



# Fraud Act 2006 and Digital Fraud Committee

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

Monday 6 June 2022

4.30 pm

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

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Questions 188 - 196

### Witnesses

**I:** Superintendent Gerard Pollock, Chair, ScamwiseNI Partnership, Police Service of Northern Ireland; DCI Stevie Trim, Economic Crime and Financial Investigation Unit, Police Scotland.

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## Examination of witnesses

Gerard Pollock and Stevie Trim.

Q188 **The Chair:** Welcome to this evidence session of the Select Committee on the Fraud Act 2006 and Digital Fraud. This is our third evidence session this afternoon. A transcript of the meeting will be taken and published on the committee's website, and you will have the opportunity to make corrections to that transcript where necessary.

I am very pleased to welcome this afternoon Superintendent Gerard Pollock, who is the chair of the ScamwiseNI Partnership, part of the Police Service of Northern Ireland, and DCI Stevie Trim, who is from the economic crime and investigations unit in Police Scotland. Thank you both very much.

Superintendent Pollock, perhaps I could start with you. It will be the same opening question to both of you, but could you perhaps just say what fraud trends you are observing in Northern Ireland? How have those trends changed over time? What do you see them changing to?

**Gerard Pollock:** Good afternoon. We see fraud in Northern Ireland as on the rise and significantly so. Over the five-year period to the end of November, when we last conducted our annual review, we have seen that fraud has risen 137% since 2016, when the ScamwiseNI Partnership was initially formed. When we look further back, as far back as 2011-12, we see a quadrupling of fraud reported to the PSNI. In raw numbers, we have gone from around 1,400 offences being reported to the police service in 2011-12 up to around 5,300 in the last financial year, 2021-22.

We see a number of key trends in those numbers. There is rising awareness of frauds out there in the public. That is driving some of the reporting. We have also seen rising prevalence of fraud in the public awareness. We have also seen that the public are more willing to report frauds and scams to the police service, whereas previously we have seen challenges in the underreporting of frauds and scams.

In terms of the types of people who fall victim to scams, we see some common trends in the data that is reported to us. When we initially formed the partnership back in 2016, we were significantly concerned with face-to-face scams—rogue traders coming to the doors of older persons and exploitation through that type of scam. Over the five years the partnership has been in existence, there has been a noticeable shift to frauds and scams being committed at distance, with criminals exploiting communication networks through phones, social media, emails or text messages. They can reach across the globe and across the country into someone's home without physically having to go to someone's door.

With that, there are a high number of frauds where there is a comparatively small amount of money lost. I describe those as trawler net scams. The fraudsters and criminals are casting out text messages and emails to thousands of people simultaneously. They are hoping and

waiting for someone to respond to that email, to click on the link in a text message or to respond in some way to a robocall. Those tend to be for a relatively small amounts of money in the grand scale of fraud that we see committed.

At the other end of the spectrum, we see a relatively small number of high-loss frauds and scams, where organised criminal gangs spend a significant amount of time, energy and effort into realising high-value returns. These tend to be investment scams and romance scams. In those cases you are talking about losses in the tens of thousands and in some cases hundreds of thousands of pounds, which is an absolutely devastating amount of money for any one individual to lose. The impact of that can be catastrophic for someone's life, particularly for older persons, where you are talking about a pension pot or the ability for that person to recover that sum.

Some people are more likely to report scams and frauds than others. Our data says that females are more likely to report frauds to the Police Service of Northern Ireland than males are. Around 48% of our reports of frauds are from female victims and around 43% are from males, with the remainder then being from companies or organisations. What is not clear in that data is whether that is because females are more likely to become victims or whether they are more likely to report it and males are less likely to report it, which is feeding into this underreporting. We are not at a definitive point where we can say whether that is a likely causation.

The other thing that has changed over the time the ScamwiseNI Partnership has been in existence is the age of potential victims of scams. At the outset of the partnership, we particularly focused on older persons. In Northern Ireland, "older persons" is defined as persons aged 60 or over. There were a lot of early engagement and public awareness campaigns aimed at older persons. Our partnership involves specific community organisations and groups that represent older persons. The office of the Commissioner for Older People for Northern Ireland is a key representative within our group.

In terms of the demographics of the victims of scams, we now see that 60% of the victims of scams are aged 50 or under, and 24% are older persons. There has been a change in the age at which people are more likely to become victims.

