

# Fraud Act 2006 and Digital Fraud Committee

## Corrected oral evidence: Fraud Act 2006 and digital fraud

Thursday 28 April 2022

9.35 am

Watch the meeting

Members present: Baroness Morgan of Cotes (The Chair); Lord Allan of Hallam; Baroness Bowles of Berkhamsted; Lord Browne of Ladyton; Viscount Colville of Culross; Baroness Henig; Lord Sandhurst; Lord Vaux of Harrowden; Lord Young of Cookham.

Evidence Session No. 11

Virtual Proceeding

Questions 107 - 118

### Examination of witnesses

Dame Vera Baird, Neil Postins and Pauline Smith.

Q107 **The Chair:** Welcome to this evidence session of the Fraud Act 2006 and Digital Fraud Select Committee. A transcript of the meeting will be taken and published on the committee's website. You will have the opportunity to make corrections where necessary.

Thank you very much to our three witnesses for joining us for this important session on the victims of fraud and scams and the support and services offered to them. We are delighted to be joined by: Dame Vera Baird, who is the Victims' Commissioner; Neil Postins, who is the service delivery manager at the National Economic Crime Victim Care Unit; and Pauline Smith, who is the director of Action Fraud. Without further ado, Lord Vaux will ask the first question.

Q108 **Lord Vaux of Harrowden:** Which groups do you feel are the most susceptible to becoming victims of digital fraud? What characteristics, behaviours or traits put a person at high risk of becoming a victim?

**Dame Vera Baird:** Thank you very much for the question, and good morning, everybody.

Fraudsters are becoming ever more cunning, technologically savvy, persistent and very good at pushing people into a sense of panic or urgency. Our most recent report is that hackers compromised the

financial data of 42 million people in the last year, and it does not appear that any particular characteristics make people more susceptible. Fraud is often committed anonymously.

In my experience, people get the same scams as a lot of other people. Scams are not targeted at particular vulnerabilities. There do not appear to be any characteristics, behaviours or traits that might put somebody at high risk of becoming a victim. According to our research, there seems to be less variation across demographic groups than for other types of crime. It is a bit of a myth that fraudsters only catch out those who are unsavvy, too trusting or older and perhaps regarded as slightly less switched on to modern technology. That does not seem to be the case. We have looked at the impact on different communities, but fraud appears to be pretty universal.

**Lord Vaux of Harrowden:** In a previous session, we heard that younger people, despite being quite tech savvy, are often more at risk. Do you see any evidence of that?

**Dame Vera Baird:** I do not know that they are more at risk, but we isolated a group of young people who are vulnerable in the sense that they reacted extremely badly to being defrauded. They are exactly the kind of technologically savvy, often quite ambitious people with good jobs, people who are the opposite of the kinds of assumptions that are made. From our work, we cannot point to any specific community and say that they are more likely to be victims.

**Lord Vaux of Harrowden:** Interesting. Pauline Smith, do you have anything to add? Is your experience similar?

**Pauline Smith:** I agree with Dame Vera. I think everybody is susceptible to that daily phone call or email. Of the victims who report to Action Fraud, 40% are between 20 and 39 years old, and mainly because they use computers and social media platforms more. We estimate that 80% of fraud is enabled through online technology.

Life events make us all susceptible. Say you have been in a long-term relationship, but you are not now and you want to do internet dating. That makes you susceptible. If you have not used the internet before but are new to it, as a lot of people were two and a half years ago, that can make you susceptible. I agree with Dame Vera that everybody is susceptible. There is no group of people that we can say criminals do not target.

**Lord Vaux of Harrowden:** Neil Postins, would you like to add anything?

**Neil Postins:** No. I would just be repeating what Dame Vera and Pauline Smith said.

Q109 **Viscount Colville of Culross:** I understand that fraud is significantly underreported, that maybe only 17% is reported. Why do you think fraud victims are so reluctant to come forward to report their experiences?

**Pauline Smith:** Fraud is underreported, and it goes back to that daily thing that people are getting used to it. I hear people in my local shops talking about it: "I've had that phone call, that email". Also, banks refund people and people want their money back rather than reporting. There is a perception of a lack of action in bringing offenders to justice. There is also the embarrassment of having been duped. There are also other places apart from Action Fraud to report to, such as Cifas, although Action Fraud is the national service. This sort of crime touches many people's lives, and we are starting to take it as normal. I think that is behind why people underreport.

**Viscount Colville of Culross:** I know about this from personal experience. When I was scammed I think it was Action Fraud that I phoned. I phoned the number I was told to ring, left a recorded message and never heard anything back. Do you think that a lot of people think that Action Fraud and/or the police are just not going to do anything about it, so there is no point in reporting it? If so, what can you do about that?

**Pauline Smith:** I must agree, because it is such a massive job. Fraud touches the lives of hundreds of thousands of people, as Dame Vera said. It has touched the lives of 42 million people. How can we prioritise it and do something about it? The public do not realise that every report counts. Although we might not bring offenders to justice or get any money back, we will use the information we get to disrupt criminals' lives. We will take down websites, bank accounts and phone lines. We need to get that across to the public. Everybody wants action or their money back, but we cannot do it all. It is too big a job.

**Viscount Colville of Culross:** Too big a job? If that is the case, surely you should be trying harder to get the message across that you can do all those good things to help victims. Is there a strategy to do that?

