

The UK's Response to Fraud - Chronology 1982 - 2023

1982:

- Recorded crimes per police officer was estimated approximately **26** per officer in 1982 (See 1992 & 2022 below)¹, with approx **117,000** police officers² and about **3 million** reported crimes.

1983:

- During the early 1980s, there was considerable public dissatisfaction with the UK system for investigating and prosecuting serious or complex fraud. The Government established the independent **Fraud Trials Committee** in 1983. Chaired by Lord **Roskill**, it considered the introduction of more effective means of fighting fraud through changes to the law and to criminal proceedings.

1986:

- According to academic **Michael Levi** from Cardiff University a number of concerns had been identified in connection with policing and fraud. For example, there was a diversity of state and private bodies "regulating fraud", and a fragmented police capacity with some forces with specialist fraud squads, some with none, but most with limited resources & that fraud was generally a low priority for the police and policy-makers, with fraud not making it as a Home Office objective and, apart from one police force, not a force performance measure.
- The **Roskill Committee on Frauds Trials** made a series of recommendations relating to the policing, prosecution, and trials related to serious fraud. Its main recommendation was to set up a new organisation responsible for the detection, investigation and prosecution of serious fraud cases. The organisational structure it proposed, in which investigators and prosecutors work together from the start of a case, is called the Roskill model and is the structure adopted for the SFO which was established in 1987³.

1987:

- The **Criminal Justice Act 1987** (CJA) gave effect to the recommendations in the Fraud Trials Committee report. It created the **Serious Fraud Office** and its primary investigative tools, often referred to as "Section 2 powers". These include the powers to search property and require persons to answer questions and produce documents. Written notice is always given when exercising these powers. Notices are typically issued to individuals, banks, financial institutions, accountants and other professionals, most of whom will have a duty of confidence to their clients. Issuing them with Section 2 notices obliges them lawfully to give us the information we require. Where a person or entity does not comply with a notice, or when someone is interviewed and is found to have given false or misleading information, they can be prosecuted⁴.
- In **June 1987** at the Consumer Credit Trade Association's 'Policing Credit Fraud' session in London, Detective Superintendent **Graham Balchin** urged industry leaders to cooperate to reduce fraud. Balchin, invited to speak and representing The City of London Police, was frustrated listening to speaker after speaker criticising law enforcement for not investigating and prosecuting fraud, deviated from his planned speech and told the audience that there was more that they could do themselves to protect their organisations from fraud. If they would only share information with one another, he said, a lot of the

current fraud problems could be avoided. He advised them to stop regarding it as a competitive issue that they relied solely on the police to resolve. This spawned the creation of CIFAS. A group of seven retail credit companies who got together with the Consumer Credit Trade Association and they formed a working party. A year later, **CIFAS** was born.

1988:

- In **November 1988 CIFAS (Credit Industry Fraud Avoidance System)**⁵ was established as a not-for-profit fraud prevention membership organisation, that now manages the largest database of instances of fraudulent conduct in the UK. On 5 November 1998, CIFAS was launched with just 8 people who all had other jobs. The seven founding members were all retail credit providers. From 1988 until 2003 members recorded their cases via the credit reference agencies (CRAs), by fax or post, then a CRA mainframe system, and finally by the Fraud Investigation Database (FIND). Members are organisations from all sectors, sharing their data across those sectors to reduce instances of fraud and financial crime. CIFAS collaborates with organisations from across the public and private sectors to create a non-competitive fraud prevention environment, focused on working with rather than against each other to defeat fraudsters.

1989:

- CIFAS membership increased to **38**. Statistics from the first year of CIFAS included **5,752** items entered by CIFAS members & **1,936** frauds detected.

1992:

- Recorded crimes per police officer were estimated approximately **42** per officer in 1992 up from **26** per officer in 1982 (See 1982 above & 2022 below)⁶.

1993:

- The **National Fraud Initiative**, known as the **NFI**, began in 1993 as a pilot with 13 London Borough Councils, matching housing benefit and student awards data, finding 500 cases of fraud.

1996:

- The **NFI** was then established in 1996 as a government data matching exercise to assist all public bodies to prevent and detect fraud and error, and also help auditors to assess the arrangements that audited bodies have put in place to deal with fraud. The NFI was run by the Audit Commission, once every two years. The results were used to identify levels of undetected fraud but also then used by agencies to investigate cases and to recover funds. This approach aims to largely tackle fraud using a fraud investigation business model as opposed to a fraud prevention model.

1998:

- The Audit Commission Act 1998 confirmed authority on the Audit Commission to carry out the NFI data matching exercises, which had first started as a pilot in 1996.
- CIFAS grew to **160** members comprising banks, building societies, retailers, telecommunications and leasing and hire companies. In 1998 fraud loss prevented by CIFAS members amounted to **£136.5 million**.

2002:

- The **Dedicated Card and Payment Crime Unit (DCPCU)**⁷ was established in 2002 as a unique, proactive and fully operational police unit with a national remit, formed as a collaboration between UK Finance, the City of London Police and the Metropolitan Police Service. It is funded by and provides services to the members of UK Finance's Economic Crime Fraud stream. The DCPCU has an ongoing brief to investigate, target and, where appropriate, arrest and seek successful prosecution of offenders responsible for fraud affecting the payments, banking and finance industry. In addition to working alongside its funding member institutions, the unit has developed close working partnerships with other key organisations tackling fraud and cybercrime, such as the telecoms industry, social media companies and many others. As well as the investigatory work of the unit, the award-winning DCPCU Protect team empowers and educates both the public and members of the banking and finance industry to reduce the prevalence of fraud and cybercrime. Using the unique position of the DCPCU in bringing together law enforcement and the banking and finance industry, the Protect team uses this natural conduit of threat intelligence and information to deliver the most innovative, impactful and timely guidance and awareness. Since its inception, the DCPCU has achieved industry savings of approximately **£750 million** through preventing and disrupting fraud.

2003:

- Recorded crimes per police officer was estimated approximately **45** per officer in 2003 with approx **133,336** police officers⁸ and about **6 million** reported crimes.

2005:

- The **Organised Fraud and Intelligence Group (OFIG)**⁹ began in 2005. It is made up of CIFAS members, law enforcement and government partners, and provides a route for intelligence and investigation professionals to share information about fraud threats, trends and enablers.
- In **October 2005**, a review was commissioned by the attorney general, Lord Goldsmith, who cited research suggesting fraud was costing the economy at least **£14 billion** year. Since then there has been rapid growth in so-called "missing trader" VAT fraud, which is believed to have cost the exchequer **£10 billion**. Goldsmith explains: "*Fraud is a significant problem.*"

2006:

- In **April 2006** the Serious and Organised Crime Agency (SOCA), was launched, under the responsibility of the Home Office, fraud made up **10%** of its remit, supported by a **4,200** -strong operating team and a **£400 million** annual budget¹⁰.
- In **May 2006**, the Attorney General Lord Goldsmith was interviewed and stated that, "*The latest guesstimate is that it costs the economy **£14 billion** per year (**£235** per head of the population). We know that fraud funds terrorism, sometimes in large sums. The police tell me of a case where **£200,000** from credit card fraud is funding terrorist organisations.*"¹¹
- In **November 2006**, the UK enacted a new offence passing the **Fraud Act 2006** which made proving fraud offences easier than those that existed for theft.

