place we have continued to receive contributions to our priority workstreams. We hope you will keep sending us your questions and challenges as it is only by working together effectively that we will make the difference we are all striving for. 



## TALK TO THE NFA

We want to keep you informed about the work we are delivering. If there's a specific area of activity you'd like to see reported in Fraud Focus, please contact Alex Moore at [alexandra.moore@attorneygeneral.gsi.gov.uk](mailto:alexandra.moore@attorneygeneral.gsi.gov.uk)