

Briefing Paper – Crime & Disorder Select Committee – 14 January 2021

Trading Standards & Fraud Awareness (Personal)

1 Introduction

Protecting consumers from unfair and fraudulent trading practices is one of the key roles of Trading Standards. This role is carried out within a range of settings which reflects the fact that, particularly in this digital age, fraudsters will usually extend their activities beyond traditional local boundaries, into regional and national markets. The set up and operation of Trading Standards has evolved since 2012 to reflect this and to work at three identified levels:-

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| Level 1 | Issues that can be managed primarily using local resources |
| Level 2 | Issues that require agencies across a border or in a region to work together and co-ordinate their actions |
| Level 3 | Issues that are best tackled at a UK or international level, either by UK agencies or by co-ordinated multi-agency action |

2 National Trading Standards (NTS) – <https://www.nationaltradingstandards.uk/>

NTS delivers national and regional consumer protection enforcement. Its Board is made up of senior heads of Trading Standards Services from across England and Wales with an independent Chair.

The funding for NTS comes from a variety of governmental sources with the bulk provided by the Department for Business, Energy & Industrial Strategy (BEIS).

NTS have a number of operational teams and workstreams which operate to identify, highlight and tackle unfair and fraudulent trading practices, including:-

3 National eCrime Team

NTS commissions the National eCrime team which deals with online consumer scams, frauds and other consumer protection problems of a national or regional importance or which are causing significant harm to consumers. Recent cases that the eCrime Team have dealt with include:-

- Copycat websites – consumers are misled into believing that they are dealing with an authorised government website and end up paying extra for services that they could have got for free or for a certain set fee e.g. applications for driving licences and passports.
- The activities of companies involved with the fraudulent management of car insurance claims. Consumers are misled into believing they are dealing with their own insurance company when it is really a third-party claims management company. They are often then further misled into signing up to expensive ‘courtesy car’ hire contracts, vehicle recovery charges and legal fees.

- Misleading Google Ads direct consumers on to web sites that list numbers they believe to be the official technical support helplines for Microsoft, McAfee, and Epson etc. Consumers are duped into signing expensive (and unnecessary) 'lifetime support contracts'. Although the call centres are operated from overseas, payments are made via a series of UK limited companies.
- Secondary ticketing investigations concerning a number of people and companies connected with the large-scale fraudulent acquisition and supply of tickets for major sporting, music and cultural events.

4 National Scams Team

The NTS Scams Team helps tackle mass marketing scams and disrupts the operations of perpetrators behind mail scams. It works in partnership with agencies across the country to identify and support victims of mass marketing fraud.

Since November 2016, the Scams Team has worked with the Royal Mail to stop over 4.7 million scam mailings from reaching consumers.

Stockton-on-Tees Trading Standards has a partnership agreement with the National Scams Team whereby details of potential scam victims identified by the Scams Team are passed on via a secure online portal. Local officers are then able to engage directly with the scam victims. We have a designated officer that carries out this type of work.

Case Study

The National Scams Team working with international partners in Australia were successful in intercepting mail destined for a scam prize draw company in Australia. In this mail was a £20 cheque that a local consumer had written out to the scam company. The cheque was passed on to Stockton-on-Tees Trading Standards. An officer visited the consumer's home and the cheque was returned with advice and support provided on scams awareness. The consumer admitted that he had been responding to postal scams for many years. After a long discussion the consumer disclosed other debts and issues with social isolation, depression and loneliness. Support was provided to assist the consumer so he could move from making the minimum payments on his debts and a referral was made to the Age UK Call in Time Service so he could chat with a friend on a weekly basis. After a subsequent visit the consumer had made positive progress in sorting out his finances and was very grateful for the intervention as the scam cycle had now been broken. The consumer was £80 per month better off and was feeling much better in his own mental health and wellbeing. The consumer was also assisted in recovering scam payments he had made via his credit card.

It is estimated that in 2019/20, the National Scams Team saved consumers £22,703,586 through its investigations and disruption work and the savings made through local authority support.

Some of the Team's other achievements in 2019/20 include:-

- Identifying and stopping clairvoyant and prize win mailings being sent through several newly discovered European mailing houses in Austria and Germany.