**Pauline Smith:** Yes, we have a communications strategy. Action Fraud has 1.3 million followers on Facebook and Twitter, and our annual campaigns increase the uptake. Our 12 Frauds of Christmas campaign had an 18.7 million reach to the public. We do have a strategy and we are continuously improving. It is a challenge, but we are dedicated.

**Viscount Colville of Culross:** Dame Vera, do you worry that the lack of reporting makes fraud a more attractive crime for criminals?

**Dame Vera Baird:** Yes. The March 2019 CSEW report says that only about 15% of frauds were reported to the police, and of that 15% some 40% went to banks or the financial authority, which reflects what you have just heard from Pauline Smith: that people are looking for their money back. Of the total, 12% said that it was a personal matter, which suggests reluctance.

One reason for underreporting is that it is difficult to know where to go. The intended receiving centre is Action Fraud, but most people think that they need to report to the police when it is a crime. Pauline Smith has hit

the point about there being a lot of embarrassment because of the myth that people must be slightly gullible. They do not want to admit to that, so that is one reason for insufficient reporting. But if you go to the police, they will send you to Action Fraud, and when you report to Action Fraud there may or may not be any response. The Serious Fraud Office also investigates and prosecutes fraud. The CPS prosecutes fraud. The National Crime Agency investigates fraud, particularly gang fraud, and the National Economic Crime Centre, which did not think it would have to get into consumer fraud, now also has to do so.

People may hear about all these things, but the pathway is not clear and they can get what is called referral fatigue. You go to the police and they send you to Action Fraud. If you get some contact from Action Fraud, they may send you back to the police unless they are going to deal with the case themselves, by which time you may be a bit worn out with this kind of Alphabet spaghetti. There are a lot of places to go, which I think makes it very difficult for victims of fraud to know what they are supposed to do to get help.

In 2017, a Citizens Advice awareness report found that 48% of people were more likely to report to the police, and that people did not name Action Fraud because they had not heard of it. Fewer than 5% were able to do that. You can see the problem with the lack of clear pathways.

Undoubtedly, Pauline Smith is right that embarrassment about falling victim and the emotional impact of becoming a victim can be huge, particularly in romance scams. People blame themselves and feel that telling other people will demean them and put them in a negative light, so there are also personal barriers, but the lack of clear pathways is pretty important.

**Viscount Colville of Culross:** Do you think that the lack of reporting makes fraud more attractive to criminals?

**Dame Vera Baird:** I am not a great occupant of a criminal mind, but it probably does. It seems like common sense. Figures show that there is very little police resource. I think fraud is now 40% of crime, which is an amazing figure in itself, and 2% of police resources are currently applied to it. You only have to know that to think that it is probably quite a good number to home in on.

**Viscount Colville of Culross:** Neil Postins, do you have anything to add?

**Neil Postins:** Dame Vera and Pauline Smith have explained it well, but I want to go back to the issue of reporting. I know the question was about underreporting. Encouraging people to report is key. The NECVCU sits under Action Fraud, which is the only central reporting centre in the UK, Europe and possibly the world. Reporting through Action Fraud certainly improves the quality of reporting. It provides consistent service to victims when they do report, and provides the vital element of ensuring that we can identify opportunities to disrupt.

Fraud is slightly different from other crimes. It is invisible. There is a low risk to an offender of committing computer fraud, whereas crimes such as burglary, car theft and robberies present a higher risk of recognition and detection. Fraud provides offenders with a layer of anonymity and, therefore, greater opportunity to commit the offence.

Q110 **Lord Browne of Ladyton:** We move now to the impact of fraud, which could probably occupy the whole of the rest of the session, but we will try not to let it. Alongside the obvious potential and actual financial loss, what are the wider impacts of fraud on victims' lives? We will need to summarise that a bit. The nub of the question is that, given the consequences, why is fraud considered such a low priority by police forces and the Government, and what can we do about that?

**Neil Postins:** Impacts can vary. Depending on the amount of the loss combined with the personal circumstances of the victim, the financial impact of fraud can be wide-reaching and there is a ripple effect. Becoming a victim may affect a person's life, their partner, their home life, and their employment, depending on how the person is affected and the type of fraud.

We can go on to an individual's ability to trust. We have already talked about how a victim may feel gullible and embarrassed about becoming a victim. The aim of NECVCU is to make victims understand that they are not to blame, that they are not the person who has done something wrong. The offender is to blame. A victim may have feelings of vulnerability, isolation, anxiety and depression. We have dealt with a number of victims who have had suicidal thoughts and, unfortunately, as a result of being a victim, some have committed suicide. In 2020-21, Action Fraud identified and supported approximately 234 individuals who displayed and talked about self-harm and suicidal thoughts. The NECVCU escalated internally 168 cases of people who were vulnerable, and 325 have been escalated to forces for additional support and safeguarding over the last year.

Victims will have lots of emotions. The NECVCU tries to make sure that the victim feels safe and understands that they are not to blame, that it is not their fault and that it is the perpetrator who targeted them who has caused their feelings of guilt and anxiety. Fraud is often talked about as financial violence. Victims have described fraud and cybercrime as financial violence, sometimes explaining that it feels worse than a physical injury.

**Lord Browne of Ladyton:** Pauline, if you have anything to add, I would be delighted to hear it.

**Pauline Smith:** Action Fraud reported that last year nearly 340,000 victims identified themselves as vulnerable. Neil Postins mentioned some impacts—anxiety, depression and suicidal thoughts—and some of our research found that those impacts did not last for just a few weeks or months, but for years. People reported a lack of confidence and an impact on their daily lives.

