

TRUST ME !

A Briefing on Scams

By
the Research and Campaigns Team
of
Citizens Advice Sedgemoor

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Management Summary

Victims of Scams are most concerned about getting their money back, and seeing the offender convicted...these outcomes are unlikely to be achieved in most cases.

Scams are epidemic. An attractive area in which criminals can operate with little inconvenience by comparison with old-fashioned crime, and far less risk of being caught.

They are reported to Action Fraud. In theory they can be referred to the appropriate local police, but when this happens, they are competing for very scarce resources. And they are difficult, time consuming, and therefore costly to deal with.

It is remarkably difficult to obtain a coherent picture of the problem.

Action Fraud recorded 277561 offences (not all of which are scams) in the UK in the year ending March 2018. This is an increase of 6% (a rise of 132% since 2011). And this is by no means a complete view, because many people do not report offences against them. 3.2 million offences were estimated to have taken place in that time – more than ten times as many as reported.

5494 crimes were reported for the Avon and Somerset Constabulary in the year to March 2018. The Total Victim Losses was given as £15.5m. Roughly half of these were reported by individuals. The main type of fraud related to cheques, plastic cards and online bank accounts.

An individual is ten times more likely to be a victim of fraud than of theft from the person; 10 times more likely than to be a victim of burglary; 35 times more likely than robbery.

About 5% of A & S victims reported a severe impact from the crime.

Less than 3% of recorded Frauds are detected. So less than 0.3% if we take unreported crimes into account.

Other kinds of crime have far better detection rates.

The Economic Crime Unit (ECU)¹ is the specialist unit for Frauds in the Avon and Somerset Constabulary. It consists of:

- A Detective Sergeant
- 4 Detective Constables
- 3 Designated Investigating Officers
- 3 Serious Crime Officers.

This amounts to about 0.2% of police employees.

¹ <https://www.avonandsomerset.police.uk/168938-fraud-investigations-and-the-economic-crime-unit>

The picture is similar nationally – about 0.2% of resources are deployed to deal with about 30% of all crime, with outcomes that are predictable.

We recommend that the resources available for the investigation of Scams should be reviewed and increased significantly.

We recommend that the counting mechanisms should be revised to provide clarity for the public in counting offences and Detections. The counting mechanisms do not distinguish Scams from the other kinds of Fraud: it is difficult to quantify the problem of Scams. And the systems tend to obscure the idea of a Detection.

We recommend that the system of “Disseminating” reported cases should be reviewed. Existing systems do not encourage police attach an appropriate priority to the cases that affect individuals.

The Police Foundation Report (December 2018) makes a further 26 recommendations: we recommend that they should be urgently considered.

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What Do Victims of Scams Want ?”

“Research has found that victims are most concerned about getting their money back and seeing the offender convicted...these outcomes are unlikely to be achieved in most cases.²”

What is a Scam ?

A Scam is an illegal scheme for making money – that usually involves tricking people.

One of the problems of the subject is that Fraud is a similar idea, but may be against organisations rather than against individuals. So we can see that a Scam is a type of Fraud. Frauds³ are counted, such as in the authoritative Crime Survey for England and Wales (CSEW); but Scams are not treated separately.

The effect of this is that it is difficult to separate Scams against individuals from Frauds against corporations such as HM Revenue and Customs.

Some illustrations of Scams can be found in Appendix A below.

It is remarkably difficult to obtain any picture of how many Scams are committed and how many are Detected. This report is a picture created from a patchwork of obscure sources.

What Do I Do if I am the Victim of a Scam ?

Action Fraud is the national reporting centre for fraud and cybercrime where you should report fraud if you have been scammed, defrauded or experienced cyber crime in England, Wales and Northern Ireland⁴.

This is a service run by City of London Police, and is linked to the National Fraud Intelligence Bureau (NFIB).

What Do Action Fraud Do ?

Record it and give you a reference number.

No Action.

² “More Than Just A Number” by the Police Foundation (Dec. 2018) Page 5. This is entirely consistent with the experience of CA Sedgemoor.

³ Section 2 of the Fraud Act 2006 defines the expression. Fraud has three components – a false statement or “representation” or failure, or abuse of position; dishonesty and an intention to gain, or cause loss to someone else.

⁴ From <https://www.actionfraud.police.uk/>. Action Fraud was established in 2011.