- Working with Canada Post to shut down a mailing operation charging £230 for membership to an elite winner's club. A prosecution is pending in Canada.
- Closing three entities, using Indian based call centres, offering overpriced health and wellbeing supplements, continuous payment and subscription traps, and the sale of worthless domestic and home appliance and nuisance call insurance.
- Working with Guernsey Postal Service and the US Postal Service to intercept and destroy scam mail thus preventing it from reaching the UK.

5 Friends Against Scams – <https://www.friendsagainstscams.org.uk/>

Friends Against Scams is an NTS Scams Team initiative that aims to prevent and protect people from becoming victims of scams by empowering people to take a stand against scams. It is designed to inspire action, highlight the scale of the problem, change the perceptions of why people fall for scams and make scams a community, regional and national topic. There are currently over 661,000 Friends Against Scams nationwide.

By attending a Friends Against Scams awareness session or completing the online learning, anyone can learn about the different types of scams and how to spot and support a victim.

Stockton-on-Tees Trading Standards is a Friends Against Scams organisation. Officers have held awareness raising sessions in the local community and highlighted the online training to SBC staff via Keeping You In Touch.

6 Regional Investigations Team (RIT)

NTS commissions a RIT for each region of the country. These teams are the primary resource for NTS in tackling serious and complex level 2 and level 3 criminality. The North East RIT covers the 12 local authorities from Northumberland down to the Tees Valley.

Many of the issues investigated by the RIT are in relation to unfair trading practices and fraud. For example, the North East RIT has done a lot of work around doorstep crime and has looked at the activities of rogue traders travelling around the country selling fish door to door. They target elderly and vulnerable consumers and charge exorbitant prices for poor quality fish using misleading and aggressive sales tactics. One such rogue trader was recently sentenced to 40 months imprisonment at Teesside Crown Court, see

<https://www.gazettelive.co.uk/news/teesside-news/dodgy-fish-salesman-defrauded-elderly-19197322>

In another recent case, investigated by the North East RIT in conjunction with Stockton-on-Tees Trading Standards, a rogue builder was sentenced to 8 months imprisonment after taking significant upfront payments amounting to almost £300k from a number of customers and then failing to complete the required work, see <https://www.gazettelive.co.uk/news/teesside-news/dodgy-trader-swindled-300000-homeowners-17588709>

7 Intelligence Led Operations

The work of Trading Standards in identifying and investigating unfair and fraudulent trading practices at a national, regional and local level is very much intelligence led. All national, regional and local authority Trading Standards Services in England and Wales are linked through access to a single intelligence database IDB.

NTS commissions intelligence analysts to work at both national and regional levels and each local authority will have its own designated Intelligence Liaison Officer.

Intelligence packages can be developed on identified individuals, companies and trade sectors. Cases can then be tasked to regional and national teams via a formal tasking process involving a Regional Tasking Group and a National Tasking Group assessing cases against a defined set of criteria and priorities.

8 Citizens Advice Consumer Service (CACS)

Partner agency CACS run the national consumer helpline and are a valuable source of intelligence. CACS is funded by the government to provide first tier telephone advice on consumer issues.

In 2019/20, 300,666 complaints were made to CACS and of these 199,716 (66%) related to fair trading issues and scams and 35,658 (12%) related to doorstep crime and cold calling. In relation to scams, CACS will advise the consumer to report the matter to Action Fraud where appropriate.

A notification from CACS is received via a secure on-line portal in relation to any complaint made by a resident of Stockton-on-Tees or any complaint made about a business located within Stockton-on-Tees. In 2020 we received 1430 such notifications. Each notification is checked by an officer to assess whether any further action is needed, particularly whether the complaint needs further investigation or whether it needs to be passed to our own Trading Standards Advisor for further advice.

Each case is judged on its own merits and an unfair trading or fraud investigation could be opened, particularly if a local consumer has been misled and the business or company concerned is located within the Borough of Stockton-on-Tees.

