

Justice Committee

Oral evidence: [Fraud and the Justice System](#), HC 961

Wednesday 20 April 2022

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Members present: Sir Robert Neill (Chair); Maria Eagle; Laura Farris; Paul Maynard; Dr Kieran Mullan.

Questions 212 to 261

Witnesses

I: Rt Hon Damian Hinds MP, Minister for Security and Borders; and Duncan Tessier, Director for Economic Crime, Home Office.

Examination of witnesses

Witnesses: Damian Hinds and Duncan Tessier.

Q212 **Chair:** Gentlemen, thank you very much for coming back. I am very grateful to you for taking the time. It is nice to see both of you. We will crack on and wrap up the rest of the evidence as promptly as we can. We appreciate your flexibility. We will take Members' interests as read as usual.

Minister, you have talked about some of the preliminaries, and I am grateful to you for that. In terms of your ministerial objectives, what would you say is your key area of focus as Minister with primary responsibility for fraud?

Damian Hinds: With respect to fraud, I want less of it. To do that we have to look across the chain, if you like. Of course, that is about the criminal justice system and pursuing criminals, but it is also about trying to design out earlier in the chain as much fraud as we possibly can.

I do not want you to think that what I am about to say is putting the onus or responsibility on the consumer. I am not. There is an important role to make sure that people are empowered and find it easy to spot when attempted fraud is going on. We also need to think about optimising our victim support, in particular making sure that victims are



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not re-victimised subsequently, which I am afraid is a rather horrible feature of this part of the criminal market.

At all points of the chain we need to be doing more, because people are spending more and more time online and this type of crime has grown as criminals have discovered that they do not necessarily have to go outdoors to find a victim; they can do things at distance, quite often even from a different country.

Q213 Chair: I understand your objective. Talking about that cross-cutting approach, the Government have a national plan for fraud, but Mike Haley, chief executive of CIFAS, who gave evidence to us before you saw us last time, said it was a plan without a strategy to pull it all together. Is it perhaps time to have a national strategy for fraud, embracing both the efforts of the various elements of the public sector and private sector commercial organisations in the way you have described? Would that be the right way forward?

Damian Hinds: Yes, it certainly is. You identify precisely what we need to do, because some of this is about the Home Office, the Treasury or the public sector; some of it is about the court system; and some of it is about the police and Action Fraud. It is also about retail banks, retailers and people who vend websites, email providers and a lot of different entities.

We now bring all the relevant entities together. We have to try to make sure it is not unwieldy, because there are so many parts of it that you need to be able to keep focus, but bring them together in a joint Government-private sector approach. We have ongoing sector charters with key sectors, with more coming on board, but you are absolutely right that it needs a combined coherent approach.

Q214 Chair: Our colleagues on the Treasury Select Committee went a bit further and said that the policy responsibility perhaps should be centralised in a single Department. Is that something the Government are minded to do?

Damian Hinds: It is centralised. Consumer fraud is a crime that sits squarely with us, but there are other parts of Government that have an interest in other types of fraud. I used to be a Minister at DWP; in my time I have been a Minister at Her Majesty's Treasury with some responsibility for HMRC. Both of those bodies have a big interest in a particular type of fraud. I was also Education Secretary. There are such things as academic fraud and medical fraud.

There are all these different frauds. It is such a big topic that you need the whole of Government to take an interest. When it comes to stamping down on these horrible crimes that people are victims of I am very clear where responsibility for that lies. It lies with us. We work closely with our colleagues, particularly in the Treasury because of the banking system and elsewhere.



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Chair: We will come back to that. We will have questions for Mr Tessier further on.

Q215 **Paul Maynard:** You have already mentioned consumers, Minister. In this inquiry we have been hearing continually from consumers who are utilising Action Fraud. They are very frustrated by the experience. They feel their complaints go nowhere and are discarded. It is great to hear that Action Fraud will be replaced by 2024, but do we have to wait until then to see any improvement at all for the consumer? What will you do between now and 2024 to try to improve Action Fraud as it currently is?

Damian Hinds: It is a great question. The short answer is no, you do not have to wait until 2024 for improvement. It is really important that we do this big replacement of Action Fraud. The system needs complete replacement—a lot of this is about systems—to make sure that information on crimes committed can be processed quickly and efficiently and disseminated, and to make the joins so that when different people are reporting different incidents we make the joins and work together.

