

CRIME AND DISORDER SELECT COMMITTEE

SCRUTINY REVIEW OF FRAUD AWARENESS (PERSONAL)

1.0 Executive Summary

- 1.1 This report outlines the findings and recommendations following the Crime and Disorder Select Committee's scrutiny review of Fraud Awareness (Personal).
- 1.2 A wrongful or criminal deception intended to result in financial or personal gain or loss, fraud covers a variety of misdemeanours including cyber crime, doorstep crime, and telephone and postal-enabled offences. However, unlike other crime types such as theft, burglary or assaults which are reported directly to Cleveland Police, fraud cases are instead reported to a National Recording Centre based in the City of London known as Action Fraud.
- 1.3 Action Fraud collate any received information and, where appropriate, send investigation packages to the Force where the offender resides, notifying the Force covering the area where the victim resides. The vast majority of fraud offences are perpetrated from outside of the Cleveland area (and often from outside of the UK) though, making investigation and detection extremely difficult.
- 1.4 The impact upon victims of fraud can be devastating, with people sometimes losing their life savings. The Victim Care and Advice Service (VCAS) (which offers free, independent and confidential support for individuals and their families throughout the Cleveland and Durham areas) receive between 150-170 such victims every month, though the current thinking is that about 5% of victims actually report an offence, meaning that the actual figure will be between 3,000 and 3,500 victims per month.
- 1.5 The emergence of COVID-19 in 2020 has led to numerous reports of increasing fraudulent activity, with the Association of Certified Fraud Examiners (ACFE) (badged as the world's largest anti-fraud organisation) stating that the pandemic is the perfect storm for fraud.
- 1.6 The aim of this review was principally two-fold: firstly to raise awareness of fraud against the person, and secondly to ascertain the ways in which local victims of this crime are identified and supported. In addition, the Committee sought to understand the process for reporting (personal) fraud offences, including the role of key stakeholders in the handling of cases, and establish how the public are made aware of the required reporting mechanisms (and how this is reinforced by local organisations, including work around reducing the risk of becoming a victim of fraud).

Mindful of the ongoing pandemic, the identification of any local COVID-19-related fraud concerns (and whether any targeted awareness-raising / support may be required) would also be an important factor in this work.
- 1.7 The Committee found that fraud is a complex and, sadly, all too prevalent crime in today's world. The broad range of national, regional and local organisations (a number of whom are listed within this report) involved in

countering those manipulative perpetrators of this practice are testament to the frequency in which it is carried out. Understandingly, this is often in a reactive way as fraudsters continually change their point of attack, seizing upon opportunities that, latterly, has even stooped to seeking gain from a global pandemic. The Committee fully support every available means to bring such people to justice.

- 1.8 The focus of this review was on fraud against a person rather than business-related crime, and data from Action Fraud (January 2020 to January 2021 (inclusive)) demonstrates that recorded acts against an individual account for 94% of victims in Cleveland (90% across the UK). Action Fraud statistics also show that although the Cleveland Police Force area has one of the lowest volumes of reported fraud in the UK, there was a near 53% rise in reported fraud incidents in Cleveland when comparing January 2020 to January 2021 (38.4% increase across the UK). Caution is, of course, required when comparing periods of time, as an increase in reporting volumes may be due to more people contacting authorities following an incident rather than a rise in criminal activity.
- 1.9 Contrary to some of the myths around fraud that the Committee was made aware of, data from Action Fraud and Cleveland Police confirmed that people of all demographics can, and do, become victims of this crime. In terms of crime categories (as determined by the National Fraud Intelligence Bureau (NFIB)), the different types of reported cases in Cleveland are broadly in line with UK picture, with consumer fraud and advanced fee fraud the most frequent. Strikingly, Action Fraud information states that a higher percentage of fraud victims are aged 20-29 and 30-39 (mostly through online shopping / auctions and social media hacking) – again, this belies the belief of some who think that only older people fall victim to this crime.
- 1.10 The Committee was informed that only about 5% of victims actually report a fraud offence. If this is anywhere near accurate, it is imperative that all organisations continue to robustly advertise and reinforce the way in which fraud should be reported. However, this collective drive must be backed-up by a well-functioning reporting centre.
- 1.11 The Committee note previously-published criticism of the Action Fraud service, and whilst it cannot directly influence a resource that is operated in London, efficient and effective collaboration between Action Fraud, the NFIB and local Police Forces must be in place to give the public confidence in the system. To this end, it was noticeable to observe that the number of crimes referred to Cleveland Police from Action Fraud / NFIB in 2019-2020 was comfortably the lowest of any other Forces considered within Cleveland's 'most similar group' (though the Committee acknowledge that this could, in part, be due to investigations being allocated to other Forces covering larger, more metropolitan areas where a greater degree of fraudulent activity may be occurring).
- 1.12 To further enhance the ability of local organisations to respond to this type of crime, the Committee endorses the National Trading Standards (NTS) stance that Action Fraud should have confidence in sharing relevant information with Local Authorities who, along with Police Forces, can play a significant role in identifying and disrupting fraudulent activity. As NTS point out, Local Authorities already handle sensitive material within other domains, and can often be best-placed to react to what is occurring in their own backyard.