Cases will be passed to the NFIB. The NFIB will assess the case to see whether there are sufficient grounds for investigation and enforcement is viable⁵. If it passes these tests, the case is “disseminated” to the most appropriate police force or other enforcement agency; this may be as part of a package of several incidents.

When it arrives in a force (in our case the Avon and Somerset Constabulary (A & S)), it is competing for attention with other cases, reported directly; many of these will be major frauds affecting corporations. It is competing for very scarce resources.

The Economic Crime Unit (ECU)⁶ is the specialist unit for Frauds in the Avon and Somerset Constabulary.

It consists of:

- A Detective Sergeant
- 4 Detective Constables
- 3 Designated Investigating Officers
- 3 Serious Crime Officers.

They take on the more complex and high value investigations. The force’s capability to investigate fraud is not restricted to the ECU.

One in 134 police employees work on Economic Crime (one in 241 on cyber crime.)⁷ In A & S there are 5939 employees (in 2017), and 2652 officers. So .18% of the officers are committed to Economic Crime (including Scams) – about two per thousand (a similar proportion if the calculation includes staff who are not police officers.)

Will Action Fraud Detect It ? Investigate At Least ?

No.

They have no remit and no resources for investigation.

Action Fraud does not investigate cases and cannot advise on the progress of cases⁸.

Of course, it is possible that another investigation will refer to similarities with cases already recorded.

How Many ...?

It is difficult to obtain any coherent picture of the volume of Scams, let alone of the number that are Detected.

⁵ *International boundaries may well present an almost insurmountable barrier in terms of jurisdiction.*

⁶ <https://www.avonandsomerset.police.uk/168938-fraud-investigations-and-the-economic-crime-unit>

⁷ “More Than Just A Number” by the Police Foundation (Dec. 2018) Page 16.

⁸ From <https://www.actionfraud.police.uk/>.

Difficult, because Frauds are counted – and not all Frauds are Scams. And because not everyone reports offences against them.

So all we have is indicators.

Offences Reported

Action Fraud recorded 277561 offences in the UK in the year ending March 2018. This is an increase of 6%.

And this is by no means a complete view, because many people do not report offences against them. 3.2 million offences were estimated to have taken place in that time – more than ten times as many as reported⁹. This is an increase of 132% since 2011/12.

A previous version of the Action Fraud website reported 5494 crimes reported for the Avon and Somerset Constabulary in the year to March 2018. The Total Victim Losses was given as £15.5m. Roughly half of these were reported by individuals. The main type of fraud related to cheques, plastic cards and online bank accounts.

An individual is ten times more likely to be a victim of fraud than of theft from the person; 10 times more likely to be a victim of burglary; 35 times more likely than robbery.

About 5% of A & S victims reported a severe impact from the crime.

Offences “Disseminated”

There has been a significant fall in offences referred to forces for investigation. This is attributable to a fall in resources engaged in reviewing work in NFIB, and a shift in NFIB policy. So this figure is of no real use to us.

The Action Fraud website reported 180 referrals to A & S.

Fraud investigations take about ten times as long as other crimes to investigate¹⁰. They are complex and often intellectually demanding.

“...generalist officers lack the capacity and the capability to investigate fraud effectively”¹¹.

Offences Detected

⁹ “More Than Just A Number” by the Police Foundation (Dec. 2018).

¹⁰ “More Than Just A Number” by the Police Foundation (Dec. 2018) – Page 4. A & S was one of three areas in which research was carried out for this report.

¹¹ “More Than Just A Number” by the Police Foundation (Dec. 2018). Page 5.

“Detected” is another term that causes difficulty and the authorities prefer the use of “Outcomes.” For pragmatic and practical purposes this paper will accept that cases in which the offender is charged or summoned are Detected.

CSEW reports that 6572 offences led to charge or summons in 2018. This is 2.36%. So Scammer can be more than 97% confident of getting away with the offence. And this is a 3% improvement on 2017 figures.

And this figure is likely to be significantly lower for Scams¹².

The picture worsens considerably when we take account of the mass of unreported cases. - Probably far less than 0.236% of all Scams are detected.

The Avon and Somerset Constabulary¹³ acknowledges 42 Fraud Crimes reported to them; and 87 Detections: this is difficult to interpret.

The Action Fraud website reported 61 judicial outcomes (59% of which charged).

Police solve significantly less Fraud cases than other crimes. Theft and robbery have detection rates of over 10% nationally; assaults and weapons offences have detection rates of over 50%.