In the meantime, things can be done to improve it. Action Fraud has been employing more staff for the call centre. It has been improving its victim support facility, and it is working on improving the consumer interface, if you like, in particular the website, and automating things that can be effectively automated—for example, a chatbot-type facility for reporting— but remember that the human element remains incredibly important as well.

Q216 **Chair:** Action Fraud was described to me by a constituent as a bit like a bottomless pit at the moment. It is a black hole. Something goes in and nothing comes out the other end.

Damian Hinds: We are all conscious of that as constituency MPs. I have had constituency casework; we all have. It is important that people know that there is a point to reporting. I know the big, big frustration is when it is determined that there is not enough evidence, or not enough to go on, to pursue a particular crime. That is very frustrating for our constituents; it is frustrating for us representing them. It is still really important that that was reported because it builds up the intelligence picture. It means that synthesis is possible, putting together different crime types and seeing the trends and then being able to act on them.

I do not want to make my answers too long because I know that is a great frustration for Select Committee Chairs, but we are doing some other things. Report@phishing.gov.uk is a facility for people to say directly and quickly, “I have just received this clearly dodgy email trying to rip me off through a phishing device.” You send it off to that email address. Through that facility, in the couple of years it has been up and running, 76,000 scams have been taken down directly. It is very important that people know there is that link. If I report something, maybe that will stop somebody else falling for the wicked phishing email



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that was sent to me. We have the 7726 facility for reporting dodgy SMS messages and calls, as well as Action Fraud itself.

Q217 **Maria Eagle:** On the extra staff you referred to, I asked about this at the first session. Mr Tessier promised to come back to us with the number. How many is it?

Duncan Tessier: Thank you very much for following it up. There are 95 staff in the call centre and 57 staff in the economic crime victim care unit.

Q218 **Maria Eagle:** Is it 95 extra staff?

Duncan Tessier: It is 95 staff in total. We put in an extra 20.

Q219 **Maria Eagle:** There are 20 extra.

Duncan Tessier: Yes.

Q220 **Chair:** It has gone up from 75 to 95.

Duncan Tessier: Yes, and we are expanding the economic crime victim care unit which the Minister just preferred to.

Q221 **Laura Farris:** Minister, can I ask about victim empowerment or empowering people? I went to see one of the high street banks in my constituency and they talked about very common forms of fraud. This is retail banking fraud where the fraudster uses the telephone number which is the same central telephone number of the bank to establish confidence and then gives some details.

Typically, a text has come first to suggest that a transaction has been made and it is not genuine. That is something that banks used to do. Then there is a request to move money and the destination of the money is an account held with that bank. Do you think there is a role for the Government, or certainly some public body, to do more to disseminate information when that kind of fraud takes root? That was something the bank was very familiar with, yet they were still seeing people being duped by it.

Damian Hinds: These are the "move your money to a safe account" scams. You get trends. Action Fraud puts out notifiers about some of those trends.

Q222 **Laura Farris:** Do you think that is enough? Do you think there should be another form of information campaign?

Damian Hinds: That is a very reasonable challenge to make. I want us to do more. In an ideal world we do not want people to be worrying the whole time about what is the next thing coming their way, but when these trends and flare-ups happen, it is helpful. As we all know from our constituencies, local organisations do this to some extent as well. There are warnings in local papers, the local police, social media and so on about scams operating in the area, but when they are more remote,



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which is often the case with the type of fraud you have spoken about, I am sure we can do more.

Q223 Laura Farris: Can I ask about the duty of care that banks themselves have? It falls under the know your customer obligations. It is probably difficult for banks—I don't know actually. Take the idea of moving a customer's money to another account that is held by a person who is a fraudster, say an Abbey National, Lloyds Bank account or whatever. Do you think there is a way of putting more obligations on banks to repay?

Damian Hinds: They repay a lot.

Q224 Laura Farris: But there are often counter-arguments, for example, "We said the details didn't match." They have more power. If there was a duty of care on them and they had to comply with certain things and satisfy your Department that they had done a huge amount, otherwise they would face fines or at least have to compensate, would they not put in place much more robust systems that would stop this happening?