For the committee's awareness, in the ScamwiseNI Partnership we look at what is reported to us on a trend basis. We would see anywhere between 200 and 300 scams reported to PSNI on a monthly basis. The amount of money lost on a monthly basis varies significantly. It is generally in the region between £200,000 to £400,000. That is heavily influenced by that small number of high-value scams and frauds that are reported within that monthly period.

The overwhelming majority of those 200 scams that are reported, around 80% to 90%, are high-volume, low-loss scams. These might be partial

text message scams, which are seeking to recover a £1.99 or 99p delivery charge. I hope that gives the committee an overview.

**The Chair:** That is incredibly helpful. Thank you very much indeed. DCI Trim, it would be interesting to know how your experience in Scotland compares to what we have just heard from Northern Ireland.

**Stevie Trim:** I would reiterate that in Scotland the pattern, which Gerard just spoke about, mirrors the rest of the UK. We are seeing an increase in fraud of about 40%, although in some of our divisions that can be as high as 80% or 90%. It does vary a little across demographics.

The types of frauds we are seeing, as mentioned before, are investment frauds, romance frauds and social engineering frauds. Again, it goes from the lower-value fraud right up to the more complex serious organised crime fraud, where, for example, the people contacting you pretend to be from the bank, trick people into transferring their money into a variety of mule accounts and then draw it all out.

The trend we are seeing over the last few years is that fraud has definitely moved into the online space. We are seeing cyber-enabled fraud. Around 80% of our fraud now has some element of an online aspect to it. The Covid pandemic that has been with us for a couple of years has probably exacerbated that, with people moving their lives even more online than they were before and utilising online space even more regularly while working from home. That has given fraudsters even more of an opportunity to target people at this kind of distance.

I think online fraud will continue to be the most prevalent thing that we are seeing just now. That is certainly the pattern I expect to continue.

**The Chair:** Thank you very much indeed. That is very helpful. We want to hear about how both your police services are working.

Q189 **Lord Young of Cookham:** Can I start with DCI Trim? As the Chair has just said, it is about the balance between doing things centrally and doing things locally. Can I just check a figure that we have in our briefing? It says that the economic crime and financial investigation unit includes 150,000 officers targeting serious and organised crime and high-level fraud. Is that the right figure? It sounds a huge resource.

**Stevie Trim:** No, it is 150 as opposed to 150,000.

**Lord Young of Cookham:** Can we try the next one? There are 17,000 officers who are front-line responders and trained at the Police Scotland College. Is that right?

**Stevie Trim:** Yes, that would be accurate. That is the entirety of the force. That is not just specialist fraud investigators; that is right across the board.

**Lord Young of Cookham:** I am glad we have cleared that up. It seemed that the Barnett formula had been very generous to Scotland. What are

the advantages of having a highly centralised fight against fraud as against having a more devolved system and giving more responsibility to local or, indeed, regional police forces? Were the Government right to say that having a single law enforcement agency to fight economic crime would undermine efforts to tackle the challenge of fighting crime? Would you go along with that?

**Stevie Trim:** To the first part of your question, I would have to say that, on a balanced view, there are positives and negatives to having a centralised hub model. I work within the centralised hub model. We are based in the west of Scotland at the Scottish Crime Campus. We have a tiered approach where the specialist resource is more central and, as the tiers go down and the frauds become slightly less serious, it goes out more to front-line policing. That gives the centre the opportunity to look at the trends, look at the patterns and put things in place to tackle these frauds. You do need a certain amount of centralisation to see the wood for the trees and see what the pattern across the country is.

With it being, as we would say, very west-centric at the Scottish Crime Campus, you lose a bit of local impact, if I am honest. Most of the specialist resource is central, which negatively affects some of the front-line officers' access to training and the exposure they have to fraudsters. It is probably a bit of a mixed picture between the positives and the negatives across the hub model.

To the second part of your question, it does not have a real detrimental effect on law enforcement at all, but it needs to be seen in the balance. In all things that are centralised, you lose that little bit of local focus.

**Lord Young of Cookham:** Can I just press you on the local focus? Given that so much of this crime seems to be online and you are not quite sure where it has come from, how important is the local focus?

**Stevie Trim:** The local focus is important, because the front-line officers are the people who tend to see the victims face-to-face. You are absolutely right: with the online space, it is fairly difficult to trace what country the fraudsters are in, let alone whether they are in Scotland or the UK. They can be anywhere across the world, but what we do have are the victims and the people, so it is important that the local front-line officers are meeting the victims, because they are the people in the community right across Scotland and the UK who are getting it. It is important to have that local knowledge of fraud and that face to face.