I would like to see fraud and cybercrime become a priority for the police and crime commissioners. Policing has to make choices and has many priorities, but I feel that fraud and cybercrime should have the same priority as the more traditional crimes such as burglary, car theft and so on. It needs to be part of every police and crime commissioner's policing plan. It needs to sit up there.

We know the depths some people have experienced: losing their life savings or equity in their homes, being unable to put food on the table for their children, some criminal defrauding them of their last £100 or even their last £10. We need to recognise the extent of the impact on people's lives.

**Q111 Lord Browne of Ladyton:** Thank you. That has been very helpful to us.

Dame Vera, can you address the question of priority? If the perpetrator enjoys this level of impunity, and the likelihood is that for all the time victims are suffering from the consequences they will never see anybody pay for it, it seems to me that that must be a very significant element of the suffering that results from being defrauded.

We are just about to conclude a session of Parliament during which at least 10% of my inbox was from groups trying to get me to persuade the Government that a particular very specific crime should be a priority and should be named, and some of them were successful. We are constantly asking the police to prioritise certain types of crime because they are quite rightly identified by people. Will it ever be realistic to ask a British police force, with all its competing priorities, to divert the resource that would be necessary to crime of this magnitude? Do we not need to consider investigating and prosecuting these things in a more coherent way with different specific resources?

**Dame Vera Baird:** That may be the case. Would you allow me to talk about the impact of fraud, because we have done a particular piece of work about it?

**Lord Browne of Ladyton:** Yes, of course.

**Dame Vera Baird:** I do, of course, get your point about low priority.

The commission wrote a report called *Who Suffers Fraud?* The point was that because the scale of fraud is so massive, victim support needed to be broken down so that we understood the levels of victim support likely to be needed by different cohorts, in order to try to get a manageable perspective on it for those who are likely to fund victim services and those who are likely to run them.

One very important thing, which in every sense is quite good news, is that our report, which was published in October 2021, suggested that about 55% of fraud victims are not badly affected by the fraud or the attempt to defraud. I immediately assumed that was because they would get their money back or they did not part with any, so they were less upset than if they had. That is true to some extent, but it is not the full

answer, because we went on to find some groups who were not relieved of their suffering by getting their money back.

The biggest group of the half who were not particularly impacted were what we called resilient victims with lower-risk behaviour. But about a quarter of the 3.1 million fraud victims in 2019, some 700,000—we worked on this on with the Crime Survey for England and Wales—were very profoundly impacted.

The high-vulnerability, high-harm cohort broke down into three parts, which I can describe quite speedily. We classified 6% of the victim population as “severely harmed”. They were likely to have experienced actual financial loss. For a quarter of those people, it was more than £2,500, which was the level we fixed severe harm at, and they experienced severe emotional reactions and relationship upsets. I think they are what Pauline Smith and Neil Postins would be majoring on.

The next cohort, about another 6%, were elderly victims who were defined in the research as having more vulnerabilities—living alone, being widowed or disabled. Like the first group, they had experienced very serious fraud, investment and romance scams, and were very much affected by it in the “most distressed cohort” sense.

Then there is this interesting cohort of younger, high-harm victims, about 10% of all the fraud victims we looked at, who were likely to have had money or property taken and who were also likely to have had it reimbursed. They were more likely than other groups to have faced retail or credit card fraud and less likely to report than the other high-vulnerability groups, but even though they had been reimbursed they were more likely than most other groups to say that they had been greatly affected and had experienced severe multiple emotional reactions. We got people to rate the seriousness of the crime on a scale of 1 to 20 and they all rated it at more than 10. They complained of fear, anxiety, depression, difficulty sleeping, loss of confidence, anger, shock, loss of trust in others and relationship breakdown. They were likely to have lost a great deal of money as well.

It was a surprise to me, but interesting, that the level of emotional harm was not strictly proportionate to the amount lost or the amount reimbursed. The impact on people’s mental health is very clear. We have one quote that I think sums it up: “This was very stressful. It made feel stupid and have terrible negative thoughts about myself”. Romance scams have a highly detrimental impact on people’s well-being, as one can readily imagine. You can equate it with physical rape. People feel that they have been fundamentally abused from top to bottom.

I felt that was an important piece of analysis. We hope we can move on and, having analysed those cohorts, try to tailor support to them at the right level, at the right pitch, because obviously there is the question of resourcing to encounter this massive group of victims. If we can sort out who most needs some help, although they all need to be triaged to find that out, that seems to me to be an important piece of work.

You are right that fraud is a low priority. For those who do report it—

**Lord Browne of Ladyton:** Before you move on to that, I should make it clear, and I should have done so at the start, that our excellent staff have already brought our attention to and briefed us on your published study on vulnerability. We have all read at least a good summary of the work, but your having given us the evidence makes it much easier for us to use the work to help inform our recommendations, so thank you very much for that.

**Dame Vera Baird:** Thank you for having taken the trouble to research it in the first place. We hope that we will be able to do the next bit of it.

I think we have already said that 40% of all crime, four in 10 crimes, is fraud, so you are far more likely to suffer fraud than any other kind of crime, but fraud gets about 2% of police resources. Apparently, in 2021, there were about 5.1 million incidents of fraud, which is a 36% increase between September 2019 and September 2021. Fraud is underreported, as we have already looked at. It is also seriously underinvestigated because of that limited resource, and it is hardly prosecuted at all, except major large-scale frauds, which can get prosecuted.