Damian Hinds: We put pressure, and will carry on putting pressure, on the financial services sector and others to do everything they can. I am sure there is always more, but it is only fair and right for me to say that the banking sector has done a huge amount over the last few years. It is also only fair and right to say that they compensate a great deal of money to victims who have been scammed.

One very significant reform is what is called confirmation of payee, which you will have seen in the last couple of years. Rather than just putting in a sort code and an account number, it has to look up the payee name. You think you are sending it to another account, say, in the name of a member of your family. It is not enough to have just the sort code and account number; the name on the account has to match what you think it is. That is quite a significant change which can address some of the exact issues you are talking about.

Use of the equivalent of two-factor authentication in banking is another change that is helping to take more out of the system, but we continue to be very alive to where there are further opportunities, as I am sure there are, to design it out and create whatever friction is needed, still consistent with consumers having a good and efficient banking experience. That is important too, because we have a good and competitive banking sector. We are doing what we can to help design out this fraud.

Q225 Laura Farris: How, if at all, do you think that fraud will be reflected or built into the victims Bill? How do you think that will address fraud?

Damian Hinds: I could not tell you specifically about codification in that legislation. I can say more about what Action Fraud is doing on victims and the general orientation of police forces. There is a lot of focus in Action Fraud on victim support, in particular trying to make sure that people do not get re-victimised.



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Sometimes, as you know, we are dealing with extremely vulnerable people, but not always. It is worth saying that if you are in your 30s, reasonably well off, spending a lot of time on your computer and doing online shopping, you are also in the firing line, but there is a large proportion of people who are particularly vulnerable and subject to horrible fraud. I hesitate to say it, but on the dark web criminals have things called sucker lists. You can buy on the dark web lists of people who have previously fallen for fraud on the grounds that they are more likely to fall for it again. It is appalling to think of it, isn't it? There is a big focus on that.

Within Action Fraud, there are different levels of urgency in the priority attached. If there is an immediate danger to an individual, it is a priority 1 case. That should get sent straightaway to local police, who will deal with it. I was with my own economic crime unit in Hampshire the other day talking about this. Sometimes they send someone round to see the person, where that is the appropriate thing; in other cases it is phone support. Everybody should get some email follow-up to try to make sure they are not re-victimised.

Q226 **Chair:** Mr Tessier, is there anything else from your perspective around what more your directorate does in a practical way for victims?

Duncan Tessier: I think the Minister has summarised very well the important work that is going on in Action Fraud about the economic crime victim care unit and the tiered model. What we have at the moment is an expansion of that. Twenty police forces were working with the victim care unit a couple of years ago. It has gone up to 37 now, and we hope shortly to get all forces working with that unit on the enhanced support that the Minister described, particularly around re-victimisation, which is an awful thing and takes up quite a percentage of the—

Q227 **Chair:** Do you need to persuade the other police forces that are not yet on board?

Duncan Tessier: I don't think so. The discussions are ongoing and we are making good progress. It is part of the additional people I mentioned earlier.

Q228 **Chair:** Is the objective to have everybody signed up?

Duncan Tessier: Yes, I think that is the ambition.

Q229 **Chair:** If it is a national priority it would be bizarre if it was not, wouldn't it? What is the timeline for getting all police forces on board?

Duncan Tessier: Certainly, over the next couple of years; probably 12 months.

Q230 **Chair:** I get the sense that there is a bit of elasticity around this. Why is that? If it is something that you want to see happen, why is it not being driven forward as something we expect them to do?



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Duncan Tessier: I think the Minister has described quite well that local forces have their own responses as well. As the Minister says, they can go out and visit particularly vulnerable victims, and they offer some quite good packages in local areas. There is always a question about what is the right place to deliver services from.

Q231 **Chair:** Minister, I wonder whether there is at least a national bottom line, or a set of minimum standards we should expect, perhaps with the enhancements that you have in Hampshire and other places.

Damian Hinds: We want to see these things done nationally. Making sure that we are optimising victim support is part of Action Fraud's replacement. As Duncan outlined, we are working through that as fast as we can.