**Lord Young of Cookham:** I think you are absolutely right about victim support. Can I turn to Superintendent Pollock with a basic question? How is the fight against fraud structured in Northern Ireland?

**Gerard Pollock:** The Police Service of Northern Ireland has, I suppose, a half Action Fraud structure. PSNI is part of the overall Action Fraud structures and has been since 2015. Members of the public in Northern Ireland can report via Action Fraud. We also encourage, quite proactively,

members of the public to report directly to the Police Service of Northern Ireland.

Our first structure in place for reporting is our call handlers. They are all trained as the initial point of contact. They are trained on the identification of vulnerability and solvability by our economic crime unit, which is established with 62 officers and staff and led by a detective chief inspector, to identify the key areas that may require a local safeguarding response from our local team. To use my colleague's words, that is the local focus. We can identify those whenever our call handlers are speaking to them.

If there are solvability factors identified in that initial interaction with a call handler or there is a safeguarding issue in terms of vulnerability, that call will be passed to one of our local policing team officers to attend the incident. All our local policing team officers are trained in terms of fraud investigation and response through their student officer training. They have ongoing continuous professional development through that process and they are kept refreshed on that. As a result of attending that, our economic crime unit reviews those reports on a daily basis, identifies any actionable lines of inquiry and then co-ordinates that. Then the direct reports that have gone via Action Fraud, not from PSNI, are collected from Action Fraud via the national fraud referral mechanism and reviewed for trends.

If we identify a call from a member of the public who is elderly and vulnerable, our call handlers will do the referral to Action Fraud for that member of the public on the phone, rather than an interaction in which the member of the public speaks to one of the PSNI call handlers and is then advised that they need to report it to Action Fraud. Our call handlers will take those details and complete the referral for them on the phone so the member of the public does not have two calls to make or two hand-offs.

The benefit of that is that we really have the best of both worlds. We saw that there were some trade-offs to be made in the identification of vulnerability within our communities, because of the local focus or local vulnerability that was inherent to some of the victims we see. Yes, they may have been a victim of a fraud that was committed by a suspect who was outside of the UK, but there may be an underlying vulnerability that we as a district or as a police service want to manage. That person may be vulnerable to other crimes. We want to make sure there are appropriate support mechanisms in place for them, whether they are an older person or if there are other vulnerability factors in place.

We also found that we did not have good visibility on the trends, the data that was coming in and where most of our frauds were located. Our economic crime unit is staffed by detectives and supported by financial investigators. They respond to the allocated investigations that are sent to PSNI via the national fraud referral mechanism. Those are investigations that score high enough to be investigated further or where there are solvability factors. They can also take on complex frauds that

are within the remit of PSNI solely. I hope that gives you a bit of an overview.

**Lord Young of Cookham:** That is very helpful, and I am sure some of my colleagues will want to pursue those issues in later questioning.

Q190 **Lord Vaux of Harrowden:** To start, I wanted to probe a little more into Action Fraud. Maybe we can start with Superintendent Pollock, given that the Northern Ireland police are part of Action Fraud. What is your assessment of Action Fraud? How could it be improved?

**Gerard Pollock:** We are in the process of renewing the contract, and there are definitely improvements that can be made for the benefit of the public. The process that is currently in place lacks a focus on the public and the individual victim who is going through it. Improvements need to be made to the length of time it takes to complete a report and in completing that feedback loop, not just for the victim but for the individual forces, so we can tie up those processes.

There are significant benefits from a whole-UK approach in order to see those trends, because the criminals and fraudsters do not operate within individual force boundaries. I can see how that would be a significant challenge, particularly in England and Wales, where there are smaller constabularies and smaller boundaries to operate across.

We need to focus our efforts on improving the victim journey through that process and the feedback to them, particularly on the progress of investigations. Whenever I speak to victims, that is where most of the frustration comes from: the lack of updates and the time it takes to complete the reports.

**Lord Vaux of Harrowden:** From the police force's own point of view, do you find Action Fraud membership helpful? Is the data you are getting from it useful?

**Gerard Pollock:** Yes. Both the data we get back and the membership are useful, because you get that whole-UK approach. You get a holistic view right across the UK; you can see the wider crimes trend data. If we were looking at it on a PSNI-only basis, we would lack some of the colour in the picture.