Why it is not a policing priority is such a powerful question. I think it is being treated as a poor relation because it has been prey to a number of assumptions: that people are taking risks and we are not giving them priority because they are taking risks—if they want to take risks with their own funding, that is not a public agency matter; that people are very stupid or do not understand, so there is not a great deal to be done for them except comfort them; or that it just does not have an impact—that people who are defrauded are affluent, so will not suffer very much. It could be something to do with the impact on John Lewis or some other major business that we do not feel sorry for. All those assumptions are rather ancient and misappropriate when you look at who the victims actually are.

Assessments have made a big impact on how it is approached by the public and therefore how it is prioritised by the police. As far as one can see, there is very little genuine investigation of small-scale fraud. Most people we have come across say that they make reports and do not hear very much back. Even HMIC, which inspects the police, has said that it is treated as a low priority, almost as a victimless crime. The City of London Police has a central priority for fraud. There are not huge numbers of people there, but it is a major centre of expertise in fraud. It has noted that it is rarely mentioned as a priority in police and crime commissioners' police and crime plans.

All those things indicate that you are completely right that it is a low priority. One just speculates that it is the reputation that it has had of being a victimless crime or that the victims themselves are to blame or so affluent that it does not matter to them and they are not upset by it. One can just guess that those have played a role.

**Lord Browne of Ladyton:** Thank you. In the interests of time, I think we have covered it.

**The Chair:** As Lord Browne said, thank you for putting your study very firmly on the record. It was very important to hear all those details. We will move on now to support for victims, and I am sure that we will pick up some of the issues you have raised.

Q112 **Lord Allan of Hallam:** Continuing that theme, we started to get into support for the victims as opposed to investigation. We are interested to hear about the specific types of support that you think victims need because they are coming through your doors, and the process by which you help fraud victims to get support, as distinct from the policing investigation part.

**Pauline Smith:** It could be a range of support. Action Fraud runs the National Economic Crime Victim Care Unit as bespoke support for this type of crime. We find that the support can range from anything such as advising you on how to change the password on your internet router, which is like shutting the back door of your house, to being able to get you a grant for your house, to even getting you a gardener and getting your property to be secure. We are in constant contact with a lady we are dealing with at the moment, and we have provided call blocker to stop criminals ringing her. Like I say, it can vary, but it needs to be bespoke to a person's needs at that time.

So far, we have supported over 200,000 victims of economic crime through Action Fraud and the NECVCU. Eighty-three per cent of victims responding to us have said that it is the right amount of contact, and 74% have said that it has increased their confidence in policing. It is one of a kind. We have looked across the globe to see if there is anything else we can compare it to and to look for best practice, and we have not found anything quite like the NECVCU.

It is important to help people stop becoming a repeat victim and to give them confidence and make them feel safer in the technological world we live in at the moment. We have been running this service since 2015. It was a rocky start for the first three years, but over the last four years we have seen the service grow and the importance of the impact for victims in the UK, so I would say that a bespoke service for this sort of crime is needed.

**Lord Allan of Hallam:** Bespoke and high volume makes me nervous. Neil, you are on the front end of this. Do you have anything to add on how that victim support works?

**Neil Postins:** If I can take us back to the initial reporting to Action Fraud, there are two methods into Action Fraud. There is a call centre phone line or there is online. However you approach Action Fraud to report, you are given an opportunity for victim support services.

We all know victimsupport.org as the organisation, but other forces have commissioned services that provide similar support for victims. If you

contact our call centre, you are asked if you want victim support. The call centre staff are trained to recognise if a victim is vulnerable and might need a more immediate service. In those circumstances, they may refer the victim straight to a police force for additional support through 101. If the victim clearly is vulnerable and there is a need to address that vulnerability there and then, we will call 999. It is slightly different online, because it is a report online. When a victim goes online they have to uncheck the victim support box; otherwise, they will get a victim support contact.

The NECVCU has a clear mission statement: engage, support and empower. We find that the service we provide victims needs to be focused and tailored to their needs, and that is why we have such good feedback—probably not the right word—on the service: because it is focused and tailored. The other key thing is that we recognise the offence and potential follow-on offences that the victim might fall foul of.

It is all about how you deal with the victim—the type of support, the time you spend with the victim. I know there are other victim care providers that provide a really good service, but we go back to the focused and tailored need of the individual. It is not just about providing support, which is where our empowerment comes in. It is just making sure that we do as much as we can to empower the victims to feel more confidence and to aid their recovery from what can be quite an emotional and effective impact.

**Q113 Lord Allan of Hallam:** Dame Vera, you spoke earlier about the confusion on the pathways to investigation. How clear or confused do you think the pathways are for victim support, and what improvements might be made to the system?

**Dame Vera Baird:** I think the pathway problems are the same. We have to remember that only about 15% of people report anyway. That is the same as other impersonal crimes. It is quite low because of all those barriers we talked about, but the pathways are the problem.

I have already given you that bit of detail. People tend to go to their local police rather than Action Fraud, because they have not heard of Action Fraud. I do not doubt for one minute everything that has been said about what happens if they get as far as Action Fraud by either route, online or phone: that they will get an offer of help. Essentially, if they get to Action Fraud, they more or less go back to their local police force, where the source of the support is: the commissioned victim services hubs that police and crime commissioners provide. Some of those are still provided by Victim Support, the organisation, but some of those that are not none the less have a specialist section that deals with fraud.