- 1.13 In terms of local crime investigation, the Committee heard that Cleveland Police operates a small Economic Crime Unit in the face of increasing reports of fraudulent cases. Adequately supporting a multitude of competing priorities is challenging for all public sector bodies, but the Force may want to further consider the existing resources given to this area of Policing in order to facilitate the disruption and prevention of fraud being committed in the first place, in addition to the investigation and prosecution of such crime (an approach which few Forces were adopting according to the HMICFRS 'Fraud: Time to Choose – An inspection of the police response to fraud' (April 2019) report.
- 1.14 Continual awareness-raising of scams and emerging threats plays a significant role in reducing the risk of people becoming victims of fraud. The Committee was assured by the numerous examples of this (which rightly involved multiple mediums – talks, leaflets, social media platforms, press releases / news alerts, campaigns, guides, links to further advice / guidance), and echo Cleveland Police's message that all local partners need to continue educating people (of all ages) as much as possible on what to be aware of. As was often stressed during this review, fraud is hard to deal with once a crime has been committed but can often be easily prevented – this message needs to be shared through all possible communication platforms (not just online), with people being encouraged to speak to others (family, friends, colleagues) and all agencies helping disseminate and promote the array of existing anti-fraud resources.
- 1.15 As the Committee was made all too aware, behind every act of fraud is a victim, a fact that can sometimes be overlooked when analysing crime trends and attempting to nullify perpetrators. Locally, the Victim Care and Advice Service (VCAS) provides invaluable support to victims, many of whom will be repeatedly targeted as their information is sold-on to other scammers. The widely-held ambition of encouraging significantly more victims to report cases of fraud will translate into an increase in the identification of those requiring support – recognising and responding to a rise in demand for this commendable service will likely be required. When it comes to fraud, a key message from this review is that everyone is susceptible to this type of crime.
- 1.16 There has been well-documented evidence in the national media of pandemic-related fraud since the emergence of COVID-19 in early-2020, and this was reinforced by local organisations, particularly the involvement of non-contact courier fraud, romance fraud and impersonation of 'officials here to help' with PPE, vaccinations, shopping, etc. Just as in pre-pandemic times, raising awareness of new and emerging scams across all available platforms continues to be a vital tool in reducing risk to the local population.

Recommendations

The Committee recommend that:

- 1) Representation is made to Action Fraud encouraging the sharing of relevant fraud information with the Local Authority (reflective of this review and in support of the National Trading Standards position).**
- 2) Cleveland Police consider the existing resources it has in place to tackle fraud, with a view to facilitating the disruption and prevention of fraud being committed in the first place, in addition to the investigation and prosecution of such crime.**
- 3) Cleveland Police maximise the Neighbourhood Policing model to aid in identifying and supporting vulnerable residents, providing regular updates on the latest fraud-related activity and how residents can protect themselves (e.g. utilising the new Office of the Police and Crime Commissioner (OPCC) for Cleveland monthly e-newsletter).**
- 4) All local partners continue sharing and disseminating key anti-fraud messages, emerging threats, reporting mechanisms and existing fraud-related resources via all available platforms (not just online).**
- 5) Stockton-on-Tees Borough Council includes a regular fraud-related feature in Stockton News which details the latest scams, reinforces reporting routes, and, where possible, highlights the prevalence of fraud against particular age-groups, including those under 40 years-old.**
- 6) Relevant data and key messages for young people around fraud crime be shared with the Council's *Bright Minds Big Futures* (BMBF) initiative to facilitate strengthened awareness-raising with that specific demographic.**
- 7) The feasibility of supporting Age UK Teesside to extend its provision of digital projects (enabling older people to learn about devices / how to use the internet) in Middlesbrough / Redcar and Cleveland to Stockton-on-Tees is further explored.**