2007:

- The **January 2007, The Fraud Act 2006** came into force.
- In **October 2007**, The **Serious Crime Act 2007** was passed

2008:

- A **National Fraud Strategy** was published¹² by the Attorney General, Baroness Scotland, which was described as a key element in the Government's response to fraud. It has been developed by the National Fraud Strategic Authority (NFSA), a newly-established executive agency of my Office, in consultation with organisations across the private and public sector. The NFS stated that "Each year fraudsters rob us all of around **£14 billion** of hard-earned income", and "*as the financial, social and personal cost of fraud continues to spiral, the demand for a coherent and uncompromising approach to combating fraudsters is becoming increasingly urgent. The National Fraud Strategy is the Government's response, developed with organisations across the private and public sectors, to a crime that affects every business, public organisation and person in the country.*" Funding for Fraud from 2008 - 2011 is **£29 million** for the NFSA, the National Lead Police Force for Fraud (Lead Force), the National Fraud Reporting Centre (NFRC) and the National Fraud Intelligence Bureau (NFIB) over the next three years. Around £10.7 million of the grant will be used to set up and operate the Authority during this period. Approximately £16 million will be used to establish and run the NFRC, NFIB and the Lead Force within the City of London Police. A further £1.6 million is being allocated to fund development and delivery of a national Fraud Measurement Unit. The Corporation of London has also contributed a further £3 million to the development and operation of the NFRC and Lead Force. The National Fraud Strategy marks the start of a new approach to the way fraud is addressed in England and Wales. With the focus on developing a robust network, linking all those who are able to counter fraud, it will galvanise action around four priorities: Building and sharing knowledge about fraud, Tackling the most serious and harmful fraud threats! Disrupting and punishing more fraudsters while improving support to their victims & Improving the nation's long-term capability to prevent fraud.
- In **April 2008**, The City of London Police (CoLP) assumed the status of Lead Force on April 1, 2008. The Lead Force will provide consistency and co-ordination in the investigation of fraud, through training and offering advice and expertise. The Lead Force will also be responsible for the NFRC, into which all initial reports of non-emergency fraud will come, and for the NFIB, which will co-ordinate and analyse fraud intelligence. Activities and outputs from these initiatives will build a better understanding of fraud, which will inform the further development of the National Fraud Strategy. The CoLP, in its Lead Force role, already has **71** fraud cases currently under investigation and **36** arrests have been made to date, representing losses to victims estimated at **£1 billion**.
- In **February 2008**, The **Serious Crime Act 2007** came into force. **S.68 SCA** allowed public authorities to share information with Specified Anti-Fraud Organisations (SAFO) for the purpose of preventing fraud, establishing a legal public to private information sharing gateway. The legal basis for data sharing was created in response to rising concerns over the extent of fraud and responses to fraud, and the legal impediments to public sector membership of several existing private sector data sharing schemes for the purpose of preventing fraud. This was expected to have the added advantage of boosting fraud detection for audited bodies, as their data will be matched more widely. There is growing evidence from NFI cases that have been investigated that fraudsters are attacking different sectors simultaneously, for example with the same fraudulent identities. Also **S.73 SCA** authorised certain bodies, for example the Audit Commission, to conduct data matching exercises for the purpose of preventing or detecting fraud, which put on a statutory basis the *National Fraud Initiative* that has been operated for some years by the Audit Commission¹³.

- In **October 2008**, and as called for in the 2006 Fraud Review, the **National Fraud Strategic Authority (NFSA)** was created with a remit to better gauge the size of the problem and facilitate across the public, private, and voluntary sectors of the economy more effective action to deal with fraud. It was also given responsibility for implementing the recommendation on developing a national fraud reporting centre, which was later named **Action Fraud**. The NFSA soon shortened its name to the **National Fraud Authority (NFA)**. Stephen Harrison was appointed as Chief Executive of the NFA. The NFSA reported into the Attorney General.
- CIFAS was designated as a **Specified Anti-Fraud Organisation (SAFO)** under the Serious Crime Act, which enabled public sector organisations to become members of CIFAS and reap the same benefits as the private sector. A number of organisations agreed to join CIFAS as a result, benefiting not just from the private sector's fraud data, but also from sharing their fraud data with other public sector organisations through CIFAS.

2009:

- The **National Fraud Authority (NFA)** took over responsibility from the Home Office for the **National Fraud Reporting Centre** which was renamed **Action Fraud** which had been set up as a centralised reporting centre for victims to report fraud in 2006. Action Fraud receives crime reports and information reports in one of four ways: directly from members of the public over the telephone; directly from members of the public via an online reporting process; directly from police forces, or other law enforcement agencies on behalf of victims, and directly from businesses using an online bulk reporting tool. Action Fraud crime reports are then sent to the **National Fraud Intelligence Bureau (NFIB)**, which is run by the City of London Police. Following analysis, the bureau provides the police and other law enforcement agencies with: individual crime packages - these identify viable opportunities to undertake a criminal investigation or take disruptive action; victim profiles - these contain the details of all victims of crime and the type of crime to which they have been subjected. A monthly schedule of this information is forwarded to the police force which serves the address provided by the victim of the reported crime; force profiles - these provide statistical analysis of crime trends, crime types and emerging crime techniques used by offenders within force areas; and monthly threat updates - these support a national profiling of current and emerging fraud. The NFIB is not responsible for the investigation of offences. That duty remains with the local police force or other appropriate law enforcement agency. Action Fraud also receives data from numerous sources including from **CIFAS's National Fraud Database**, which remains one of its largest data providers.

2010:

- The **Counter Fraud Strategy Forum** was established and chaired by the NFA CEO with representation from other U.K. Government agencies¹⁴ to understand the threat from fraud and design and monitor actions to tackle fraud.
- The first **NFA Annual Fraud Indicator (AFI)** was published in 2010 and which represented a step change in research methodology to include areas of the economy not previously covered. Notably, top down estimates of detected fraud losses against industry groups in the private sector were included plus losses against individuals. This placed likely fraud losses at **£30 billion** per annum.
- In **May 2010**, following the 2010 General Election, the Conservative government with support from the Liberal Democrat's came to power, under David Cameron as PM (2010 - 2016) who appointed Teresa May as Home Secretary (2010 - 2016). The first act of the new government was to pass
- In **December 2010**, the **Identity Documents Act 2010** was passed which reversed the introduction of identity cards, brought in by the previous Labour government and required the destruction of the

information held on the National Identity Register¹⁵. Having a strong identity source can provide benefits in combatting fraud.

- Police numbers at approx **144,000**¹⁶

2011:

- The second **NFA AFI 2011** was published and sought to improve coverage with new estimates of loss, most notably in fraud against the not-for-profit sector, and estimated fraud losses at **£38 billion** per annum, with **£21 billion** in the public sector, & **£9 billion** carried out by organised Crime.
- The **NFA AFI 2011** also reported that **152,348** police reported cases of fraud and forgery for 2009/10, with Action Fraud receiving approx **3000/4000** cases a month, with auction frauds and online shopping frauds the most highly reported. Of those cases in 2010, investigations were conducted over **2,000** live cases, representing approximately **9.5%** of cases. This can be compared with **150,000** cases (between July and September 2010) by the Department of Work and Pensions. Police recorded crimes for fraud were reported in 2010 for 2009 of **152,438** cases, of which **36,943** or **24%** of cases received a police response in the form of charge, summons, report etc. As reported, sentences handed down for fraud and forgery cases were **20,940** in 2009, with an average sentence of **12 months** imprisonment. For serious fraud cases, the SFO achieved at least **one** conviction in every trial it undertook in 2010 & **91%** of defendants were convicted. The report identified many areas to improve and concluded that *"given the gap between reported crimes and justice outcomes, there needs to be an increase in preventing and disrupting fraud if we are to make a real difference."* In 2010 there were confiscation orders valued at **£399.7 million**. Action Fraud reported around 10,000 reports made to Action Fraud, with combined reported losses of around **£93 million** in 2010.
- According to a joint report published in 2011 by the **Office of Cyber Security & Information Assurance** in the Cabinet Office and information intelligence experts at Detica, the overall cost to the UK economy from cyber crime is **£27 billion** per year. The scope of the term 'cyber crime' is wider than that of 'cyber enabled fraud'. At the present time the overall cost of 'cyber enabled fraud' has not been quantified. Within the report "The Cost of Cyber Crime" some estimates of 'cyber enabled fraud' are included in the form of online scams against individuals (**£1.4 billion**) and cyber enabled fiscal fraud against government (**£2.2 billion**). Various assumptions were applied to produce these estimates, which are articulated in the original report. The report states that whilst government and individuals are affected by rising levels of cyber crime, the private sector bears the lion's share of the cost. The research indicates that, at a total estimated cost of £21 billion, over three-quarters of the economic impact of cyber crime in the UK is felt by business. The NFA survey of fraud against the private sector found that of those respondents that identified themselves as victims of fraud in the past 12 months, 41.9 per cent responded that they had suffered cyber-enabled fraud. Of the fraud victims responding to the NFA survey of the charity sector 18.9 per cent cited that they were victims of cyber-enabled fraud.
- In December 2011 the NFA commissioned a nationally representative survey which conducted face-to-face interviews with 1,775 people aged 16+ in the UK. Approximately **6%** of participants identified that they had been a victim of some type of cyber crime within the last two years.
- National Fraud Authority responsibility transferred to the UK Home Office.

2012:

- The **NFA AFI 2012**, published by the National Fraud Authority estimated that fraud cost the UK over **£73 billion**. This was up from **£38 billion** in 2011. When broken down by sector, the indicator revealed

that fraud losses to the public sector amounted to **£20.3 billion**, the private sector lost **£45.5 billion**, the not-for-profit sector lost **£1.1 billion** and individuals lost **£6.1 billion**.