As Pauline and Neil have both said, there is the need for practical advice to close the back door, as Pauline put it so well. The geography of available support for fraud victims is very patchy, and, as I have already said, not all PCCs have the dedicated statement in their police and crime

plans that they tackle fraud. It probably follows, therefore, that there is no specialist support for it in their area.

Basically, the help comes to most individuals from some specialist support services that have experience in the varying impacts that we have already extensively discussed and how they are best dealt with. You might end up with an iterative process with the person who is the victim support responder who, with your help, thinks that you are best advised by somebody who has also gone through a fraud and understands the emotional sequels and can be with you to go through it. You may have serious mental health problems, as Pauline and Neil have said, in which case you probably need to be referred to statutory services by the victims hub.

All that is available. Where there are specific fraud specialists, support ought to be available. I accept that this is a step back into the more theoretical, because all crime that comes to local police forces is supposed to be handed over to the local victims hub. Even if they do not have fraud specialists, there are people used to dealing with shocked, traumatised victims, so there ought to be some level of help available everywhere. I accept that where there is not such specialist help, that is a bit of a step back from probably how good it is.

**Q114 Baroness Bowles of Berkhamsted:** Continuing on with support, how would you compare the support offered by the public sector, such as the police and the Crown Prosecution Service, with that of the private sector, such as banks, telecoms companies and online platforms? They may be doing different things, or there may be overlap. Comparison might be the wrong expression to use. Could you elaborate a bit more?

**Dame Vera Baird:** I am not sure that the CPS plays much of a role in victim support, although, of course, they will talk to victims if it gets into the prosecution realm. My understanding of the difference is, in a way, that the private sector support is likely to be about reimbursements or not. Public sector support is likely to be of the kind that I have set out: going to Action Fraud, coming back to the police and the police taking what action the 2% of their resource permits, but they should certainly be sending you to a victims hub.

A link may be that where you have professional fraud advocates in the victims hub they can often argue for reimbursement with the private sector. There is an excellent organisation called Catch22, which runs the PCC's victims fraud services in Hertfordshire and spends a great deal of time not only looking after the victims' needs but trying to get the money back for them. That remains a huge problem and there is a pretty inconsistent approach. There is something called the Contingent Reimbursement Model Code, where victims of authorised push payment scams, the fastest growing kind of fraud, can get their money back, but actually do in only about 40% of cases. As with many victims in many kinds of crime, if you have an advocate acting for you who has done this before, you are far more likely to be successful in getting it back.

Those are the distinctions. Personal support will come from the PCCs' hubs. The possibility of reimbursement and the good advice about how to stop being scammed again is likelier to come from the private sector. The link is that the one sometimes argues with the other to try to make sure that the support is comprehensive.

**Baroness Bowles of Berkhamsted:** We have had a feeling in some of our sessions so far that maybe there is more that telecoms companies could do to prevent things from happening. Do victims feel that preventing it from happening again in general gives them comfort, or are they more focused on themselves and the reparation that they need?

**Dame Vera Baird:** The generality for victims—and this is a generalisation—is that they do not want it to happen to anyone else. Whatever they have suffered, they want the help to recover, the practical reimbursement, the restoration if it is possible, but they are very keen to play a role in turning a bad into a good to ensure that it does not happen to others, and I think that is good advice about how to avoid it. One or two of my acquaintances, through being involved in fraud themselves as victims, have become volunteers who learn. I am aware of a couple of organisations that try to teach lay people to be good supporters, to advise their friends on how not to get caught and to help people recover when they do. One or two people have turned their bad experience into a good way of volunteering in that fashion.

**Baroness Bowles of Berkhamsted:** Who gets most support? Neil has already indicated to some extent that call centre staff are trained to spot particularly vulnerable people. Is it all down to that or is it the noisy, angry ones who get more attention, especially when perhaps looking at the public sector? Do the quiet ones get missed?

**Dame Vera Baird:** It should not be so, obviously. Neil understands the dynamics of the Action Fraud relationship with his own organisation better than I do, but my broad understanding is that the general route is that Action Fraud marks somebody as vulnerable. As he says, if they need emergency help, Action Fraud will call 999. If they do not need emergency help but they tick the box or whatever the equivalent is on a phone call, they will go back to the local police force, as I have described, which has a victims hub provided by the PCC. They all should be treated in the same way if and when they arrive there, granted what I have already set out, which is the geographical differential levels of expertise specifically on fraud. I do not know about shouting louder, really.

**Baroness Bowles of Berkhamsted:** It is only fair to bring in Neil here.

**Neil Postins:** There is a route to victim care providers through Action Fraud and online. We as a service pick up individuals who have not asked for that service. If they come in and we say, "Would you like victim support?" and they say, "No, thank you", we still have a victim, and a victim who could be vulnerable.

Once they have gone through the process of crime recording and it goes into the NFIB, they will come out to us. We try to bridge that gap. Hopefully, if a person has gone to their police force and reported the crime, the 12 rights that a victim is entitled to through the victims' code of practice should come into play. Any vulnerability of the victim and any safeguarding needs should be picked up.