Q232 **Maria Eagle:** In terms of policing, we have huge amounts of fraud and not very much detection and conviction of the people behind it. I think that is fair to say, isn't it?

Damian Hinds: It is certainly correct to say that there is too much fraud and that a lot of people are not coming into the criminal justice system as a result.

Q233 **Maria Eagle:** Convictions have fallen by 67% since 2011, from 42,000 to 13,500, yet the amount of fraudulent activity has shot up enormously. We have a picture where detection and conviction are not keeping pace with the increasing level of fraud that is taking place. The Government, via the Home Office, are recruiting more police officers. Do you know how many of the police officers being recruited will be put on to dealing with fraud at regional organised crime units?

Damian Hinds: We do know. There is not a perfect delineation between officers working on fraud and other things because fraud forms part of broader serious organised crime. I will ask Duncan to come in in a minute, but there is a proportion of officers in what is called the police uplift programme going on to fraud. Over the spending review period, we have a total additional investment of £400 million over those three years in economic crime, of which £103 million goes to fraud. Among other things, it is partly about the replacement of Action Fraud but is also about buying additional investigators.

Q234 **Maria Eagle:** London police?

Damian Hinds: Not only that, but it includes that. Some of the investigating resource that you want for this is warranted police officers, but not always. It is a different type of crime; some of the detection that you want to do is different; the analysis is different and so on.

Q235 **Maria Eagle:** You said in reply to a written parliamentary question last December that "we have prioritised more investigators in the City of London Police to fulfil their role as a world class fraud specialist force." How many more officers are they getting—or investigators? I accept they



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might not all be officers.

Duncan Tessier: Last year, 30 were put into the City of London Police.

Q236 **Maria Eagle:** Thirty of the 20,000?

Duncan Tessier: The plan over the spending review in respect of the moneys the Minister has just outlined, which is £400 million for economic crime over the next three years, of which £100 million is for fraud, is that about 350 additional officers will be based across the National Crime Agency, the City of London Police and the regional organised crime units.

Q237 **Maria Eagle:** It is 350 plus 30.

Duncan Tessier: It is in that order of magnitude.

Q238 **Maria Eagle:** Out of the 20,000. It is not a huge percentage of the extra resource, is it?

Duncan Tessier: The intention is to build a real centre of expertise in the National Crime Agency, working with the City of London Police. We are talking about investigating the largest serious organised crime gangs who are running this. That also gives access to more of the high-end capabilities that the NCA has, and connection across into the intelligence agency, so there are economies of scale in putting more resources into those central functions.

Q239 **Maria Eagle:** The NCA should be the core of the response; that is where the improved response to dealing with fraud should be coming from.

Duncan Tessier: The National Economic Crime Centre, which sits within the NCA, is the operational lead for the fraud policing response.

Q240 **Maria Eagle:** Am I not correct in saying that over the past five years the NCA's budget has decreased in real terms by 4.2%?

Duncan Tessier: I am not sure that is correct. I think the NCA budget has increased. If you distinguish between the core budget and the additional funding for projects, I think that overall the NCA budget has increased.

Q241 **Maria Eagle:** Do you think it has increased in real terms?

Duncan Tessier: In real terms, yes. I would draw a distinction between the core budget and the budget where you have temporary additional funding for projects.

Q242 **Maria Eagle:** What is the real-terms percentage increase?

Duncan Tessier: I am not going to give you—

Damian Hinds: Can I suggest we come back on that to make sure that we give you the fullest answer?

Q243 **Maria Eagle:** I am happy for you to write to us about it. It would help, because what we have seen is an enormous increase. Economic crime



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costs up to 14.5% of GDP. That is the value of it, yet we are spending 0.042% of our GDP on resourcing enforcement. I am not saying that we should be spending 14.5% of our GDP, but that is a much smaller percentage than the cost to the country and to individuals. I am trying to get at whether or not we are being ambitious enough if only 350 plus 30 of the new police officers will be dedicated to it.

We have heard evidence that fraud is not a priority for police forces; indeed, many of us have come across instances where the police just tell our constituents to report to Action Fraud and that is the end of it as far as they are concerned. Will fraud be made a strategic policing requirement in order to galvanise the effort of local police forces to realise that this is their problem? It is 40% to 50% of all crime; it is not something local police forces should be ignoring.