**Lord Vaux of Harrowden:** DCI Trim, Police Scotland is not part of Action Fraud, although you work fairly closely with it. Again, it would be useful to understand your assessment of Action Fraud. Does the fact that you are not part of it cause problems? Does it mean that there are gaps in the data between the rest of UK and Scotland?

**Stevie Trim:** Yes, it does. Undoubtedly, as Gerard mentioned, the fact that we do not currently participate in Action Fraud creates problems around getting the UK picture of fraud. It makes it difficult to signpost victims and things like that, because we have this whole 101 system up here, but people have still heard of Action Fraud. Victims are not quite sure who to contact. We are assessing the situation with Action Fraud at

the moment. We work quite closely with City of London Police, the NCA and the National Economic Crime Centre.

I can certainly see the benefits of Action Fraud, the data and the whole-UK picture. It is a beneficial thing to be involved in.

**Lord Vaux of Harrowden:** Why is Scotland not involved in it?

**Stevie Trim:** It was a funding thing. A few years ago the decision was made because they felt that the service, which was touched on previously by my colleague, was not as good for the cost. They felt that we could implement a similar system ourselves. Like I say, that is something we are reviewing currently.

**Lord Vaux of Harrowden:** That is interesting.

Q191 **Baroness Bowles of Berkhamsted:** This question will be initially to Superintendent Pollock, because it concerns the ScamwiseNI Partnership. What is the role of public education campaigns in preventing fraud? What lessons have been learned from ScamwiseNI?

**Gerard Pollock:** Our experience of the public education campaigns has been that certainly raising awareness significantly reduces the losses involved in scams. When we do a public awareness campaign, in most cases we see the number of reports in relation to that particular fraud or scam increase as members of the public become more aware of it and realise that it is a scam and a matter of interest for the police at that time.

In our data coming out of the other end, we see that the number of people falling victim to that scam and losing money as a result then decreases, because they are able to recognise it as a scam, not engage with it and not then lose money from it. In our view, it is successful in limiting the amount of money lost as a result of scams and fraud.

The key thing with public education campaigns is being able to target actively the people who are most likely to become victims of those scams and to reach into the right areas of the community across Northern Ireland. One of the lessons from the partnership has been about galvanising the community groups and the voluntary sector that we have in the partnership. Some of those groups have been the most successful in getting into community and faith groups, where we have seen significant losses across Northern Ireland, and harnessing that grass-roots connection to get the message out there quickly.

**Baroness Bowles of Berkhamsted:** That is quite interesting. We know that victims of fraud do not necessarily like to report or publicly tell their friends they were victims, if they feel a bit ashamed. What is the role of social interaction in talking about fraud and maybe alerting one's chums to it? Did Covid, via lockdown, have an effect on that? You might be more likely to whip out your phone, show a text message to a chum and say, "Hey, I've just had this. Do you think it's a scam?", whereas that kind of interaction did not go on in lockdown. Do you have any feeling for that?

**Gerard Pollock:** There are two aspects to it. There is an element of trying to take away some of the embarrassment factor. People often feel as if they have been specifically targeted. From speaking to victims, they feel they have been singled out. Explaining to them that the overwhelming majority of these scams are literally just throwing out text messages and emails in the hope that someone replies or picks up the link, and that there is very limited targeting to them, takes away some of the stigma from being targeted or receiving one of these text messages.

The other thing is recognising that so many other people receive them. Covid has been very useful in that respect, because we have been able to have conversations about so many people getting text messages, whether it was for a Covid vaccine document or—

**The Chair:** We might just have lost Superintendent Pollock for a moment. He is frozen. DCI Trim, what are your views on education and prevention?

**Stevie Trim:** Public education campaigns are really important to get the messaging out there. The more messaging that is out there, the better people become educated about it and so the less likely you are to become a victim. That is really the key. The more we get it out there and the more we speak about it, the less it will happen.

We have a couple of campaigns, Take Five and the Banking Protocol, which is an incredibly successful fraud prevention thing. In Police Scotland, we have a separate prevent strand that sits outwith economic crime. This should be where we focus. We need to try to start bringing these frauds down, and get better and stronger education campaigns, so that people become much happier to talk about it and therefore do not become victims.

**Baroness Bowles of Berkhamsted:** If people talk more about the text messages they get and show them to their friends down the pub or whatever, is there any risk that that spreads people falling for it? You are drawing attention to something, and they might think, "Hey, this is a good investment", rather than thinking, "Stay away. It's a scam".