We are able to find no useful indications of amounts of money recovered by victims. We infer that it is significantly less than 3%.

Who Are the Victims ?

CSEW reports that adults aged 35 to 44 are more likely to be a victim of fraud.

But the average age of victims of mass marketing postal fraud is 75¹⁴.

Victimisation is greater in higher income groups, and in managerial and professional occupations. Individuals living in the least deprived areas are also more likely to be victims.

Single older people are more likely to respond to Scams (half of all people aged over 75 live alone)¹⁵.

How Big...?

CSEW reports that high levels of harm are very low in volume. Most Frauds involve little or no harm (including where the target does not engage, and including where losses are reimbursed.)

¹² “More Than Just A Number” by the Police Foundation (Dec. 2018) Page 16.

¹³ <https://www.avonandsomerset.police.uk/168938-fraud-investigations-and-the-economic-crime-unit>

¹⁴ Age UK “Older People, Fraud and Scams” – referring to Age UK research by TNS Research Express in June/July 2017.

¹⁵ Age UK “Older People, Fraud and Scams” – referring to Age UK research by TNS Research Express in June/July 2017.

£43 million has been lost to Pension Scams since 2014¹⁶.

Conclusions

It is important to emphasise the victim's expectations for getting their money back and getting the offender convicted. These are not met to any significant extent.

Fraud is at epidemic proportions and not nearly enough police resources are brought to bear on it. Estimates suggest that 3.2 million Frauds took place in the year to March 2018. This is about 30% - almost a third – of all crime. Less than .2% (about two in a thousand) of police resources in A & S are deployed to deal with it. This is not proportionate; it is not keeping up with the problem; and it is not meeting public expectations. Evidently it attracts a low priority. Criminals may be responding to this by moving away from other crimes into Frauds including Scams.

Detection rates run at less than 3%, which is lower than other kinds of crime that run at 10% to 60%. But the likelihood of an individual being affected is much higher.

We recommend that the resources available for the investigation of Scams should be reviewed and increased significantly.

We recommend that the counting mechanisms should be revised to provide clarity for the public in counting offences and Detections. The counting mechanisms do not distinguish Scams from the other kinds of Fraud: it is difficult to quantify the problem of Scams. And the systems tend to obscure the idea of a Detection.

We recommend that the system of "Disseminating" reported cases should be reviewed. Existing systems do not encourage police attach an appropriate priority to the cases that affect individuals.

The Police Foundation Report (December 2018) makes a further 27 recommendations: we recommend that they should be urgently considered.

¹⁶ Age UK "Older People, Fraud and Scams" – referring to <https://www.gov.uk/government/consultations/pension-scams/pension-scams-consultation>.

Glossary

CSEW	Crime Survey for England and Wales
ECU	Economic Crime Unit (includes responsibility for Fraud)
NFIB	National Fraud Investigation Unit

Appendix A

Some Illustrations

Scams may arrive at their target by e-mail, telephone, surface mail, or cold callers. The Action Fraud website reports that 32% of offences were committed by 'phone in A & S, 15% related to online sales, and 12% related to e-mail.

A significant proportion of these crimes are committed by reference to a computer, and are therefore counted as "Computer Crimes". However, many computer crimes do not involve financial loss or gain, and therefore are not Frauds. So this expression tends to confuse rather than clarify.

In 43% of cases, the first contact with the victim was made online.¹⁷

Some illustrations are as follows:

- **Investment** - victims are persuaded to invest money into fake ventures and are then unable to get their money back. Investment opportunities or "boiler room scams" where you can invest in shares or gemstones or fine wines
- **Fake services** - people are offered a service for a fee, only to find the service isn't real or doesn't exist at all. Examples include, offers to fix computers remotely and fake invoices for advertising.
- **Vishing** - con-artists cold-call people pretending to be a legitimate company, asking for credit or debit card details - for example on the pretence that they need to refund overpaid bills.
- **Doorstep selling** - victims are offered goods door-to-door or from the back of a van, which are likely to be counterfeit. Fraudsters selling mattresses, "fresh" fish and cleaning products were all reported to Citizens Advice.
- **Upfront payment or fee** - fraudsters ask for a payment in advance for a service or product that never materialises, such as asking for a fee to get a loan, or to pay for a training course to secure a job.
- **Premium rate texts** - victims inadvertently agree to receive premium rate texts about games or competitions, usually costing around £4 each.
- **Counterfeit goods** - people buy goods at marketplaces or online that turn out to be counterfeit or even stolen. Common products include cigarettes, shoes and clothing, and tickets for events.
- **Goods not received** - people place orders for goods which don't arrive. Scams are often carried out through social media and online auction sites.
- **Cryptocurrency** - Fake websites claim to offer cryptocurrency investments, like Bitcoin. Often, scammers will pretend that household names have endorsed the company to give it some legitimacy.
- **Binary options** - Scammers pose as stockbrokers and get you to place bets on whether phoney shares will rise or fall within a certain date. They'll promise big returns. You