Damian Hinds: Ms Eagle, you will not find either Duncan or me in any way minimising, reducing or trying to play down the prevalence of these crimes. We are in business to bring down those numbers.

You are quite right about the 40% plus. If you add together fraud, cybercrime and wider economic crimes like money laundering and so on, it is over 50%. It is now the majority of crime. It is also true that it is not the sort of crime that our whole crime fighting system was originally set up to deal with, where overwhelmingly the victim and the perpetrator were in the same place, in simple terms, or near each other, and people's houses and cars and so on were broken into.

In this case, the victim and perpetrator may be hundreds of miles apart. Quite often, the perpetrator is in another country altogether. That presents a very different set of challenges. We need to increase our detection resource to pursue those offenders, but, to come right back to what I was saying at the start, we also need to be very ambitious at every stage in the chain and recognise that, particularly with some foreign jurisdictions, the prospect of getting somebody in that country is not the same as for other crime types where the victim and perpetrator are in the same place and in this country. That elevates the importance of all the other things I was talking about. I am not dodging your question.

Q244 **Maria Eagle:** I am waiting for an answer about the strategic policing requirement.

Damian Hinds: It is an expanded answer—

Maria Eagle: It is.

Damian Hinds: With additional context. Obviously, it is important for police forces to focus on it. It is getting more focus, but we need to make sure that we carry on working on that.

Q245 **Maria Eagle:** One thing that motivates local police forces is whether or not the particular type of crime or activity is within the strategic policing



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requirement that they are tested against when they are inspected. Is fraud going to be included in the strategic policing requirement as a way of focusing the mind and effort of local police forces on fraud activities that perhaps are the lower-hanging fruit, because there is enough of it for there to be some low-hanging fruit, so that we can start getting better and more detection?

Damian Hinds: You are absolutely right. We want there to be more focus on fraud, and that is partly about police crime commissioners as well and how they set their priorities. I do not have an announcement to make today about the particular statement you mentioned, but we want there to be a sharp focus on this crime type.

Maria Eagle: Thank you.

Q246 **Paul Maynard:** We have been hearing from both the Crown Prosecution Service and the Bar Council of the need both to increase the capacity of the legal system and to improve the level of expertise available to people to try to prosecute fraud more effectively. Many of them have pointed to specialist fraud courts as part of the answer. Is that something the Government are even willing to consider?

Damian Hinds: As a Committee, obviously you are deeply expert on the operation of the criminal justice system. To some extent, I think it is better for me to defer to colleagues in the Ministry of Justice on specific questions, but there is obviously a role for specialisation in this area.

The CPS has been working on its own capacity and capability. I think three specialist fraud centres are being created—in Wessex and Merseyside, and there is one other, which might be in Wales. It is merging some complementary parts of its operation that look at serious organised crime, fraud, specialisation and international crime into a combined directorate to benefit from those synergies and that flexibility.

To come back to the general question about whether we want more people brought to justice through the criminal justice system, yes, we do. Those who manage the court system are probably in the best position to answer the question of how best operationally that part of the process is done.

Q247 **Paul Maynard:** Is it a question you might be asking of the MOJ?

Damian Hinds: Indeed, and we are in very regular contact.

Q248 **Paul Maynard:** Equally, have you been discussing with the MOJ the rules around both disclosure and data sharing, because, once again, we hear continually that, as fraud becomes more complex, those rules seem to inhibit the rapid investigation and detection of fraud?

Damian Hinds: We have had those discussions probably more with the Attorney General's office, in particular around disclosure. I think the view is that there is not a systemic thing around disclosure. Duncan, do you want to add more on that?



Duncan Tessier: Disclosure is clearly an issue raised by lots of stakeholders in this area, with concerns about the volume of disclosure and how that impacts on trial. Obviously, the Attorney General's Office are responsible for the disclosure policy. They review it regularly. I believe a review is under way at the moment. Clearly, they hear representations from stakeholders in this area. I think their view is that there is not, as the Minister said, a systemic issue of disclosure with respect to fraud; it is perhaps an issue connected more with the application of the law rather than the law itself. I think that is their stance, but, as the Minister says, because it is a technical area of the law it is probably best to direct those questions to them.