**Stevie Trim:** I do not think so, no. There are some very clever fraudsters out there. Anybody can be a victim. Although they target vulnerable people, some of it is very sophisticated and quite clever. Like you say, you might think it was a good investment. The more we talk about it and get the various scams out there and spoken about, the less likely people are to become victims.

**The Chair:** Superintendent Pollock, it is good to see you back. I do not know whether there was anything you wanted to add when you were cut off in mid flow.

**Gerard Pollock:** I was just finishing off. It is about having those conversations in places where people are comfortable, whether it is in a

parish hall, a social club or something like that. Putting people at ease when having uncomfortable conversations is helpful.

**Q192 Viscount Colville of Culross:** Superintendent Pollock, you talked about the Police Service of Northern Ireland working with Action Fraud successfully. Generally, given the cross-border nature of fraud, how well does your police force work with partners across the UK and overseas? How effective are the current structures for sharing information?

**The Chair:** He might have frozen again. Shall we try DCI Trim instead on that one?

**Stevie Trim:** I am glad I am on the phone. It seems to be working well. Police Scotland is a member of quite a few international partnerships, such as CARIN and AMON, for money laundering, fraud and asset recovery. We have quite a well-established international intelligence-sharing system, working along with the NCA, the City of London Police and the National Economic Crime Centre. It is quite well established.

The sharing of information is definitely affected by world events. The quality of that information-sharing agreement depends on what is going on across the world. It can be a bit fluid, depending on the politics of the day, but generally it is pretty well established, quite successful and quite timely. Normally, certainly within Europe, the turnaround of intelligence sharing is quite quick.

**Viscount Colville of Culross:** Can anything more be done to try to improve the flow of information? You say it works well between Scotland and the EU, but what about overseas and beyond that?

**Stevie Trim:** Some of the international partnership networks get bigger and bigger. While they were previously very European-focused, they are spreading much more into South America and some African nations. They are getting bigger, and these things are important.

As you can appreciate, there is a variety of countries where we do not have an information-sharing system in place. Things such as the war in Ukraine affect the flow as well. It is affected by world events, but it is pretty well established. The way to go is probably to continue to invite more partners to these meetings and expand them so they become a really worldwide thing, through Interpol.

**Viscount Colville of Culross:** Superintendent Pollock, you are back. What is your view on the structures that your police force has to share information both with the UK and overseas?

**Gerard Pollock:** Apologies, I am not sure what is going on with my connection. We have similar arrangements to my colleague in terms of information and intelligence sharing, certainly within the wider UK. We also work very closely with An Garda Síochána in terms of information and operationalising investigations.

There are specific pieces of legislation to enable joint investigation teams if and when required. We have a number of joint investigation team memoranda of understanding for other UK police services. We have not needed to resort to a joint investigation team with An Garda Síochána for fraud as yet, but we have used joint investigation teams with An Garda Síochána for other serious investigations. We have that as a legal option, and we also have practical measures.

The challenges we have in tackling fraud tend to be more on the preventive side, because a lot of the industries are quite heavily regulated, such as banking and communications. That can sometimes present barriers, because they are managing this across different regulatory systems in the UK and Ireland. Trying to manage those different regulatory systems and ensure that there is not an issue with unfair competition can be challenging, more so on the preventive side than on the investigative side.

**Viscount Colville of Culross:** What more could be done to try to improve the co-operation on the preventive side?

**Gerard Pollock:** The Fraud Act is focused on criminal outcomes and criminal investigations, but fraud requires a broader, whole-system approach around banking, communications and compliance. For me, fraud needs to be looked at across the system, not just the criminal consequences at the end, but the systems through which it is committed, such as the communications network and banking. That would enable wider information and co-ordination across the banking and communications industries.

Ofcom and the FCA regulate those industries. Understandably, banks and telecommunications providers are very nervous about discussions with their potential competitors for fear of regulatory action as a result. It is about providing them with sufficient clarity on what they can and cannot do to prevent misuse of their systems. That would help us in law enforcement tackle fraud in the broader sense rather than prosecute it after the fact.

Q193 **Lord Browne of Ladyton:** This is a question for both of you gentlemen. Before I ask it, I just want to say that in the modern world there are lots of calls on limited police resources. We understand that. In relation to digital fraud in particular, despite an exponential increase in the number of reports of it, the actual prosecution of fraud has gone down significantly over the last decade or more. That has happened all across these islands. It is pretty consistent. It has halved in the last 10 years or so.