- In **July 2012**, the **Strategic Policing Requirement (SPR)**¹⁷ is the document that sets out what, in the Home Secretary's (Teresa May) view, are the national threats at the time the document is issued, and the national policing capabilities required to counter those national threats, namely terrorism, civil emergencies, serious and organised crime, public order, and a national cyber security incident, require a coordinated or aggregated response.
- The **Insurance Fraud Enforcement Department (IFED)** was set up in 2012¹⁸. It is a bespoke unit within the City of London Police dedicated to combatting insurance fraud. IFED is funded by the insurance industry via the Association of British Insurers (ABI) and has a national remit, investigating insurance fraud throughout England and Wales. The unit comprises of four operational teams made up of Detective Constables and Financial Investigators, each managed by a Detective Sergeant. Each team deals with a high number of investigations, using both traditional policing methods as well as proactive and disruptive tactics to fight insurance fraud. A fifth team, the IFED Hub, consists of a Detective Sergeant, Senior Analyst, and Police Staff, who provide intelligence analysis and research as well as administrative support to the department and industry. Since its inception, IFED has: Arrested and interviewed over **2,700** suspects, Secured over **1,000** convictions and cautions & Recovered assets worth almost **£3 million**. IFED accepts crime referrals from insurers as well as from third parties, such as the Insurance Fraud Bureau (IFB). In addition, the unit maintains links with other forces and Regional Organised Crime Units (ROCU) throughout the United Kingdom, as well as Government agencies and other parties to continually build and develop intelligence.

2013:

- In **June 2013** the **NFS AFI 2013** was published, which put the loss to the UK from fraud at **£52 billion**, this was down from **£73 billion** in 2012 and up from **£38 billion** in 2011¹⁹. When broken down by sector, the indicator revealed that fraud losses to the public sector amounted to **£20.6 billion**, the private sector lost **£21.2 billion**, the not-for-profit sector lost **£147 million** and individuals lost **£9.1 billion**. The private sector estimates were based on using a methodology which estimated that, on average, fraud losses as a proportion of turnover could be in the region of 0.54%, with 0.18% lost to detected fraud and 0.36% lost to hidden or undetected fraud. This is approximately equivalent to **£15.9 billion** per annum. The Department for Business, Innovation and Skills (BIS) has indicated that turnover data for Financial and Insurance activities were not comparable with other private sector turnover data. To overcome this, a method was found by taking Financial and Insurance activities which represent 11% of all GDP, compared to 67% for the rest of the private sector, then hidden or undetected losses would equate to **£1.8 billion** and in conjunction with other identified fraud loss estimates results in a combined figure for fraud in the Financial and Insurance activities of £5.4 billion. Fraud against the public sector is estimated to be **£20.6 billion** per annum. The estimate of possible public sector fraud losses includes losses to local and central government, as well as to the tax system. It is estimated that central government might be losing **£2.6 billion** and local government **£2.1 billion** to fraud, with a further **£14.1 billion** lost to tax fraud and vehicle excise fraud, and **£1.9 billion** to benefit and tax credit fraud.
- In 2013, the National Fraud Authority published **Fighting Fraud Together**: The strategic plan to reduce fraud²⁰. This document was endorsed by **37** co-signatories from a range of public and private sector bodies. Fighting Fraud Together set out a new approach with the ambition that: *"By 2015 our country will be demonstrably more resilient to and less damaged by fraud through: Individuals, businesses, public and voluntary bodies detecting and preventing more fraud & Law enforcement and other partners increasing the risk of disruption and punishment to organised and opportunistic fraudsters, thus deterring potential criminal offenders"*

- UK Government revised the **2013 Serious Organised Crime Strategy**²¹, estimated the costs from fraud *"to the UK at £50 billion each year and at least £8.9 billion of this is due to organised crime. Fraud is conducted against individuals, the public and private sectors, and the state. To date we have identified almost 1,400 organised crime groups who commit economic crime; many are involved in other serious and organised crime. Organised criminals conduct insurance and mortgage fraud and fraud against the global banking system. They are engaged in intellectual property crime, including the supply of counterfeit medicines and electrical goods. We believe that a small number of organised crime groups are also involved in market abuse in this country. Organised crime also aims to defraud the public directly. Ticketing and mass-marketing fraud are common; there is a growing threat from pension liberation frauds where people are deceived into cashing in their pensions early, sometimes into a false trading fund."*
- The UK Home Secretary (Theresa May) announced the closure of the **National Fraud Authority** with responsibilities transferred to the National Crime Agency, the City of London Police (as policing lead on Fraud including for Action Fraud), the Home Office and the Cabinet Office. Information. Of fraud data between HMRC, the Department for Work & Pensions, the Insurance Industry, the Banking sector and the National Fraud Intelligence bureau started. The rationale was to consolidate economic crime fighting in the newly established National Crime Agency into the Economic Crime Command. It was thought that this would *"strengthen the governments fight against economic crime by concentrating effort into law enforcement bodies and improving the fraud reporting and analysis service."* At this time the NFA was staffed with approximately **50** people who also operated Action Fraud. Estimated fraud losses were **£52 billion**.
- It was announced that responsibility for the National Fraud Initiative will move from the Audit Commission to the Cabinet Office, following the announced closure of the Audit Commission, expected to take effect in 2015. The National Fraud Initiative matches data from 1,300 public sector and 77 private sector organisations, including audit bodies in Scotland, Wales and Northern Ireland, government departments and other agencies. It flags up inconsistencies in the information that indicate that a fraud, an error or an overpayment may have taken place; signalling the need for review and potential investigation²².

2014:

- Following the Department's closure of the National Fraud Authority responsibility for Action Fraud was transferred to City of London Police, (as the national lead police force for fraud). The service works alongside the National Fraud Intelligence Bureau who are responsible for the assessment of the reports.
- The legal basis for the UK Cabinet Office's data matching activities as part of the National Fraud Initiative was revised following Part 6 of the Local Audit and Accountability Act 2014 (LAAA). Under the new LAAA legislation the *"Cabinet Office may carry out data matching exercises for the purpose of assisting in the prevention and detection of fraud."*
- Fraud loss prevented by CIFAS members exceeded a billion for the first time at **£1,106 million**.
- By **November**, there were **85** call-handling staff employed by the Action Fraud helpline²³.
- Police numbers at approx **128,000**²⁴ down **16,000** from 2010. Recorded crimes per police officer was estimated approximately **29** per officer in 2014 with approx **127,909** police officers²⁵ and about **3.7 million** reported crimes.

2015:

- In **March 2015**, the **Strategic Policing Requirement (SPR)**²⁶ is the document that sets out what, in the Home Secretary's (Teresa May) view, are the national threats at the time the document is issued, and the national policing capabilities required to counter those national threats. The current SPR (published in 2015) includes Serious and Organised Crime as a national threat and explicitly references fraud within that but not as a separate crime. For the purpose of this SPR, threats have been assessed and selected from the National Security Strategy (NSS) and other assessments of threat and risk. The threats are: **Terrorism**, which the NSS identifies as a Tier One risk; **Serious and organised crime**, which the NSS identifies as a Tier Two risk; Threats to **public order or public safety** that cannot be managed by a single police force acting alone and **Child sexual abuse**, whilst this is not a threat to national security as identified in the NSS, it is a threat of national importance.
- In 2015, City of London Police circulated a draft **National Policing Fraud Strategy**²⁷. This document was intended to provide guidance and support to police forces. According to the 2019 HM Inspectorate of Constabulary and Fire and Rescue Services reported on Fraud: Time to choose – An inspection of the police response to fraud²⁸ (see 2019 below), it stated that, "we did not find any evidence of general awareness of the document, or that it had ever been formally adopted by police forces. The net result of all these changes is that there is no current government or national policing strategy for tackling fraud.
- In 2015, **Regional Organised Crime Units - A review of capability and effectiveness**, HMIC²⁹, reported that Regional organised crime units provide a range of specialist policing capabilities at a regional level that help forces to tackle serious and organised crime effectively. For example in 2012, fraud investigation was identified as one of 13 capabilities that each regional unit should have. Some regional units have dedicated fraud investigation teams – although in some cases these 'teams' consisted of two people and, in one region, just a single investigator. Others had merged fraud investigators and financial investigators into financial crime teams, with a greater focus on confiscation and asset recovery than fraud investigation.
- The **Joint Money Laundering Intelligence Taskforce (JMLIT)** was created and fraud was included as a key focus area including CIFAS as a member.
- Responsibility for the **National Fraud Initiative** moved from the Audit Commission to the Cabinet Office, following the closure of the Audit Commission³⁰, which had been announced in 2013.
- According to figures from **Action Fraud** for 2015³¹, the agency received **404,452** contacts, of which **248,260** or **61%** were considered as crimes and escalated to the **National Fraud Intelligence Bureau**. Of these **68,998** were disseminated as cases to local police forces. There were reports of **23,142** police outcomes and **11,761** judicial outcomes. This represents an escalation rate from the NFIB of 28% and a judicial outcome rate of **17%** against escalations and **4.7%** against fraud crimes reported.
- In **May 2015** the Conservative Party won the general election and **David Cameron** returned as Prime Minister as did **Teresa May** as Home Secretary.
- In **August 2015**, the City of London Police (as the Police lead for fraud) hired a US company Concentrix to run Action Fraud (see also 2019), which included its online reporting and telephone call centre.