9 Action Fraud – <https://www.actionfraud.police.uk/>

Hosted by the City of London Police, Action Fraud is the UK's national reporting centre for fraud and cybercrime where residents should report fraud if they've been scammed, defrauded or experienced cybercrime in England, Wales and Northern Ireland.

For some time NTS has been having discussions with the City of London Police regarding access to Action Fraud data and intelligence. Despite numerous meetings, emails and letters, the City of London Police maintain that they are not sufficiently happy with the security levels of local authorities' IT systems to allow access to Action Fraud data.

As a result, Trading Standards does not have access to Action Fraud data at a national, regional or local level.

10 Other External Partners

Trading Standards can liaise with a number of other agencies when investigating unfair and fraudulent trading, including:-

- Illegal Money Lending Team (IMLT) - based in Birmingham, the IMLT, take enforcement action against loan sharks and provide help and support to victims of illegal money lenders. They also carry out awareness raising initiatives in support of their work.
- Government Agency Intelligence Network (GAIN) - GAIN is a multi-agency group that brings together intelligence and investigation staff mainly, but not exclusively, from public sector enforcement agencies.
- Police – this can involve support from local officers, operational units and intelligence networks.

11 Local Initiatives

In addition to the above Trading Standards also undertakes other initiatives aimed at both preventing and investigating fraud locally, particularly when it is aimed at those who are elderly or vulnerable in some way.

12 No Cold Calling Zones (NCCZs)

Trading Standards are committed to tackling rogue traders, especially those who target older or vulnerable residents in their own homes. To help raise awareness of doorstep crime, over 130 NCCZs have been established throughout the Borough. NCCZs aim to highlight the issue of doorstep crime to local residents and to reduce the number of bogus callers and rogue traders by restricting all visits by commercial cold callers. NCCZs can be introduced in an area where the majority of residents are in favour of its introduction and there is evidence available of the need for such a zone.

13 Call Blockers

Since 2017, Stockton-on-Tees Trading Standards have been taking part in a project ran by the National Scams Team looking at the provision of trueCall devices to block nuisance telephone calls for particularly vulnerable residents suffering with dementia and related conditions.

We have installed 13 devices, identifying recipients directly through complaints made directly to us and via contact with local Care Coordinators in Adult Social Care. Analysis of the data provided by the units show that residents were receiving 19 nuisance and scam calls per month which have now subsequently been blocked. It is estimated that over the 5-year life of these units they will have blocked 14,257 nuisance and scam calls, prevented 17 scams and saved vulnerable households £31,507.

14 Awareness Raising

Stockton-on-Tees Trading Standards attempts to raise awareness around issues like doorstep crime, scams and similar frauds in a number of ways:-

- Regular articles in Stockton News such as the recent '12 Scams of Christmas'.
- Use of the Council's social media channels to raise awareness on particular issues.
- Talks to community groups where possible to raise awareness, especially around Friends Against Scams.
- Specific information on Scams Awareness posted on the Trading Standards pages of the Council's website, including how to report a scam to Action Fraud and how to get help and advice, please see <https://www.stockton.gov.uk/our-people/trading-standards/scams-awareness/>
- A Trading Standards Officer and Cllr Steve Nelson have both been interviewed by Radio Cleveland on issues relating to scams in the last few months.

15 Adult Safeguarding

Trading Standards will link with internal teams within the Council where necessary in order to deal with issues relating to unfair trading and fraud. One such team, is Adult Safeguarding given their unique position in dealing with older and vulnerable adults. Where applicable, Adult Safeguarding have asked Trading Standards to assist when they have been concerned that a resident may be the victim of a scam or fraud. A couple of case studies are outlined below:-

Case Study 1

A local resident responded to a message via Facebook and then engaged in daily conversation via Google Hangouts with a scammer from Nigeria. She became the victim of a romance scam sending approximately £10k over a three-year period, via World Remit and Western Union Money Transfer. The victim also inadvertently became a Money Mule, where criminals would get other victims to send money to her which she would then send onto the criminals. Following advice and intervention from Trading Standards, Adult Safeguarding and the Police, the resident has stopped making payments and will no longer engage in such activities.