We have taken it in England and Wales that fraud is not considered a priority by police forces. Do these perceptions persist in Scotland and Northern Ireland? If they do, why do they persist?

**Stevie Trim:** Fraud is very much seen as a priority in Police Scotland. Its rise to such high levels and the amount of impact it has had on victims

certainly make it a very high priority. Historically, fraud has been less well resourced. It has been a lower priority compared to other crime types such as drug offences and violence.

That might be due to the things we have touched on before, such as the remote and almost hands-off nature of some frauds, particularly online fraud. It can be committed in isolation. It can perhaps be a bit more traumatic for that person, but we do not see the same public impact as maybe you would for a crime of violence or something that happened in the street. A lot of the victims of fraud are behind closed doors. They can be vulnerable and isolated. As we touched on before, they feel embarrassed and foolish, and do not publicise the fact in the same way. I wonder whether that lack of publicity is what has led to it not being historically seen as a priority.

We are definitely moving away from that with the levels of fraud that we have now. Scotland is certainly seeing it as a very high priority.

**Lord Browne of Ladyton:** Superintendent Pollock, over in Northern Ireland, what is the perception the public has about the police's attitude to fraud as a priority?

**Gerard Pollock:** From Northern Ireland's perspective, I would echo my colleague's view. Fraud certainly remains a significant priority for PSNI. We allocate significant resources to staff costs, somewhere in the region of £6 million per year, and the investigative costs are on top of that.

The challenges in bringing those offenders to justice are due to many of them not being within our jurisdiction or, indeed, within the UK. There are significant challenges in translating that to a criminal justice outcome, which feeds that perception for the public that it is not a priority for policing, because they do not see the output of that priority.

From a policing perspective, that is why we have focused activity on the preventive work, and on developing public awareness and education to prevent people becoming victims and reducing the amount of money lost through scams. That is where we see ourselves as having the biggest opportunity to impact on fraud. I would see fraud as continuing to have a significant role in policing in Northern Ireland.

**Lord Browne of Ladyton:** Thank you, both. Although, in your words, fraud is on the rise, the statistics and the data that we have show that prosecutions are on the decline. Prosecutions should be on the rise as well, proportionately at the very least. Do either of you have any data at all from polling of the public as to what they think is happening in policing and whether they are satisfied with the service they are getting?

**Stevie Trim:** There are probably two issues there. Certainly in Scotland, there is a separation between Police Scotland and the Crown Office and Procurator Fiscal Service. Certainly, the data shows that fraud and reports of fraud are on the rise. In the way we are tackling fraud, arrests are also on the rise, but there are significant issues on the prosecution

side of things, particularly where it is complex fraud. In recent years, there have been some very lengthy trials, certainly in Scotland, that ran over six months. There has been a reluctance to prosecute things of that size.

It is certainly a police priority, but I would agree that more work needs to be done at the back end on successful prosecutions to get the public message over there and really get the public on board, if they are not seeing the end result to it.

Q194 **Lord Sandhurst:** What is the process by which your forces decide which digital fraud cases you are going to investigate? How often does this result in a prosecution going ahead? Are there difficulties just getting the evidence together to present? Just tell us what you see as the problems.

**Gerard Pollock:** Taking those in reverse, the challenges in taking those prosecutions forward revolve around the locations of the offenders. Where you have offenders who are committing these offences outside the United Kingdom, the jurisdiction issue become really difficult for us in terms of being able to access those persons, trace the funds and then pursue a criminal prosecution.

The other challenge that we have noted, certainly in recent times, is the use of the banking system. Particularly when you see the higher-loss frauds, where members of the public have lost significant amounts of money, the funds have been sent or transferred a significant time prior to the fraud actually being reported. A person will have transferred money perhaps 18 or 24 months ago, and then you are trying to trace back where those funds have gone over the previous 18 or 24 months. You also have challenges in trying to track the funds through cryptocurrency and where that goes. There are significant challenges to locating the offender and tracking the investigation back to an individual, if they reside in the UK at all.

In PSNI, which offences should be progressed to investigation are identified using a solvability assessment. When we look at a fraud that has been reported to us, we will identify where the funds have been transferred to. If we can trace them to a bank account in the UK, we will then assess whether there are any opportunities to identify the person who owns that bank account or whether the funds have been transferred out of that bank account to another bank account outside the UK. We try to track the money as closely as possible in order to take us to the suspect, but quite often we find that the money either leaves the UK banking system quickly or leaves it via cryptocurrency or untraceable routes. That is where the challenges come in. You are not then able to track it back to individuals.