2016:

- The UK government set up the **Joint Fraud Taskforce** which is a partnership between the private sector, government and law enforcement to tackle fraud collectively and to focus on issues that have been considered too difficult for a single organisation to manage alone. It aims to drive public private action

on fraud through the oversight of implementation of the Fraud Action Plan and assure progress against voluntary sector agreements with Industry.

- In **June 2016**, following the Brexit Referendum, Prime Minister David Cameron resigned, to be replaced by **Teresa May** in July 2016, with **Amber Rudd** as the new Home Secretary (until April 2018).
- Although fraud prevention is specifically included within the **Modern Crime Prevention Strategy**³², the strategy refers to a **Home Office risk assessment tool** from 2016 that helps identify people most at risk from fraud³³. one of the forces we inspected was even considering using this tool.

2017:

- According to the **UK's National Audit Office**³⁴ it reported in 2017 that , *"fraud had been overlooked by the government, law enforcement, and industry, was rapidly growing, and demanded an urgent response."* *"At this time, fraud was already the most commonly experienced crime in England and Wales and was increasing rapidly"*. Based on Home Office reporting, out of **44,887** cases, **14%** or resulted in charges or a summons.
- A **2017 Annual Fraud Indicator**³⁵ which was an estimate from private sector entities, estimated fraud losses to the UK at around **£190 billion** every year, with the private sector hit hardest losing around **£140 billion**. The public sector may be losing more than **£40 billion** and individuals around **£7 billion**.
- In the run up to the general election in 2017, the **Conservative Manifesto** stated that *"we will strengthen Britain's response to white collar crime by incorporating the Serious Fraud Office into the National Crime Agency, improving intelligence sharing and bolstering the investigation of serious fraud, money laundering and financial crime"* (p. 44).
- At the end of 2017, there were **4,629** active **organised crime groups** in the United Kingdom, of which **842 (18%)** were involved in fraud (Data provided by the National Crime Agency - National Data Unit)³⁶.

2018:

- The UK government launched the **National Economic Crime Centre** intended to help deliver a step change in the UK's response to economic crime.
- Although 'fraud and other economic crime' was featured as one of nine national threats in the **National Strategic Assessment of Serious and Organised Crime 2018**³⁷, it was not identified by the **national strategic tasking and coordination group** as a national priority threat³⁸.
- Consequently, the **National Crime Agency** does not have dedicated fraud investigation teams but instead allocates resources to investigate complex frauds on a case-by-case basis.
- Also in 2018, the UK Cabinet Office established a **"Government Counter Fraud Function"** which works to increase the understanding of fraud risks and threats to government by instilling professional standards and bringing together the 16,000 counter fraud professionals across the public sector, with 77% of these working in DWP or HMRC. HM Treasury is responsible for setting out the counter fraud requirements for government departments and approving spend on initiatives subject to fraud and error and on counter fraud and error activities.
- The **U.K. Data Protection Act 2018** was passed and is the UK's implementation of the EU General Data Protection Regulation (GDPR)³⁹. The NFI biannual data matching exercise is carried out in accordance

with UK Data Protection Laws. Data protection law state that the UK government must have a legal basis for this data sharing and matching. The legal basis for the data sharing and matching in this context is that it is necessary for compliance with a legal obligation (see Article 6(1)(c) UK GDPR)⁴⁰. Based on this legal obligation, no consent is required.

- In **April 2018**, Amber Rudd resigned as Home Secretary and was replaced with **Sajid Javid** (until July 2019)
- In **July 2018**, The Home Office recognised the exceptional characteristics of fraud in its report, **The scale and nature of fraud: A review of the evidence**⁴¹, in which it stated: *"Fraud is in many ways, a unique crime type. It overlaps with many other crime types and there is no one body or organisation that can deal with fraud in its entirety. The role of policing in combating fraud is clearly an important one. But there is a limit to that role. The responsibility to investigate offences and pursue offenders rests, in most cases, with the police. However, the extent of the police's responsibility, for example to protect the public from fraud, is less clear. National and local government, the financial and retail sectors, telecommunication companies and many other bodies all have a role to play. In the absence of a national fraud strategy, there is no consistent and effective joint working and information sharing across all these bodies. There is an opportunity to remedy this."* Key findings and statistics from this report, included that **10,465** convictions for Fraud in 2016, down from **15,481** in 2010 with **58%** of those sentenced in 2016 receiving either a community sentence or a suspended sentence, with **21%** sentenced to immediate custody, with the average custodial Sentence at **19.2** months. Further, the conviction rate for fraud in 2016 was **87%**, with nearly half of convictions in 2016 (**48%**) for cheque, plastic and online account fraud, and fraud offences take a disproportionate amount of time to reach a conclusion. The mean time to completion was **690** days, though this is skewed by a small number of lengthy cases. The median time was **451** days. Most of the time is from offence to charge with a mean of **535** days, over **4.5** times more than the mean for all offences (Sources from Ministry of Justice (MoJ), May 2017 - Data year ending Dec 2016).
- In **December 2018**, the **Police Foundation**⁴², reported research which revealed that, whilst the police received **277,561** reports of fraud in April 2017 to March 2018, only **8,313 (3%)** led to criminal charges, falling to **1.3%** if crimes reported by CIFAS and UK Finance are factored in (638,882 reports in total). This compares to **13%** of reported crimes overall that result in a charge, summons or community resolution. In their report their research found that: **78%** of fraud cases involved a suspect and a victim living in different police force areas, **69%** of fraud cases investigated by police were cyber enabled and **43%** involved first contact being made online, in **69%** of forces all or most fraud investigations were carried out by non-specialist officers, even though the research found that specialist investigators handle cases more effectively, Just **0.8%** of the police workforce work in specialist economic crime teams, meaning there is a lack of dedicated resource for dealing with fraud. Furthermore, **1 in 13** frauds or **7.7%** of cases reported to the police were allocated an investigation in 2017-18. Note whilst the Police Federation reported that there were **1,455** FTE police personnel working in economic crime in England and Wales, **667** of these were civilian staffs and economic crime covered fraud, money laundering, corruption, etc. In 2017, the total number of police officers in England and Wales was **123,143**, which would mean the **788** police officers amounted to **0.6%** of police officers dedicated to fraud⁴³.
- In 2018, the Home Secretary commissioned **Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS)** to carry out a thematic inspection of fraud (see 2019).
- Reports in 2018⁴⁴, reveal that there were about **90** investigators, who are not police officers, who work at the NFIB which is run by the City of London Police, and about **80** call-handling staff working on the Action Fraud helpline down from **85** in November 2014 which fell to **70** by December 2015. Action Fraud staff are employed by contractor Concentrix.

- In 2018 significant investment by the Home Office and Corporation of London in the **Action Fraud** service lead to a comprehensive overhaul of the reporting facility, including the creation of a user-friendly reporting interface for businesses, that enables up to 1000 crimes to be reported in a bulk upload and an end-to-end 'track my crime' facility.