Case Study 2

The elderly resident is the victim of a romance scam and likely remains unconvinced despite the intervention of Trading Standards, Adult Safeguarding, the Police and other partners. The victim was originally contacted via Facebook and then engaged with the scammers via WhatsApp. During his lengthy engagement with the scammers he has sent away approximately £100k, financed via various methods including loans. This sum included £5k to release the scammer from the clutches of Boko Haram, an example of the tales told. The victim has been promised a pay-out of £2.2m, which he claims his scammers are just waiting to release to him. He has been groomed and manipulated and unfortunately remains resolute in his belief that the scammers are genuine, and the money will be paid out to him.

16 Local Investigations

In the last 3 years, of 1,665 cases investigated by Stockton-on-Tees Trading Standards, 807 (48%) have involved an element of unfair trading or fraud.

Upon investigation, further enforcement action is taken in line with the Council's Regulatory Services Enforcement Policy, please see

<https://www.stockton.gov.uk/media/874787/enforcement-policy-march-2017.pdf>

The question as to whether a trader has engaged in fraudulent activity is one of the key criteria to consider in deciding whether to institute legal proceedings in connection with the more serious cases. A couple of recent prosecutions include:-

- The director of a local home improvements company was jailed for a total of 29 months after taking significant up-front deposits for paving work which he failed to complete. Please see <https://www.gazettelive.co.uk/news/teesside-news/boss-cowboy-building-firm-ripped-12646207> and <https://www.gazettelive.co.uk/news/teesside-news/gambling-cowboy-builder-jailed-again-16292624>
- A local car dealer was jailed for 19 months after he admitted participating in a fraudulent business in relation to the sale of second hand motor vehicles that were faulty, misdescribed and not fit for purpose, see <https://www.gazettelive.co.uk/news/teesside-news/car-dealer-jailed-after-risked-15257182>

17 Compensation for Victims

Where possible, in taking legal action through the courts, Trading Standards will attempt to obtain compensation for victims who have suffered financial loss as the result of unfair trading practices or fraud. In the last 5 years almost £105k in compensation has been obtained for victims via formal enforcement action taken through the courts.

On top of this, Trading Standards has obtained an additional £320k in redress for local consumers without the need to take to matter through the courts. This could be for example where, as the result of the investigation, the trader has refunded the consumer in full.

18 Covid-19 Scams

According to data from Action Fraud within the first three months of the pandemic, a total of £11,316,266 was reported lost by 2,866 victims of coronavirus-related scams.

In addition, the National Cyber Security Centre (NCSC) said it received 600,000 reports about scam emails in the first three months of the pandemic, all trying to take advantage of the confusion and worry around the virus outbreak.

In the early days of the pandemic a lot of Trading Standards efforts focused on the supply of fake hand sanitiser and face masks, see

<https://www.bbc.co.uk/news/uk-england-birmingham-51979932>

Reports emerged of people receiving unexpected doorstep visits from individuals offering to buy or collect shopping on behalf of those who are self-isolating. The thieves then take cash up front and do not return.

Rogue traders went door to door touting 'doorstep cleansing services' that offer to clean drives and doorways to kill bacteria and help prevent the spread of the virus.

As an off shoot of the Coronavirus and the closure of high street retailers during lockdown, many more consumers took to ordering goods from the internet. This has led to a rise in complaints about the non-delivery of goods.

New scams have developed at different stages of the pandemic. For example, new scams emerged as track and trace developed with fraudsters pretending to be from NHS contact tracing services to con people into handing over money and personal details, see <https://www.which.co.uk/news/2020/11/nhs-covid-19-contact-tracing-message-how-can-i-tell-if-its-real-or-a-scam/>.

Fraudsters are now exploiting the roll-out of the COVID-19 vaccine in a new text message scam which asks people to hand over their bank details, see <https://www.express.co.uk/life-style/science-technology/1378158/NHS-Covid-19-Vaccination-Vaccine-Appointment-Pfizer-BioNTech-Text-Scam-How-To-Avoid>.

The Coronavirus pandemic has certainly highlighted just how resourceful scammers can be and how they are constantly evolving and adapting their scams to meet changing circumstances.

*SBC Trading Standards
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