If they come into Action Fraud and ask for victim support, as Dame Vera has said they are referred through our department to victim hubs, which are numerous around the country. There is still a large number of people who do not ask for either and have had no contact with the police, so we are there to ensure that, technically and hopefully, 100% of victims who have reported a crime will get some form of support and safeguarding if it is needed.

**Baroness Bowles of Berkhamsted:** That is very good. Do the private sector companies do that kind of follow-up as well, or does one have to intervene to get that? You are dealing with how the victims are coping, whereas, as Dame Vera said, the private sector is dealing with getting money back.

**Neil Postins:** From what we have seen, a small number will provide one-to-one phone call support, but a large number of the private sector will refer you to a website, a link. Seven or eight will give you the option to phone and have a conversation with a person. That is far easier. Personally, if I am sent a link, I just think, "You're not really interested if you've sent me a link and I have to do the research". It is slightly different if you are given a contact phone number and someone to speak to.

I will add to what Dame Vera said about the APP and the code. The emotions of a lot of people when they report are, "I want the person arrested and I want my money back". The first bit, "I want the person arrested", can sometimes be more difficult than we would like. Getting the money back is a challenge, but if you have the right advocates who have the right skill, it can be really helpful for the victim. We only started to recognise this from January last year, but we as a service have assisted 74 or 75 victims to recover in the region of £2.2 million. The comments that we get back on that are very positive and they are really grateful. It can be as little as £400, which I think is the lowest we have supported a victim to recover, up to £325,000, which is the highest.

It is a complex process, and it needs some understanding and some skill to work through the engagement with the banks, the ombudsman, the Financial Conduct Authority to support the victim.

Q115 **Lord Sandhurst:** There is an element of overlap, but I want to focus on two sections. The first is with Neil on the role of the National Economic Crime Victim Care Unit. Then I will ask one or two follow-up questions about who else is in the market for helping victims.

First, what funds does your unit get and spend that are dedicated to

support for victims? The other limb of that is: how does your unit target that spend? I believe you will be getting more money in the near future. How will you target that spend, and will it be enough? In other words, what is the money and how do you spend it, and what could you do with more?

**Neil Postins:** I will give a brief potted history. The National Economic Crime Victim Care Unit came into being in about 2015, before I joined the organisation. It was funded through the Mayor of London's office. In 2018, the Home Office came in and provided us with a year-on-year three-year funding model that was very much based on year 1: what can you do with the funding and what does it look like? As we progressed and developed the unit, the funding was made available. We have just secured further three-year funding from the Home Office to deliver the current service.

We have three levels of service. At level 1, we deal with non-vulnerable victims of fraud. They are victims who self-define a vulnerability or not. I am sure Dame Vera and Pauline know, and the committee will know, that there are questions asked of a victim in order to define their vulnerability or not. We currently support 37 forces around the country with their non-vulnerable victims of fraud. We support six forces with their vulnerable victims of fraud.

Only in the last few days we have been pleased to have received additional funding from the Home Office for 2023 to 2024, so for two years, to expand our level 2 service across the country. We hope to support forces to deal with their non-vulnerable and vulnerable victims of fraud by working with local providers, local victim hubs, safeguarding hubs, and protect hubs. We work to support the service that they deliver rather than try to overlay or change their direction, so we support those victims.

You asked specifically about funding. My understanding is that the year-on-year funding that we receive is in the region of £2.2 million. All that funding currently supports the 37 forces and the six forces. We have had additional funding from the private sector that has allowed us to roll out our level 1 service. I understand that the funding model for the additional funding is in line with that already provided. Pauline may know the facts and figures or the exact amount, but it is about £2.2 million a year and the additional funding looks like £1.1 million or £1.6 million. That will take us up to the financial year of 2025-26.

As Pauline has already said, there are over 200,000 victims. Last year, we dealt with 80,000 victims, 5,500 of whom were vulnerable. We build into that the opportunities not only to support victims emotionally but to equip them with the skills to possibly recognise future attacks and to avoid becoming a victim again. We look to reduce as much as possible the likelihood of repeat victimisation. Since 2018, with that funding, repeat victimisation of our vulnerable victims has been something like 0.3%. It is really low, but those are the victims who we see coming back to us.

What could we do with more funding? I think we are already giving a very good service. There are always opportunities to develop. Having been given the news of the additional funding to roll out our vulnerability service, we are now in the process of reviewing what we do. Can we be smarter? Can we engage with more victims? Can we work more closely with victim care providers? Have we got our safeguarding model right? Is there more that we can do on safeguarding? We are also part of a number of working groups on the victims of fraud. Baroness Bowles mentioned telecommunication. We have been invited to a working group to look at the impact of telecommunication on victims. Attending those working groups allows us to look internally at what we do, what we can do it better, and whether we can support the victim in any other way.

We use a focused and tailored approach, so much so that we have now developed a training course for our staff that recognises the victim journey and the difficulties and emotions the victim will face, and each of our advocates goes on that course now. It is an accredited course that recognises the value they bring to supporting victims.

I have probably answered an awful lot there and hopefully what you wanted me to, but is there anything I have missed off?

**Lord Sandhurst:** Which are the other publicly funded support services, or is it all coming from you?

**Neil Postins:** No, and I think it would be unfair to say that. We have discussed clear pathways. The victim will come to us, and we triage in the region of 2,000 to 5,000 victims a month. From that, we look at the vulnerability of the victim, not the type of crime or the value lost. From an advocate's perspective, we work with the victim and we will signpost them or refer them and support them on that journey to the most appropriate service. For example, during the pandemic we had a lot of reported frauds through universal credit. We supported victims in housing, loans, debt recovery.