Paul Maynard: That is an interesting statement. I think it is worth asking the Attorney General's office.

Q249 **Chair:** The chair of the Bar made a point which rang true to me. Basically, the disclosure rules and the guidelines are set by the Attorney General and the police have to administer them. They were for an analogue age when I used to do fraud cases, as an advocate I hasten to add. You were dealing with warehouse-loads of physical documents. Now it is all online.

What is being done between the Home Office with responsibility for the police, the Law Officers' department, which is responsible for the guidelines, and the Crown Prosecution Service, to make sure that there is a joined-up approach to disclosure protocols and the use of technology, AI searches and so forth, so that there is a national approach that flows through from investigation by the police, under your Department, to the disclosure that is made once the case has gone to court under the Law Officers' department?

Duncan Tessier: As the Minister says, the first thing is that the Home Office is positioned as the system leadership for the response to fraud. That means we have to work with lots of partners who have areas of specialism outside ours, but the first point is to have the right governance so that we can pose to them the kinds of questions that you are posing to us, which we are doing.

We have both ministerial-level governance, which is the economic crime strategic board, and an economic crime delivery board, which is chaired by the permanent secretary of the Home Office jointly with the permanent secretary of the Treasury. Through that, we bring Whitehall partners together to have just these sorts of discussions, so that we have strong governance, where we are working through these issues, and we are looking to set out a fraud strategy later in the year.

Q250 **Chair:** Perhaps you could send us the details of the membership of those two bodies. Minister, do you serve on the ministerial-level economic crime strategic board?

Damian Hinds: Yes.



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Q251 **Chair:** It would be interesting to have the membership if that is okay, so that we get a sense of the representation and the level of seniority of representation at both ministerial and official level. That would be helpful.

Damian Hinds: Absolutely.

Q252 **Chair:** You made a point about the percentage of crime that emanates from abroad. The CPS gave evidence to us that 75% of fraud has an international element, and your own Department's submissions recognised that international element. What can be done to deal with that more effectively and efficiently?

Damian Hinds: First of all, can I comment on the figures? It is important to say that these are estimates, so it is not possible to give an accurate figure.

Q253 **Chair:** It is not always traced, I suppose.

Damian Hinds: It is very important that we estimate the figure because it helps to inform a lot of other things. We run estimates based on the case load that Action Fraud in particular sees. It is not a complete dataset and we should not over-rely on the numbers, but the proportion that you talk about—one in four frauds being uniquely domestic and the rest having at least some international element, and a significant minority being exclusively overseas—is a big challenge for the reasons I gave earlier.

Working with other jurisdictions is important. Realistically, the jurisdictions with which one works with the best efficiency and effectiveness and so on are not necessarily the biggest origin markets, if you like. It elevates the importance of defensive action in designing out and catching fraud on its way in and catching payments on the way out, making sure that, if something manifests, with things like the report@phishing thing or 7726, it is possible to report it and act on it quickly in an automated fashion wherever possible. We can take quick action to take down websites and put dodgy phone numbers out of action. These are the kinds of things that are really elevated in importance.

Q254 **Chair:** On the practical issue of having lost access to some of the European databases post Brexit, to what extent is that a practical problem, Mr Tessier? Have you come across that in your directorate?

Duncan Tessier: It is not a matter that has been raised with me by police and colleagues.

Q255 **Chair:** Not at all?

Duncan Tessier: Not as a fundamental issue they are facing in this area.

Damian Hinds: Sir Robert, we can write to you with more detail.

Chair: That would be helpful.



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Damian Hinds: Talking now more broadly than fraud, experience in general has been that on the sharing of databases for mutual gain for the protection of our citizens and the protection of citizens of European Union member states there has been very good co-operation since leaving the European Union.

Chair: If you have more details, it would be most helpful.

Q256 **Dr Mullan:** To give some context, every week I get a phishing phone call, text message or email. Nothing we are doing is even touching the sides compared with the scale of the problem. I do not blame them; it is not their fault, but it is all enabled by some of the most successful and richest companies in the world.

Damian Hinds: It is good of you not to blame them. I might slightly take issue with you on that.