2019:

- UK Government agreed with its partner organisations, new actions to tackle fraud in the **Economic Crime Plan 2019-22**.
- In **April, 2019 HM Inspectorate of Constabulary and Fire and Rescue Services** reported on Fraud as requested by the Home Secretary, which made 16 recommendations and identified 5 areas for improvements. See: *Fraud: Time to choose - An inspection of the police response to fraud*⁴⁵. HM Inspector of Constabulary Matt Parr said: *"In a time of competing priorities for the police service, we understand that police leaders have difficult decisions to make."* The report included a pertinent quote that the lack of attention is because fraud does not 'bang, bleed or shout' and, as a result, it is not considered a priority. As a result, despite the scale of the problem, less than **1%** of all police personnel (**1,618** full-time equivalents) were involved in fraud investigations. The report stated *"we are calling on the police service to make a choice. Either continue with the current inconsistent approach, which puts members of the public at a high risk of becoming victims of crime or look at ways to improve that will start to make a difference."* It also made several recommendations relating to **Action Fraud**, including: that Action Fraud should publish performance indicators, such as call waiting times and victim satisfaction levels; and that public awareness of Action Fraud should be raised. (See later).
- In **July 2019, Boris Johnson** became Prime Minister after winning the general election appointing **Priti Patel** to become Home Secretary (until September 2022)
- In **October 2019, HM inspectorate of Constabulary and Fire and Rescue Services** published a report, *Cyber - Keep the Lights on, An inspection of the police response to cyber-dependent crime*⁴⁶ which found that *"within police forces, the threat from cyber-dependent crime is often not fully understood and is rarely seen as a priority. Knowledge about good practice isn't shared in a structured way, and as a result there is too much variation in the local responses to a national threat."* *Low staffing and high turnover for specialist roles and the loss of staff to the private sector appears to be a significant problem as well as trying to respond locally through regional police forces to cases where location, particularly from the offenders perspective time is varied nationally and internationally.* The main recommendation coming from this report was that, *"the Home Office, the Cabinet Office, the National Police Chiefs' Council's lead for cyber crime and Coordinator for Economic Crime, the Director General of the National Crime Agency, and interested parties should revise the current police structure for the response to cyber-dependent crime. In doing so they should consider: the creation of a national police cyber-dependent crime network; the remit of any such network; how the network engages with other law enforcement agencies; and the tasking and co-ordinating responsibilities that will be required for the network to be effective."*
- In **December 2019**, Media reports (from Paul Morgan Bentley at the Times who went undercover and got a job at **Action Fraud** in their call centre operated by outsourced staff in Glasgow, revealed serious weaknesses in both Action Fraud and the investigation process with regards to fraud which is the responsibility of the City of London Police. The Times revealed that many reports being made to Action Fraud, were likely not investigated or forwarded to police for investigation. Instead an algorithm scored cases and only those likely to lead to a suspect being caught are sent on to be reviewed by the National Fraud Intelligence Bureau.

- The **ONS Crime Survey of England & Wales 2019** found that only around **1 in 7** or **15%** fraud incidents had been reported to Action Fraud or the police; **14%** of under-reporting was for reasons directly linked to public confidence in Action Fraud and the wider police service.
- **Action Fraud** referred **37,951** cases from April 2019 to March 2020 to police forces in England and Wales. Dissemination to police forces are determined by the National Fraud Intelligence Bureau. Several factors are considered when a dissemination is made. This includes whether or not there are viable lines of enquiry and the threat, risk and harm to the victim. Crimes are disseminated to police forces for investigation primarily based on the location of the suspect, where there are viable lines of enquiry to be made and when officers have the best opportunity to detect and deter. However, all reports are stored for further analysis so that if new information is discovered it can be used as part of any future investigation. According to Action Frauds own website, in answer to the question *"What happens to my report once has it been made to Action Fraud? After a report has been made to Action Fraud, it will be sent for assessment by the National Fraud Intelligence Bureau (NFIB). This assessment of fraud and cyber crime reports from across the UK, helps to build a clear picture of where and how fraud and cyber crime is being committed. Experienced Reviewers will assess the data contained in the crime reports to determine whether there is enough information to send to a police force. It is important to be aware that police forces cannot be compelled to accept crime report sent to them by NFIB for investigation, they will review the report themselves and decide on their course of action."*
- According to the City of London Police **822,276** reports were received between April 2019 to March 2020, with **326,554** from Action Fraud, **363,040** from CIFAS, and **132,682** from U.K. finance, of which 33,415 or 4% was disseminated to police forces for investigation and **4,344** or **13%** of cases disseminated resulted in a judicial outcome, also representing **4.3%** of cases reported to Action Fraud and **0.5%** of all reported cases.
- In **October 2019**, the National Police Chiefs' Council (NPCC) Coordinator for Economic Crime produced and published the National Fraud Policing Strategy 2019-2022, following which it received the support of chief constables⁴⁷.

2020:

- In **January 2020**, Sir Craig Mackey reported in **"Fraud - A review of the national 'lead force' responsibilities of the City of London Police and the effectiveness of investigations in the UK"** that the capacity and capability of forces to investigate fraud were outweighed by the scale of fraud offences⁴⁸. This report was commissioned following reporting in the Times Newspaper about concerns raised about Action Fraud (see 2019 above). The review undertaken was to look at and consider the value that Action Fraud and the NFIB add to investigations; how well the volume of reporting is managed; and, whether there are sufficient resources in place to investigate fraud thoroughly. The overall finding was that *"Action Fraud and the NFIB have the potential to serve policing well in the UK. However, their operations are significantly hampered by an operating system that is not fully functional and their resourcing levels have not kept pace with increased reporting. Also, we express concern about the sustainability of a system that is dependent on the **43** police forces in England and Wales to investigate allegations of fraud properly. Rarely is fraud identified as a priority in forces; only a small proportion of officers are involved in fraud investigation; they lack the skills to investigate complex cases; and, there is no certainty that cases will conclude with positive outcomes."* Sir Craig also found that, *"Action Fraud is falling behind industry standards. Callers wait a long time to be answered, over a third of them hang up, call handlers have far fewer rest breaks and high staff turnover suggests that long-term employment is not an attractive proposition. We believe the root cause of this to be the fact that the capacity to answer calls has not kept up with increased volumes of reporting."* The report also reiterated concerns about the levels of disseminations and judicial outcomes. For example, whilst in overall terms, over **20%** of cases disseminated conclude with a prosecution or other criminal justice outcome, which

sounds positive, only **10%** of cases reported are disseminated which means that only **2%** of reported cases have judicial outcomes. This is due to a number of factors, including that: *“too often cases become ‘buried’ under other priorities; there are disputes about jurisdiction; cases are routinely assigned to unskilled investigators; and, worse still, no force has the capacity to manage the workload. Also, “in 2017, less than one percent of all police personnel, some **1,400** individuals, were involved in fraud investigation. It should be noted also that some of these investigators have secondary responsibilities, for example asset recovery and money laundering. A minority of forces have a full-time economic crime team and their size is variable. Over **120** officers are allocated to fraud investigation in the Metropolitan Police, **20** in Manchester and Nottingham; elsewhere there are teams of four officers with the capacity to deal with no more than one case at time. In many forces, investigations are the responsibility of generalist CID officers. It is rare that they are accredited as specialist fraud investigators. In other forces, fraud cases are routinely allocated to community officers as part of their wider caseload of neighbourhood crime.”* Cases disseminated to forces varied, for example: *“in the last 12 months, over **8,000** cases have been disseminated to the Metropolitan Police, **1,600** to Greater Manchester Police.”*

- In **February 2020** (one month before the first COVID 19 UK lockdown began), the UK Cabinet Office issued guidance on fraud as a member of The International Public Sector Fraud Forum (IPSFF), stating that ‘the provision of emergency relief and services has an inherently high risk of fraud, and is a prime target’ and that it would be a failure ‘for fraud to happen in an uncontrolled manner, with the responsible leaders unaware’⁴⁹.
- In **March 2020** the UK government issued supplementary guidance to leaders and fraud experts in government bodies and local authorities on fraud control in emergency management: COVID-19 UK Government guide which identified risks arising in particular from: first party application fraud (i.e. an applicant misrepresents their circumstances to qualify for a government grant or scheme), and third party impersonation fraud (i.e. a third party impersonates a legitimate business to obtain government grants).⁵⁰ Despite this, the size, speed and actions that subsequently occurred to provide financial support, failed to adequately reflect this published guidance. For more details on COVID 19.
- Police numbers in the UK for 2020 was **153,000** in England & Wales, The average number of police officers in 35 European countries was **358** to 100,000 population⁵¹ with only Sweden, Denmark, Iceland & Finland with less numbers than England & Wales at **235**.

2021:

- In **February 2021**, the Cabinet Office, published a **consultation** paper with proposals to **expand the NFI data matching exercise**⁵² to assist with 4 purposes in addition to fraud - the prevention and detection of errors and inaccuracies; recovery of debt owed to public bodies; the apprehension and prosecution of offenders; and the prevention and detection of crime. The views of respondents on the proposals were mixed. Many recognised the benefits of extending data matching generally and the data matching service of the NFI to new areas. However, many raised concerns, particularly around how extension would be operationalised and how individuals’ personal data would be managed. In response **it was decided not proceed with extending the NFI** to new purposes at this stage. In line with the Government’s commitment to doing more to prevent and detect fraud, the Government will retain the focus of the NFI on preventing and detecting fraud, supporting bodies in enhancing their fraud response through the use of data and analytics and through the creation of the new **Public Sector Fraud Authority**.
- The UK Government published its **Economic Crime Plan: Statement of Progress**, which added new actions to tackle fraud and its Beating Crime Plan, which included a commitment to increase capability to tackle fraud in the context of reducing crime.