I go back to the tailored service. Although we are dealing with the victim, we will bring in other public services. Some victims may want to go to victim support, so we facilitate and co-ordinate the best support for victims outside what we can give as a tailored service.

**Lord Sandhurst:** I realise that time is tight. I will switch my target to Dame Vera Baird now that she has had an opportunity to hear this. Does she feel that Action Fraud or Neil's unit is delivering enough, and what more would she like to see? She is seeing it from the victim's end.

**Dame Vera Baird:** So is Neil, of course, because he is a service deliverer, and I do not doubt for one minute that he has his own surveying machinery that ensures that they are delivering what victims want. I imagine that it is, as described, a quality service delivery. It is part of it, and he is absolutely right to describe it as essential and important. Of course it needs to be better resourced in order to have a wider reach.

There is also the local dimension, which is very clear, which he says they work with. The other kind of victim support is, as I have sought to describe, that when things go from Action Fraud back to the local police force there is a working practice every morning that is, harshly and impersonally, called a data drop from the police to the local victim support hub. This is funded by the police and crime commissioner who has responsibility for the police force but also for victims services. That material is across all crimes that have happened and is picked up by the local victims hub, and contact is made. They try to do that with all victims, including fraud, within one, two, three days, depending on their capacity.

There are 42 police and crime commissioners and 42 hubs, and in some of them there are expert fraud caseworkers, but not in enough. North Wales, for example, exclusively in Wales, has one of the few fraud caseworkers, certainly the only one in Wales the last time I spoke to them. I am on the Welsh Criminal Justice Board too. There is one in Hertfordshire and there is something in north Yorkshire, I believe. Experts are not as widely available as you would want them to be, but that is the other tier of victim support and that is its broad nature.

**Q116 Lord Young of Cookham:** I have a two-part question. The first part Pauline has already touched on briefly, which is the issue of looking at best practice in fraud-related victim support. Pauline, I think you said that you had already done this and tried to learn from best practice, but you may want to come back on that.

The other half is aimed initially at Vera. From your experience of working with victims of fraud-related crime, are there any low-cost, quick, direct interventions that we could recommend that would reduce the risk of these victims becoming vulnerable to fraud in the first place?

**Dame Vera Baird:** There are things where there is a known risk. Pauline mentioned earlier that you can install a call blocker to the home of a victim who is suffering from telephone scams, which can make a huge difference because it can block out 90-odd per cent of scam calls.

National Trading Standards has a scams team, which I touched on before, called the Friends Against Scams initiative, which trains members of the public how to spot scams for themselves and for their families. I think it has trained about a million people over the last few years, and it will take on volunteers in the context perhaps of citizens advice bureaux or other places where people may go for debt advice and it becomes apparent why they have got into debt. They may turn out to be volunteers there. Trading Standards plays quite an important role in informing the public at large, empowering those informed to go beyond their own interests.

One thing to guard against is making the victim feel too personally that they are solely responsible for their own protection. Of course they need to be careful, but you can run the risk of victim blaming by putting too much emphasis on their need to look after themselves. I wonder if banks

and technology companies are doing enough to share information and get ahead of the fraudsters. It is quite probable that Pauline knows the most about that.

**Lord Young of Cookham:** Before we go on to that, as a personal example I got a text message from an electricity supplier that does not happen to be my own, saying that I was owed a refund and there was the phone number. That was clearly fraudulent. Why is it not possible to take down that number and stop it being used to send identical messages to everybody else, which is clearly what is happening?

**Dame Vera Baird:** I imagine that it is possible to do that. You would probably have to ask Action Fraud about the methodology. Like you, I have been scammed, and one method is that people get the contact list of somebody's email, so they send out an email from that individual as if they needed some funding straightaway. I think that can be blocked once it is recognised, but I am afraid you will have to ask someone else about the technology of it. I do not know if Pauline is any closer to that than me.

**Lord Young of Cookham:** Pauline, are there any direct, low-cost interventions that we could take to minimise the sheer volume of scams that are going on?

**Pauline Smith:** Yes, we can take down the phone numbers if they are not real phone numbers. If they are using an organisation's phone number, we have to do due diligence to make sure that it is not a real, but yes, we can.

On low-cost interventions that we can do, Action Fraud does alerts. From the research we have done, 86% of people say that when they have had our alerts, which are real-time prevention advice about the scams that are happening now—within 24 hours of us seeing a scam nationally we can put out information about how to prevent yourself becoming a victim of that type of scam, and we could do more of that—they thought that the information helped them to identify and prevent future scams or them becoming victims of scams.

**Lord Young of Cookham:** Who do you send that to?

**Pauline Smith:** We send that to anybody who has signed up to our alerts, mainly to a lot of neighbourhood watch people, who will recirculate that information for us. We could do a lot more of that if we had more investment. It is the same with the Action Fraud campaigns. If we had more investment in that side of things, it is a consistent way of messaging people without a lot of white noise, without lots of different information for different people. We consistently use messaging that is quite simple to follow—handy hints and tips, really. It is about keeping it simple, but we could do more of that and I think we should. I think it should be invested in.

**Lord Young of Cookham:** Neil, do you want to add any footnote to

that?