¹⁷ "More Than Just A Number" by the Police Foundation (Dec. 2018) Page 3.

should check if they are on the [FCA Register and not on the warning list of firms to avoid](#)

- **Holiday timeshares** - Scammers promise to buy your membership off you for an advanced fee.
- **Bogus solicitors** - A scammer will intercept emails from a legitimate solicitor and pose as them. Scammers often strike when a property is being exchanged on and get the funds diverted to their bank account instead. Check if they are on the [Solicitors Regulation Authority](#) to see if they are genuine.
- A letter or e-mail offering you a huge payment to help get **money out of a foreign country**. You give details of your bank account and the scammers raid your account. Or maybe you send some money up front. Old now.
- An e-mail to say that one of your friends/family is stranded in another country and in desperate need of funds. All you have to do is ...
- E-mail which appears to be **from your bank, asking you to confirm or validate or update your details**. May direct you to a web site which looks like your bank to do it. Banks never ask you for your password.
- You can't win a **lottery** if you haven't bought a ticket. So anybody who suggests that you have gives cause for suspicion. Especially when they ask for personal information or bank account details - or even ask you to pay the admin fee to get the prize. This kind of scam might refer to a prize draw or a sweepstake instead of a lottery.
- You may be offered a great opportunity to take part in a great new money making venture. All you have to do is pay a joining fee - and you can earn fabulous sums by recruiting new members. This is **Pyramid Selling**.
- **Dating** – you are the object of the affections of an attractive member, usually of the opposite sex: all you have to do to meet them is... and it will eventually end with you sending them some money. Age UK receives around 7 romance fraud reports every day: on average, they lose £10000.

Appendix B

Evidence and Case Studies from Citizens Advice Sedgemoor

During the year 2018-19, 10 clients came to us for advice about Scams. The total of losses was over £193000. This double the number of reports for 2017-18.

Client A is 78 years old. One of his main objectives in coming to us was to help manage his debts and losses, which were then about £85000; his outgoings exceeded his income by over £50 a month. His story began with a 'phone call from an Investment Company. His bank and his children advised him against, but he borrowed £60000 and committed to the "investment" in "Brighter Trade". The organisation still appears to exist but he is unable to contact them: it has a postal address in St Vincent, and a 'phone number with a German code. It looks as if it will be difficult and expensive to bring them to justice in an English court. It is difficult to be optimistic about getting the money back. The case has been reported to Action Fraud, but nothing more has been heard.

The company specifies a number of jurisdictions and declines investments from them: this may be because their law enables prosecution across jurisdictions.

Client B is 55. He "invested" £250 with a company that appeared to be a CFD/Forex trading investment relating to currency trading. He subsequently borrowed from his sister, and from two banks, giving the company access to his computer via Anydesk, for the purpose – a total of £54000, and "invested" that also. For two months, the "investment" made the bank repayment, but now appears to have suffered a catastrophic decline. He is still in contact with the company – who suggest that he should take Equity Release on his house. This company appears to operate a UK 'phone number, and a web site; but there are no reliable indications of its location.

Citizens Advice Sedgemoor

Citizens Advice Sedgemoor is a registered charity (formerly Sedgemoor Citizens Advice Bureau). It is part of a Citizens Advice service which operates at 2700 locations in England and Wales to provide advice that is free, confidential, independent and impartial.

The service helped 2.7 million people face to face, over the phone, by email and web chat in 2016-17 with the help of 23,000 volunteers. There were 43 million visits to our online advice pages.

Twin aims of the service are:

- *To provide advice people need for the problems they face*
- *To improve the policies and practices that affect people's lives.*

Each local Citizens Advice is an independent charity, giving advice on a wide range of issues including debt, benefits, consumer and employment.

Citizens Advice Sedgemoor consists of 12 paid staff and about 35 volunteers.

This report is available online, with our other reports at <http://sedgemoorcab.org.uk/research-campaigns/>.

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