- The UK Government announced it was replacing **Action Fraud** with a new service with the replacement service intended to integrate better into the current fraud landscape, sharing data with the National **Cyber Security Centre** and the **National Economic Crime Centre** which have both been created since Action Fraud was launched. It would be relaunched in 2024. Any replacement service to be successful would need to address the chronic underinvestment and under resourcing.
- In **August 2021**, the Spotlight report, **A review of Fraud: Time to Choose**⁵³ from HM Constabulary and Fire and Rescue Services followed up on their report of 2019, that not enough has changed. Too many victims still receive a poor service and are denied justice. The investigation and prevention of fraud offences, by police forces, remain under-resourced and are not given enough priority. Also, there are too few fraudsters held to account. In their 2019 report, they concluded that a lack of capacity and capability in tackling fraud had an adverse effect on the quality of service provided to victims of fraud. Action Fraud was also covered, which showed that the situation had not improved since the 2019 report, as call waiting times and abandonment rates were still high, however Action Fraud had implemented a national awareness campaign, resulting in increased contact with its website.
- In **October 2021**, the Home Secretary (Priti Patel) announced the relaunch of the **Joint Fraud Taskforce** in October 2021, following a review of its role, structure and objectives, and in light of the increase in Fraud during the Covid 19 pandemic. The JFT is chaired by the Home Office Security Minister. The JFT and its working groups comprise of senior representatives from industry, the third sector, law enforcement and government. The JFT partner organisations are: Home Office, NECC, City of London Police, National Trading Standards, U.K. Finance, British Retail Consortium, CIFAS, National Cyber Security Centre, OFCOM, Institute of Chartered Accountants in England & Wales, Victims Commissioner, Citizens Advice, Victim Support, FCA, Law Society, Association of British Insurers, Tech U Communications Crime Strategy Group, TUFF, Serious Fraud Office, DCMS. The JFT will be instrumental in designing the new **Fraud Action Plan**.
- In **January 2021**, RUSI published a paper **The Secret Threat - The impact of Fraud on National Security**⁵⁴ recommends that government treat fraud more as a national security threat and or a serious and organise crime threat and or a threat due to linkages with terrorism finance, with the attendant reprioritisation and resourcing this would bring.
- In **March 2021**, then Chancellor Rishi Sunak (now Prime Minister) announced the creation of a new major fraud task force, the **Taxpayer Protection Taskforce**, established as part of a wide-reaching crackdown on criminals exploiting UK government COVID 19 support schemes. The Taxpayer Protection Taskforce is underpinned by over **£100 million** of government investment and manned by more than **1,250** HMRC officials, who were responsible for detecting and investigating those who have wrongly or fraudulently claimed taxpayer's money through the government's support schemes. The support schemes that the task force will target include: the Coronavirus Job Retention Scheme (CJRS or "furlough"; the Self Employment Income Support Scheme (SEISS); and the Eat Out to Help Out Scheme, but not the BBL and CBIL-related fraud, health-related fraud (i.e. PPE or vaccine frauds) or COVID-19 related consumer and business fraud coming to the attention of the police.
- In **June 2021**, the House of Commons Public Accounts Committee published a report on Fraud (and error) estimating that in the public sector⁵⁵ fraud and error was estimated to cost up to **£51.8 billion** (range of £29.3 billion to £51.8 billion) every year with **£26.8 billion** estimated to be in the main tax and benefits systems, for example, in 2020-2021, fraud within the universal credit benefits system rose to an all-time high of **14.5%**, or **£5.5 billion**. The UK Cabinet Office estimates the rest at between **£2.5 billion to £25 billion** or **0.5% - 5%** of non tax and benefit fraud that is likely undetected and affects other government activities and departments. The **0.5% - 5%**, "is based on academic research and fraud measurement activities in the US government, the EU and the private sector, and 24 measurement exercises undertaken since 2015 by Cabinet Office across £3.6 billion of expenditure⁵⁶. With approx

around **£503 billion** of UK central government public sector expenditure each year, fraud of **£51.8 billion** represents about **10.3%** overall.

- From **April 2021 to March 2022**, Action Fraud (the public-facing national fraud and cybercrime reporting centre) reported an **11%** decrease in fraud (to **354,758** offences) compared with the year ending March 2021, when offences were at record levels (**398,022** offences); this fall was driven by a **19%** decrease in consumer and retail fraud (to **125,560** offences) and may be related to changes in behaviour as restrictions to social contact were lifted. In the period April 2020 to March 2021, there were 413,553 reports made to Action Fraud, up 33% year on year. According to Action Fraud's data, younger people submitted more fraud reports in the past 12 months than older people. In fact, almost twice as many reports came from people aged 20 to 39 (43%) compared with over-60s (22%), despite them accounting for similar proportions of the UK population. A greater online presence means that young people are at much higher risk of frauds that include digital elements: online shopping; online banking; and ticket fraud. Conversely, over-60s are considerably more vulnerable to computer fixing fraud, as tech literacy tends to be comparatively lower. Meanwhile, over-80s are disproportionately likely to be victims of door-to-door fraud. As for regions, the East of England and London are hotspots for most frauds but this reflects regional statistics on the use of the internet.
- From **April 2021 to March 2022** and according to the **ONS**⁵⁷, an estimated **61%** of fraud incidents in the year from TCSEW were cyber-related compared with **53%** in the year ending March 2020 Crime Survey for England and Wales (CSEW). This suggests that much of the increase in fraud offences was because of increases in cyber-related fraud and may be related to behavioural changes during the COVID-19 pandemic and increased online activity.
- In 2021, Cifas members saved over **£1.3 billion** through prevented fraud losses, but we know we can prevent and detect even more fraud by developing a better understanding of key fraud threats and enablers – which is the main purpose of this report⁵⁸.

2022:

- Despite criticisms of Action Fraud, **Assistant Commissioner Peter O'Doherty of City of London police** said⁵⁹, Action Fraud was the first national system for fraud reporting anywhere in the world. *"Having a national central system allows us to see the whole picture and piece together all of the information available to us."*
- In **March 2022**, the U.K. government set out its intention to develop a new fraud strategy to address the threat posed by fraud set out plans, building on the initial development of the Fraud Action Plan It has not yet published this strategy and is delayed but is expected to be released in 2023.
- In **March 2022**, Data from the Office for National Statistics showed that **6.3 million** crimes were recorded in the year to March 2022, the highest level in 20 years⁶⁰.
- In **March 2022**, CIFAS, THE UK's fraud prevention service, has released its annual Fraudscape Report⁶¹ detailing the latest data and intelligence recorded by CIFAS members during 2021. The document reveals that, on average, a new case of fraudulent conduct was filed by organisations every **90** seconds, with over **360,000** cases recorded to the National Fraud Database. That's an increase of **16%** on **2020**. As a result, Cifas members saved around **£1.3 billion** through prevented fraud losses in **2021**. Mike Haley, CEO of Cifas, explained: "Our latest figures show that businesses and consumers are currently facing a tsunami of fraud."
- In **August 2022**, The **Public Sector Fraud Authority (PSFA)** was launched⁶² to transform the way that the government manages fraud. The PSFA works with departments and public bodies to better

understand and reduce the impact of public sector fraud. The NFI will be transferred into the PSFA which will continue its successful data and analytics services - looking to meet the target of **£180 million** in audited benefits. With £25 million investment over the next three years the Authority's remit includes greater focus on counter fraud performance and outcomes as well as increased depth and breadth of support to public sector bodies. With an increased focus on data analytics, the Authority will provide further opportunity for the NFI to support public bodies and further develop its products to reduce fraud in public services, ensuring that taxpayers' money is spent where it is needed most.

