



Which? Shorts: Why are fraudsters getting away with it?

Hello and welcome to the Which? Shorts podcast, I'm Rob Lilley.

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This week we hear more about the police response to fraud.

Did you know for example it makes up 40% of all crime in the UK, but receives just 2% of police funding.

To read us this article originally written by Josh Wilson, let me hand you over to the host of the Which? Money podcast, Lucia Ariano...

In November 2022, members of British law enforcement carried out the nation's largest ever fraud sting. Almost 150 people were arrested as part of an international operation into the iSpoof fraud website.

Described by police as a 'one-stop spoofing shop', criminals used the site to steal tens of millions of pounds, targeting 200,000 potential victims in the UK alone, by number spoofing their caller ID and posing as representatives from high street banks.

Operation Elaborate, as it was called, was far from typical; relatively few fraudsters end up in handcuffs. The National Fraud Intelligence Bureau (NFIB) received around 900,000 reports of fraud and cybercrime in 2020-21, but of these, just 71,865 (8%) were disseminated to law enforcement for investigation. In 2021, just 4,488 cases of fraud made it to court, a minuscule fraction of the cases handled by the NFIB. Fraudsters, in other words, are largely getting away with it. To understand why, we talked to experts and asked police forces around the country how many officers they have on the case – and how many cases get solved.

Fraud offences have skyrocketed, making it the most prevalent crime in the UK. In the year ending March 2022 alone, there were 4.5m offences, according to the Office for National Statistics. This is up from 3.4m in the year ending March 2017, a rise of 34% in five years. By comparison, theft, the second most prevalent crime with 2.7m offences in 2021-22, has declined by 19% over the same period.

While it's difficult to put an exact number on the cost of fraud, the Home Office estimates that individuals lose around £4.7bn a year to scams and fraud. However, the National Audit Office (NAO) has criticised this figure for being outdated, based on data from 2015-16, and points out that the Home Office has no reliable way of measuring the financial impact or value for money of its policies. In a scathing report published in November 2022, the NAO claimed that the Home Office is clueless about the scale of the fraud threat and has failed to lead an effective cross-government strategy to tackle it. MPs on the Justice Select Committee criticised 'inadequate' police efforts to fight fraud, while a House of Lords committee

said the UK 'has retreated from the fight against fraud' and that it's not an 'investigative priority' for police.

The current system for reporting fraud was described by then victims' commissioner Dame Vera Baird as a confusing 'alphabet soup' – and it's easy to see why. If you fall victim to a scam, you should first call your bank, as it may be able to stop money from being transferred and compensate you. To report the case, you need to contact Action Fraud, the centralised reporting hub for fraud and cybercrime, on 0300 123 2040. It passes reports to the NFIB to decide which cases warrant investigation by local police. The exception is if you live in Scotland, where you report cases to Police Scotland by calling 101. It then chooses which cases to investigate.

The problem is, only a minority of fraud victims report their case to Action Fraud: just 24% of 1,008 scam victims we surveyed in September 2022 said that they had done so. Of those who didn't, 23% said they didn't know they could report it to Action Fraud, while 17% said they didn't think Action Fraud would do anything about it. In 2019, an undercover reporter for The Times found that call handlers were misleading victims into believing all cases would be investigated and the Justice Committee report found staff had 'a lack of empathy for victims'. Several other organisations collect and report fraud cases, including local police, banks, the banking association UK Finance and Cifas, a fraud prevention organisation and database. The behind-the-scenes organisations co-ordinating the response to fraud are similarly confusing. These include Action Fraud, the Home Office, the National Crime Agency, the National Economic Crime Centre, the NFIB and the Serious Fraud Office. With police forces used to dealing with crimes in their local areas, and fraudsters often operating from other regions or countries, there is a need to co-ordinate various forces' efforts. But the number of different agencies involved has made it difficult to know where the chain of command and responsibility sits. 'There are so many different agencies and a real lack of communication and co-ordination going on between them,' says Mike Haley, chief executive of Cifas. 'If no one knows who is accountable, then no one's accountable.'