When we are talking about the use of communication networks, telephones, mobile phones and text messages, we quite often see mobile phones and landlines having numbers spoofed. Phone numbers will have a genuine banking number impersonated. That appears on the victim's phone line as the genuine number of their local Ulster Bank Northern

Ireland branch. Trying to trace back who the actual caller is and where that originates is extremely challenging, because they have impersonated the number and they are using internet technology to do that.

**Stevie Trim:** That was really well covered by Gerard. The issues are exactly the same. The jurisdiction issues are the same. As for the scale of the fraudulent activity, in a bank fraud, for example, there could end up being 50, 60 or 100 transfers from a particular bank account. Once the person has been defrauded, it bounces through 100 or 200 people, sometimes in different parts of the world, sometimes different parts of the UK. The complexity of the investigations makes it difficult not only to investigate but to prosecute. As has been touched on, the suspects use digital advancements to hide themselves now. We are certainly having the same issues.

**Lord Sandhurst:** At the risk of banging the drum that I have been banging for several of these sessions, after the event it is very difficult to get the evidence together in a way that will secure an effective prosecution, so the effective remedy will lie in preventing as many of these frauds as possible in the first place. Is that right?

**Stevie Trim:** Yes, I would agree. We are not going to arrest ourselves out of fraud. It is too vast. Prevent is the way to go.

**Lord Sandhurst:** Do you have any ideas about what might be done about spoofing telephone numbers? Are telecoms companies doing enough?

**Stevie Trim:** From my experience, a lot of these are independent companies. There are spoofing apps that people can download. They were originally used to play jokes: I could put in a phone number and pretend to my mum that I was from a particular organisation. There is a separation between the telecoms company and the company providing this app-based software. The two things are difficult to pull together, because they are different companies, if that makes sense.

**Lord Sandhurst:** Yes, it does. If we followed this up privately, might you be able to give us a bit of background information on that?

**Stevie Trim:** Certainly, yes, no problem. We have dealt with quite a lot of cases that involved this spoofing. It is becoming more and more common across frauds.

**Lord Sandhurst:** That would be a useful briefing for us.

**Gerard Pollock:** Interestingly, we had this update through ScamwiseNI. Ofcom is part of the ScamwiseNI Partnership. I am not sure whether the committee has heard from Ofcom as part of your inquiry. Ofcom has started the work to take action to prevent the spoofing of landline calls. That has been done in several other jurisdictions. The United States has taken the step to digitise its telephony network, and some parts of the EU have already done so. That will enable telecoms operators to prevent

spoofing at a network level; you will not be able to enter the UK telephone network at that point.

There are criminals—DCI Trim will be familiar with this—who are being allowed, on an ongoing basis, to buy hundreds of SIM cards, plug them into SIM farms and use them to pump out thousands of text messages every day to potential victims without any regulatory or compliance steps. There are things that could be done now by the likes of mobile phone operators that would have a significant impact on the amount of scam text messages everyone in the UK receives.

**Lord Sandhurst:** We had better follow that up, had we not, Chair?

**The Chair:** Thank you. I can tell that everybody's internet is probably about to fall over because it is that time of day, so we will speed on through.

Q195 **Baroness Henig:** If I could perhaps start with DCI Trim, my question is focused on resources—not particularly financial resources, although clearly they are important, but human resources. I am very interested to know whether you have enough people in the force with the relevant cyber skills and digital skills. Considering how difficult it is to find these people, is there a problem with the resources there? Earlier, you said that the fraud area was less well resourced. If you were to resource it more, presumably the difficulty would be that you have to take that money away from somewhere else. Could you perhaps comment on the resource issue?

**Stevie Trim:** As I touched on, we have 150 specialist police officers, detectives and financial investigators. They are all pretty highly trained. Where we lack—[*Inaudible.*]  
—as you touched on—[*Inaudible.*]  
— which probably mirrors the Serious Fraud Office, where you have specialist forensic accountants and these kinds of people all working together in a partnership. We do not have that in Police Scotland. It is definitely a weakness. As you touched on there, we also do not have that really specialist financial/cyber capability. Even—[*Inaudible.*]  
—pay the same wages as some of these private companies. We also end up quite often in the cyber arena training people up and then losing them to the private sector, unfortunately. We do lack that specialist top-end level of expertise currently.

**Baroness Henig:** Is there any way you could get that in on some kind of contract basis? Have you explored different ways of dealing with that issue?