- Police numbers in the UK for 2022 was **164,000**, with **140,228** in England & Wales. Based on a crime rate of 6.3 million that represents an average of **38.4** crimes for each police officer.
- In **September 2022**, Prime Minister Boris Johnson was replaced by **Liz Truss**, who appointed **Suella Braverman** as Home Secretary.
- In **October 2022**, Prime Minister Liz Truss was replaced by **Rishi Sunak**. **Suella Braverman** was re appointed Home Secretary by Prime Minister Rishi Sunak on 25 October 2022. She previously held the same role between 6 September 2022 and 19 October 2022, in the Truss Government, having resigned on the 19th October.
- In **October 2022**, the UK government announced that its two-year investment of over £100 million in the **Taxpayer Protection Taskforce (TPT)** to combat fraud in the COVID-19 financial support schemes administered by HMRC (Coronavirus Job Retention Scheme (CJRS), Self-Employed Income Support Scheme and Eat Out to Help Out) is to end as planned. Post-payment compliance activity began in July 2020. Up to the end of March 2022, HMRC's compliance activity recovered more than **£762 million** or **17%** of estimates for lost to error and fraud in the COVID-19 financial support schemes (2020 - 2022). HMRC estimate the total value of error and fraud to be between **£3.2 billion** to **£6.4 billion** (3.3 - 6.5% of scheme payments) with a best estimate of **£4.5 billion (4.6%)**. According to Jim Harra (HMRC Chief Executive and First Permanent Secretary) approx **£3.3 billion** is likely to be unrecovered.
- In **October 2022**⁶³, the UK Parliament House of Commons Justice Committee: Fraud and the Justice System Fourth Report of Session 2022-23 was published stating that, *"Fraud is a crime which can have profound impacts on an individual, not only causing financial losses but emotional and psychological distress. It is difficult for victims of fraud to report their crimes and for those who most need it to receive specialist victim support. The dedicated reporting system for fraud, Action Fraud, is due to be replaced in 2024. It is crucial that this replacement does not just bring about improvements to reporting mechanisms and subsequent investigations, but also embeds a system that directs victims to appropriate support and keeps them updated on the next steps in their case. We have heard that throughout the justice system, fraud is not considered a priority area. Very few case reports are passed to the police for investigation, and even fewer are prosecuted by the Crown Prosecution Service. Disclosure processes in fraud cases can be onerous and take up vast amounts of police and prosecution time, and there is a lack of expertise particularly amongst front-line police officers to identify and disrupt frauds. The Government has asserted its commitment to tackling fraud, and a new Fraud Action Plan is due this year. Funding has been provided to support reporting mechanisms and police investigation; however, it remains to be seen if this will be sufficient to deliver meaningful improvements in the response to fraud. Throughout our inquiry, we heard that while boosting the number of fraud crimes being successfully investigated and prosecuted is important, key to the fight against fraud will be preventing people from becoming victims of these crimes in the first place. The Government must work across the public and private sectors to unify responses to designing fraud out of systems and disrupting these crimes at the earliest opportunity in order to reduce the millions of individuals who are falling victim to these crimes each year. A large volume of perpetrators are acting in whole or in part from foreign jurisdictions reducing the chance of successful prosecution. Furthermore, fraud offences are often enabled through third parties such as telecommunications, email and social media platforms. Given the importance of prevention and the limited opportunities for prosecution of foreign actors, legislation requiring such companies to prevent*

fraud should be introduced. Overall, a wholesale change in philosophy and practice is needed to the way in which we fight fraud—one that takes it more seriously, gives it greater priority and resourcing, is more proactive in prevention, more aggressive in investigation, prosecution and conviction, and much more focused on its impact upon victims.”

- In **November 2022** the NAO reported that, *“the [UK] Government does not know the full scale of the fraud threat to individuals and businesses and is not yet leading an effective cross-government strategy to tackle it”*. In 2022 Action Fraud employed **95** staff in its call centres which is an increase of 20 over the numbers in 2021. In 2020/21 Action Fraud received **413,945** reports of fraud. The lead law enforcement agency in the UK is the City of London Police who have the capacity to handle approx **400** live fraud cases at any one time.
- In **November 2022**, **Action Fraud** reported⁶⁴ **23,413** calls answered (noting **46.49%** of calls are abandoned before being answered), with an average waiting time of **14.48** minutes (against a 5 minute target), with the average length of a call at **23.57** minutes (against a 15 minute target), and satisfaction online reporting at **78.9%** & phone reporting at **96.5%**.
- In **November 2022**, the U.K. Parliaments House of Lords published a report, *Fighting Fraud: Breaking the Chain*⁶⁵ highlighting that *“law enforcement agencies are chronically underfunded for the fight against fraud with only a paltry 1% of law enforcement focussed on tackling economic crime. Moreover, digital investigation remains outside the capacity of mainstream policing despite police forces operating in a highly digitalised society facing many digital forms of crime. The organisational structure for policing fraud is complex and confusing. Action Fraud (probably better re-named as ‘Report Fraud’) remains inactive and misunderstood, and local police forces are so preoccupied with competing priorities that they cannot effectively manage cross- border frauds that so often sit outside their local purview. The effect of such under-prioritisation has been to create a permissive culture across Government and law enforcement agencies towards fraud and the criminals who perpetrate it. This then permeates through to affect the attitudes of private sector players in the fraud chain, which describes the steps involved in a fraud, who have not stepped in to do what they can to prevent consumers being scammed.”* Recommendations include: The Government must take this opportunity to revisit its criminal justice priorities and begin by placing the UK’s biggest crime at the forefront of the national agenda. As priority steps to break the fraud chain, we recommend the following: The UK’s advanced payments infrastructure is one of the key reasons why it has become a global centre for fraud. The speed with which payments can be made must be delayed in certain circumstances to allow more time for banks to review risk signals and contact their customer about the proposed payment. The Payment Systems Regulator should consult on measures to achieve this (paragraph 229), To move fraud to its rightful place as a top priority for law enforcement, fraud should be included within the Strategic Policing Requirement (paragraph 327). To address the mind-boggling variety of acronyms and alphabet soup of departments, task force’s and Ministers with responsibility for fraud, a cabinet sub-committee with a clear mandate to tackle fraud should be established, chaired by and accountable to the Security Minister (paragraph 286), Several sectors involved in the fraud chain have failed to prevent rampant fraud for too long. The Government must introduce a new corporate criminal offence of ‘failure to prevent fraud’ across all sectors to address this (paragraphs 521), The Online Safety Bill contains several important measures to prevent fraudulent content and scam advertising from appearing on online platforms and to hold tech companies accountable when they fail. It must be brought forward urgently (see paragraph 559-562) & To create clear advice for consumers to follow to help them to prevent fraud and report it if they become a victim, the Government should oversee the introduction of a single, centrally funded consumer awareness campaign in partnership with industry (paragraph 418).
- In **December 2022** (updated in January 2023), the National Fraud Initiative (NFI), based in the Cabinet Office, reported⁶⁶ that it had, *“enabled participating organisations to prevent and detect/recover **£443 million** fraud and error across the UK (of which **£417 million** is for England), in the period April 2020 to*

March 2022, through the provision of counter fraud data matching services. This is an increase on **£244.7 million** in 2018-19. This takes the NFI programme cumulative savings to **£2.4 billion** since its creation in 1996." The £417 million also includes a number of pilot matches totalling £39.7 million. The exercise produced the following significant results in England: 225,710 - Concessionary travel passes were cancelled as the pass holder was deceased, 42,393 - Blue badges were cancelled as the badge holder was deceased, 32,669 - Incorrect claims for council tax single person discount, 6,736 - False applications were removed from housing waiting lists, 3,000 - Cases where Council Tax reduction had been claimed incorrectly, 1,648 - Cases where housing benefit had been claimed fraudulently or incorrectly, Cases where payments to a care home had continued after the death of the resident & 25 - Social housing properties were recovered as a result of illegal subletting or succession.

2023:

- On **10 January**⁶⁷, the UK Government published its response to the Parliamentary Justice Select Committee October 2022 report (see above). In particular the government response includes:
 - *"Tackling fraud is a priority of the Government and given the overlap between economic crime and national security, the Security Minister is well positioned to provide leadership, ownership and oversight of the Government's response to fraud against businesses and individuals. The successful relaunch of the Joint Fraud Taskforce is testament to the role of the Security Minister, as a Home Office minister, to bring together key stakeholders in both the public and private sectors to combat fraud."*
 - Action Fraud will do more on advertising its role and how persons can prevent and report fraud and cybercrime. Action Fraud will be replaced and investment increased with over **£30 million** to CoLP, over the three years, to support the upgrade in the Action Fraud service and a number of improvements to the existing system have already been put in place to improve the victim experience. The new service will also provide focussed and targeted support to victims through the AF National Economic Crime Victim Care Unit (NECVCU) service. This service has been rolled out to 37 forces and supported over 240,000 victims since its inception
- In **January 2023**⁶⁸ the UK government confirmed its intention to bring forward a failure to prevent fraud offence fraud, (false accounting, and money laundering) in the Economic Crime and Corporate Transparency Bill. The UK had pioneered corporate "failure to prevent" offences in the context of the UK Bribery Act 2010 (UKBA) and the Criminal Finances Act 2017 (CFA). It appears that the new provisions will target law firms, accountants, and casinos that lack adequate procedures to prevent crimes. It is unclear whether technology companies, online platforms and social media companies will be covered.
- **The UK Fraud Strategy** expected. The strategy will be led by Security Minister **Tom Tugendhat** and coordinated by the Economic Crime Strategic Board. It will focus on three core pillars: (1) 'Stop and block' measures to stop fraudulent advertising and outreach from fraudulent individuals; (2) Empowering people by giving them the information they need to respond to and report phishing (3) Pursue fraudsters. In giving evidence to the House of Lords, (see above) Security Minister Tom Tugendhat stated that *"fraud is a scourge on UK people: it is a tax on businesses and people, and it not only damages the integrity of our financial and economic system but undermines trust in our economy and reduces our ability to trade freely."*
- Based on findings published by the House of Commons Public Accounts Committee (see above) that **10.3%** of central UK government expenditure would be estimated subject to fraud or error, with central government expenditure rising to **£534.8 billion** for 2022/2023⁶⁹ **10.3%** would represent estimates for public sector fraud losses of **£55 billion**. With UK public sector expenditure est at **£1,182 billion** for 2022/2023⁷⁰ **10.3%** would represent estimates for public sector fraud losses of **£131.7 billion**.