Q257 **Dr Mullan:** We tend not to blame car manufacturers for the fact that robbers use their cars in getaways. It is not their fault. The evil of it is from the people delivering it.

As I was going on to say, you have talked about whether you think they are doing enough. Do you think that Alphabet and Google, pretty much the richest companies on the planet, are doing enough, because clearly it is not working? How do you hold them to account and ensure that they are doing enough? There is no transparency on what they spend on it. There is no comparison for you as Minister to say, "Google, you are doing a great job, but Microsoft not so much." How do you get a tangible handle on what they are doing?

Damian Hinds: Thank you for mentioning the interesting car analogy and for what you say about the tech platforms. As for cars, we should remember that over this period the preponderance of car theft and theft from motor vehicles has, thank God, come down, although I am not belittling it because every crime that occurs in that area is terrible. Part of that is to do with policing, but a big part is to do with the fact that Ford Motor Company, General Motors and everybody else have changed the design of the car. The read-across to tech is very clear.

Your question is very timely. Just last night, the House of Commons passed the Second Reading of the Online Safety Bill, which contains three important aspects as regards fraud and making sure that tech companies, some of which you mentioned, are doing all they can to design it out. The first is to bring within the scope of the Online Safety Bill what is called user-generated content. That is when users of a social media platform post fraudulent material themselves. Quite often, that would be things like romance fraud.

The second thing is that it covers fraudulent advertising on what we call categories 1 and 2A social media platforms and search companies. They will have to take proportionate steps to filter out fraudulent paid advertising appearing on their sites.



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The third thing the Bill does is to name fraud as a priority offence, which means that with fraud, and for a number of other identified categories, it is not good enough just to remove content when you have been notified of it; as the platform, you have proactively to try to stop it appearing in the first place. The Online Safety Bill is a really important piece of legislation.

I do not want to say that the platforms have done nothing because tech platforms have done a number of things already, but with the pace of change in this sector and the growth not so much in the number of users but in the amount of time and the proportion of people's attention that gets sucked into these platforms, we must do more. This is the new high street, so it is absolutely an area for us.

Q258 Dr Mullan: I come back to my question. How do you decide that what they are doing is enough? For example, one of my constituents wanted to ask the bank through which he was a victim of fraud, "How much do you spend on it?", and they said, "We can't say. That's commercially sensitive." Don't you think that as Minister you should require that we understand what these banks, telecoms companies and email providers are doing about it? We have no idea how much they are even spending on it, or what proportion of their turnover it is. We are completely blind. I do not know how you are not blind in the same way, besides what they tell you, which I am sure is a great conversation but is not actually hard facts.

Damian Hinds: We press them all the time on what they are doing. I alluded earlier to the sector charters that we have now signed with retail banking, telecoms and accountancy on a range of economic crime. More is coming, including soon we hope on tech.

I am not focusing so much on how much they are spending on it—

Dr Mullan: I am sure they are.

Damian Hinds: I am focused on what it gives you. As I say, we will continue to press them on that. Some of this data, including proportionate spending, is sometimes commercially sensitive, and in a competitive market there can be limits to what you can demand to see. Equally, in a competitive market we want people to compete against one another in saying, "So-and-so is doing this. How can we do as much and be as effective?"

Q259 Chair: Are the Government minded to bring in a failure to prevent offence along the lines of the Bribery Act? The SFO suggested that that would greatly change corporate behaviour.

Damian Hinds: The Law Commission continues to look at exactly that question. You are quite right that for corruption and bribery the general failure to prevent an offence is there. It is a lawyerly question to some extent. As I say, the Law Commission continues to look at it, but we expect to hear back from them quite soon.



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Q260 **Chair:** The argument from a Treasury point of view is that it also changes corporate behaviour and brings significant broader benefits than simply the lawyerly ones.

Damian Hinds: Indeed, and that is why it is such an important question to address.

Q261 **Chair:** Thank you very much for your time and for your evidence, gentlemen. I think we have pretty much wrapped up the areas we needed to cover, and we are grateful to you. If you would come back to us in writing on the details we have talked about that would be most helpful.

Damian Hinds: Of course. Thank you, Chair, and everyone.

Chair: We are very grateful. The session is concluded.