The importance attached to fighting fraud is reflected in the proportion of police funding it receives – just 2%, according to the Justice Committee. Also telling is fraud's absence from the government's Strategic Policing Requirement, which lists the priorities police and crime commissioners must address. The City of London Police (CoLP) is designated as the national lead police force on fraud, but can't order other police forces to investigate. Haley has criticised the CoLP for focusing on protecting businesses. 'They're funded by industry to protect industry – they don't really care if you or I get scammed.' When we put these criticisms to the CoLP, commander Nik Adams, he confirmed that some units are funded by industry to tackle particular crimes where businesses are the victim. 'But, ultimately, they are there to investigate crimes against the public and our focus is on putting victims at the heart of everything we do', he added. Decisions on whether to investigate are based on 'investigative and operational criteria' set by the police. However, detective inspector Mark Riley, from the Lancashire Police Economic Crime Unit, told us many police forces simply don't prioritise fraud cases, which often get buried under crimes with a higher profile. 'Fraud just isn't up there with other crime types really, compared with the likes of serious sexual assaults and county lines investigations,' says DI Riley. 'As a result, we've not got as many resources around fraud. I think a lot of officers also get intimidated by fraud cases – they're not as confident in dealing with it compared with, say, an assault outside a nightclub.'

In the Devon and Cornwall Constabulary, of a staff of 5,243, just 25 officers (0.5%) are on the fraud beat, our freedom of information request revealed. Yet Devon and Cornwall is slightly above average when it comes to the size of its fraud desk; many forces have far fewer specialists. Across the UK, according to the Justice Committee, there are only around 1,000 specialist fraud officers, and out of the 20,000 new police officers being recruited, only 380 will be fraud specialists. Specialist officers aren't always well placed to deal with fraud, though, according to Michael Skidmore, a senior researcher at the Police Foundation think tank. 'They tend to be within economic crime teams and their capacity is very limited. They are not at all geared up to deal with volume fraud [the common scams affecting individuals].'

They're only really geared up to deal with very serious complex fraud.' CoLP police commander Adams notes: 'We have to balance the probability of a successful investigation against the amount of work, the amount of loss and our limited resources.' He points to the huge reductions in officers since 2010; even with recent recruitment drives, there are 3,500 fewer officers working today. It's not just police forces that lack resources: both Action Fraud and the NFIB, which sit within the CoLP, have been struggling. According to a 2019 review, 'the NFIB has the capacity to review only about half of the 19,000 crimes with "viable lines of enquiry" that are reported every month'. When pressed on the resourcing of the NFIB, Adams said: 'Do I think there are more crimes that could be sent out from the NFIB for investigation? Yes, I do.'

'Extra resources around fraud would be a real advantage,' says Lancashire's DI Riley. 'We deliver training locally, but because we've got a finite number of resources, if you take those fraud officers out to do training, then you've missed out on two or three days of fraud reports coming in.'

Slowly but surely, there is a growing recognition of the scale of fraud – and that more needs to be done. The 2019 Economic Crime Plan largely focused on serious and organised economic crimes such as money laundering, but the government's upcoming 10-year fraud strategy will have a much heavier focus on more common scams, with better coordination between the government and the private sector. Additionally, the Home Office has pledged to expand National Economic Crime Victim Care Units across England and Wales, which provide support for victims whose cases are not investigated by the police, to prevent them falling victim again. Following the revelations around Action Fraud the government has also confirmed plans to replace the organisation, setting aside £30m to support the replacement service.

The Home Office told us: 'This government is absolutely committed to cracking down on fraud and economic crime, spending an additional £400m over the next three years to bolster law enforcement's response.' The CoLP's Adams says he has been working to get fraud pushed up the list of policing priorities. As a result, fraud now features in every police and crime plan, and in force performance reports. Available to the public, these reports can be used to see how the police are performing and how they compare with similar forces. Adams is also working with the College of Policing to make sure every detective is trained in how to investigate fraud. He said: 'We've worked really hard for some time to get fraud included in the Strategic Policing Requirement.' However, he stressed that the ultimate decision remained with the Home Office.

Thank you so much to Lucia for taking us through that piece, and to Josh Wilson too, the author of that article which was originally written for the March issue of the Which? Money magazine.

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We'll be back next week for another episode of Which? Shorts. Thanks for listening.

Which? Shorts was produced by me, Rob Lilley, while the Exec Producer was Angus Farquhar