**Stevie Trim:** We—[*Inaudible.*]  
—probably get a bit more in-house. That is something we are looking at. We want to have a development programme for forensic accountants and specialists, in which people can get qualified to become accountants and move through that way. That is our plan. When we are outsourcing it, it is incredibly expensive to go to some of the big financial private companies—[*Inaudible.*]  
—investigations.

It is expensive, and we are really priced out of that, because the fees are very high.

**Baroness Henig:** I am sorry, I did not follow all of that—you were cutting out—but most of it. I will ask Superintendent Pollock the same, particularly about human resources. What is the situation in Northern Ireland?

**Gerard Pollock:** From a Police Service of Northern Ireland perspective, our sense is that on the investigation and prosecution side we have sufficient resources to investigate what we can and what is within our jurisdiction. There is challenge in the ability to do more in the preventive world and in and around that regulatory and compliance piece.

If we want to tackle fraud, we need to do much more than trying to prosecute fraud; we need to tackle some of that much earlier up stream. That probably requires a much wider ecosystem approach, working with banking and other regulators. That is probably not a skillset we have in the police service. We would need to look at some sort of joint agency taskforce to do that.

**Baroness Henig:** Would it be true to say that the bigger problem with resources is the shortage of human resources, or is there a problem with general resources—financial as well?

**Gerard Pollock:** It is not a shortage of financial resources. It is the capability piece more than anything else. It is about having the right capability. We have sufficient investigative and prosecution capability, but I am not sure that is the right capability to tackle fraud properly. We need other skills to bring to this mix.

**The Chair:** Thank you very much. The gremlins in the IT have just about reached Scotland, but we have one final question. I am hoping that we will all hold out.

Q196 **Baroness Taylor of Bolton:** I will be brief, because the topic I wanted to ask about has been covered indirectly. I wanted to ask about victims and what more could be done to support them. I have a very specific question. Given that so few fraud prosecutions are progressed and successful, how honest are you with victims at the beginning about the chances of a successful prosecution?

When you tell victims, if you do, that there is little chance of prosecution, does that make them almost wish they had not bothered telling you, because they probably feel very gullible and a bit embarrassed that they have been subjected to fraud in the first place? The prosecution rates are incredibly low. Does that not have an impact on victims as well?

**Gerard Pollock:** We try to manage victims' expectations as much as possible in explaining to them how the frauds have been committed. As part of that conversation, we will explain that the suspects are most likely abroad and that will limit our ability to bring them to court. We do not see that as something that impacts on the overall reporting aspect.

To manage that expectation, we reassure the member of the public who is reporting it that it is important that we get sight of these reports, in order for us to engage and educate other members of the public so that someone else does not fall victim to this scam.

That has been a recurrent theme of ScamwiseNI. We want to get those reports and encourage people to come forward so that someone else does not fall victim to that. To date, we have been successful at engaging the victims. There are challenges particularly where there are significant losses involved. Most often we see that victims will come forward because their bank will have told them they need to report it to the police service.

From engagement with financial industry colleagues, we know that they often put restrictions on a victim's bank account and ability to transact online or use a debit card or a Visa, unless and until they have reported it to the police service, because they see them as a customer at higher risk of further fraud until such time as they report it to the police service. In some respects, there are other levels at play encouraging people to report it to the police service.

**Baroness Taylor of Bolton:** I understand that. It sounds a bit like victim blaming if you are saying they cannot use their cards, but I can understand why it would happen. DCI Trim, do you have any thoughts? Do you tell victims that there is very little chance of a successful prosecution?

**Stevie Trim:** Partners are really important to the police. There are specialists who can give victims the right information and support, in a dual role with us.

Yes, we will always try to be as honest with victims as we can, but, unfortunately, as we have touched on before, frauds can take so long and be so complicated that often the victim is left in a place where, if they do see a prosecution, it may be years and years down the line, which is not really providing much of a service at all to victims. We need to get much better, as was mentioned, from prevent through to the policing and prosecution stages. We need to quicken everything up, so victims are not waiting for years on end to find out what is happening.

**The Chair:** That was very helpful. Thank you both very much. We have reached the end of our public session. Thank you for bearing with the IT challenges. Superintendent Pollock and DCI Trim, we are really grateful to you both for your evidence and time this afternoon.

We will have some follow-up, but, if there is anything else that you wanted to add that we have not covered, you are very welcome to write to the committee as well. Thank you for your time.

**Stevie Trim:** Thank you very much.