- According to the Cabinet Office, there are currently **16,000** members of the Counter Fraud Function within the public sector, with **91%** of counter fraud professionals working in DWP or HMRC. The Government's Counter Fraud Profession has **6,823** members from 42 organisations across central & local government & policing, of which **77%** work in DWP or HMRC⁷¹. This translates into **91%** of fraud professionals focussing potentially on either **51%** or **91%** of the fraud losses (depending upon whether the undetected tax & benefit fraud amounts to **0.5%** or **5%** or **£2.5 billion** or **£25 billion** respectively of other government spending). This could mean at worst the UK needs at least another **15,000** counter fraud professionals to match current counter fraud investigations that tackle tax & benefit fraud.

Endnotes:

¹ See: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/118530/annual-fraud-indicator-2012.pdf

² See: <https://thecrimepreventionwebsite.com/police-crime-prevention-service---a-short-history/754/police-strength-in-england-and-wales/>

³ See: <https://www.sfo.gov.uk/download/the-roskill-report-fraud-trials-committee-report/>

⁴ See: <https://www.legislation.gov.uk/ukpga/1987/38/section/2>

⁵ See: <https://www.cifas.org.uk/about-cifas/what-is-cifas>

⁶ See: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/118530/annual-fraud-indicator-2012.pdf

⁷ See: <https://www.ukfinance.org.uk/dedicated-card-and-payment-crime-unit>

⁸ See: <https://thecrimepreventionwebsite.com/police-crime-prevention-service---a-short-history/754/police-strength-in-england-and-wales/>

⁹ See: <https://www.cifas.org.uk/insight/events/organised-fraud-intelligencegroup>

¹⁰ See: <https://www.law.com/international-edition/2006/05/31/fraudwhite-collar-crime-tough-on-the-causes-of-fraud/?region=/international-edition/region/asia-pacific/&slreturn=20230104183321>

¹¹ See: <https://www.law.com/international-edition/2006/05/31/fraudwhite-collar-crime-tough-on-the-causes-of-fraud/?region=/international-edition/region/asia-pacific/&slreturn=20230104183321>

¹² See: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/118480/national-fraud-strategy.pdf

¹³ See: <https://www.legislation.gov.uk/ukpga/2007/27>

¹⁴ Members: Attorney Generals Office, Audit Commission, City of London Police, Companies Investigation Branch, Crown Prosecution Service, Department for Business, Innovation and Skills, Department for Work & Pensions, Financial Services Authority, HMRC, Home Office, Metropolitan Police, Ministry of Defence Police, National Fraud Authority, Serious Fraud Office, Serious Organised Crime Agency, the Office of Fair Trading.

¹⁵ See: https://en.wikipedia.org/wiki/Identity_Documents_Act_2010

¹⁶ See: <https://paas-s3-broker-prod-lon-6453d964-1d1a-432a-9260-5e0ba7d2fc51.s3.eu-west-2.amazonaws.com/s3fs-public/2021-03/demand-on-policing-report.pdf>

¹⁷ See: <https://www.gov.uk/government/publications/strategic-policing-requirement>

¹⁸ See: <https://www.cityoflondon.police.uk/police-forces/city-of-london-police/areas/city-of-london/about-us/about-us/ifed/>

¹⁹ See: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/206552/nfa-annual-fraud-indicator-2013.pdf

²⁰ See: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/118501/fighting-fraud-together.pdf

²¹ See: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/248645/Serious_and_Organised_Crime_Strategy.pdf

²² See: <https://www.gov.uk/government/news/cabinet-offices-fight-on-fraud-boosted-by-national-fraud-initiative-move>

²³ See: https://en.wikipedia.org/wiki/National_Fraud_Authority

²⁴ See: <https://paas-s3-broker-prod-lon-6453d964-1d1a-432a-9260-5e0ba7d2fc51.s3.eu-west-2.amazonaws.com/s3fs-public/2021-03/demand-on-policing-report.pdf>

²⁵ See: <https://thecrimepreventionwebsite.com/police-crime-prevention-service---a-short-history/754/police-strength-in-england-and-wales/>

²⁶ See: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/417116/The_Strategic_Policing_Requirement.pdf

²⁷ See: https://democracy.cityoflondon.gov.uk/documents/s50106/Pol_24-15_Appendix_1_Draft_Police_Fraud_Strategy_v_2.2.pdf

²⁸ See: <https://www.justiceinspectors.gov.uk/hmicfrs/publications/an-inspection-of-the-police-response-to-fraud/>

²⁹ See: <https://www.justiceinspectors.gov.uk/hmicfrs/publications/regional-organised-crime-units/>

³⁰ See: <https://www.gov.uk/government/news/cabinet-offices-fight-on-fraud-boosted-by-national-fraud-initiative-move>

³¹ See: <https://www.gov.uk/government/news/cabinet-offices-fight-on-fraud-boosted-by-national-fraud-initiative-move>

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- ³³ See: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/509831/6.1770_Modern_Crime_Prevention_Strategy_final_WEB_version.pdf
- ³⁴ See: https://pure.port.ac.uk/ws/portalfiles/portal/18878333/Annual_Fraud_Indicator_report_1_2017.pdf
- ³⁵ See: <https://www.nao.org.uk/wp-content/uploads/2022/11/progress-combatting-fraud-summary.pdf>
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- ³⁹ See: <https://www.gov.uk/data-protection>
- ⁴⁰ See: <https://www.legislation.gov.uk/eur/2016/679/article/6>
- ⁴¹ See: https://www.police-foundation.org.uk/2017/wp-content/uploads/2010/10/more_than_just_a_number_exec_summary.pdf
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- ⁴³ See: <https://academic.oup.com/policing/article/15/3/1758/6273115>
- ⁴⁴ See: https://en.wikipedia.org/wiki/National_Fraud_Intelligence_Bureau
- ⁴⁵ See: <https://www.justiceinspectorates.gov.uk/hmicfrs/publications/an-inspection-of-the-police-response-to-fraud/>
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- ⁴⁷ See: <https://www.cityoflondon.police.uk/SysSiteAssets/media/downloads/city-of-london/about-us/national-policing-fraud-strategy-2019.pdf>
- ⁴⁸ See: Sir Craig Mackey QPM and Jerry Savill, 'A Review of the National 'Lead Force' Responsibilities of the City of London Police and the Effectiveness of Investigations in the UK', 24 January 2020, available at <https://www.cityoflondon.gov.uk/assets/About-us/action-fraud-report-2020.pdf>
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- ⁵⁰ See: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/875844/Fraud-Control-in-Emergency-Management-COVID-19-UK-Government-Guidance.pdf
- ⁵¹ See: <https://researchbriefings.files.parliament.uk/documents/SN00634/SN00634.pdf>
- ⁵² See: <https://www.gov.uk/government/consultations/consultation-on-the-expansion-of-the-national-fraud-initiative-nfi-data-matching-powers-and-the-new-code-of-data-matching-practice>
- ⁵³ See: <https://www.justiceinspectorates.gov.uk/hmicfrs/publication-html/a-review-of-fraud-time-to-choose/>
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- ⁵⁵ See: <https://committees.parliament.uk/publications/6469/documents/70574/default/>
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- ⁶⁵ See: <https://publications.parliament.uk/pa/ld5803/ldselect/ldfraudact/87/87.pdf>
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