**Neil Postins:** No, thank you.

Q117 **Baroness Henig:** Good morning, all. We have been told by the Ministry of Justice that it received no responses from fraud victims or their representatives to its recent consultation on the victims Bill. Why do you think that was case?

**Pauline Smith:** I am not totally sure why they would not get a response from victims. I do not have any evidence on that. Sometimes surveys and information that you send out to people get really low responses. All I can think of is that maybe it is about time squeeze and people not having the time to read the Bill and comment on it, but I have no evidence on that.

**Baroness Henig:** Fine. Neil, do you have any ideas on this one?

**Neil Postins:** No, I apologise. I just echo what Pauline said. I think we are all mindful of how things are published and brought to the attention of the public. But no, I have nothing further to add, thank you.

**Baroness Henig:** We have had evidence already about people not necessarily wanting to admit the issues they have had with fraud. Turning to the positive, Dame Vera, what would you like to see in the forthcoming victims Bill to support victims of fraud?

**Dame Vera Baird:** I am hoping for more than a victims Bill, although I hope the Bill will be pretty good. One reason why particularly fraud victims would not respond—I agree completely; it was a short consultation just before Christmas, so it was not ideal—is that nobody asked specifically about fraud. It was pretty generic and structural and talked about what kind of funding structure there should be and what kind of advocacy there should be for victims. It was not particularly about specific kinds of crime.

The Prime Minister has made it very clear that the Government will have a Bill to tackle fraud and money laundering, and there is a mooted fraud plan to come out. They talked about a big investment of several hundred million pounds to try to tackle economic crime, which is more than just the victims Bill. Those will relate more directly to fraud victims. The stuff in the victims Bill is likely to be broader in its reach.

There is no doubt that there is lots to do. We have to get rid of the stigmatisation so that people can come forward. For all the brilliant work that is being done by Pauline and Neil now—I know that those organisations have had bad press in the past, but that was long before the current people who are there now; they have come on in leaps and bounds—it is still a very small number who report. We have to do some important work to get rid of that stigmatisation so that people can report.

We need more advocates for fraud who can do all the things that you have asked about: help to close the back door, as Pauline put it, help to

get the money back, help to give emotional support. There is a dire need for all of it.

The victims' code that Neil mentioned has 12 rights and they are equally applicable to fraud victims. I am very pleased that we had a report back from the CPSI, which inspects the Serious Fraud Office too. They are the people who do big fraud trials with 3,000 or 4,000 victims, and they have a serious plan as to how they can apply the 12 rights of the victims' code to that number of victims in a trial. We were very impressed with that, because when the victims' code was renewed last April there was a conversation about perhaps having to amend it because the Serious Fraud Office could not deliver that, but it seems confident now that it can.

All this tends to suggest to me that the services that are there are getting better. There is a huge amount more to do, but the issue is coming forward, and the fact that it causes serious personal harm and victimisation is being realised better than ever before.

**Q118 The Chair:** Thank you all very much indeed. We have covered a lot of ground. You have given thoughts and everything else on the current fraud landscape. Does anyone have a particular final recommendation that you would like us to take forward in the report?

**Pauline Smith:** I had one written down, but I thought of another one while we were speaking. It is probably not good to go off-piste, but I will anyway. I believe that the Home Office is just about to publish a 10-year fraud strategy. Action Fraud has three years funding for our economic crime victim care unit, and we want to deliver a national standard for victims of this sort of crime. I am not sure whether this is a policy recommendation, but I would certainly like to see the funding for our unit to reflect the 10-year fraud strategy rather than three years and what is going to happen after three years.

A very quick one on the back of that is that some of the Acts need to be updated. The Computer Misuse Act was 32 years ago and needs to be more in line with where we are now. I am sorry; that was two recommendations.

**The Chair:** That is fine. The title of the inquiry is partly about the Fraud Act 2006, so that is another specific Act that we are looking at. Neil, any final key recommendation?

**Neil Postins:** The one for me is sentencing. The maximum sentence for fraud is 10 years. Money laundering, which inevitably falls out of fraud, is 14 years, and I think even burglary is 14 years. We need the opportunity to review the sentencing and, while we do that, to take into account the emotional and physical effect of that fraud, as opposed to the value of it, because sometimes sentencing is geared to the value of loss. We take a person's emotional and mental state into account with other crimes, and perhaps it is a consideration with sentencing for fraud.

**The Chair:** Thank you. That is very practical. Dame Vera, any final key recommendation?

**Dame Vera Baird:** I will piggyback on both of those without repeating them. It would be good if you could draw attention to the research we have done indicating that 55% of fraud victims do not require very much support as a consequence. They all need to be triaged, because you do not get a perfect cylinder of people locked in there who are not going to be affected, but most do not. Let us make sure that support is targeted to the three high-vulnerability groups who seriously suffer from what has happened to them. Given the scale of the target group—four in 10 crimes are fraud—economically we will not invest our funding in the right place. Tailoring of support, on the back of what the other two have said, is very important as far as I am concerned.

Finally, thank you all for the excellent questions you have asked and for listening to us in such a great deal of detail this morning.

**The Chair:** Thank you very much indeed to all three of our witnesses for their time and expertise this morning, which was very important to hear. If anything should occur after this session and you want to write to us about it, or draw our attention to it, please do. We will be doing an outreach session where we very much hope to engage directly with victims and victim support groups to make sure that we hear directly from those affected. For now, thank you all again for your time.