

Fraud Act 2006 and Digital Fraud Committee paper on cross departmental fraud responsibilities

In defining responsibilities for fraud across departments, Her Majesty's Government differentiates between fraud against the individual & businesses, and fraud against the public sector (i.e. the Exchequer).

The Home Office have overall responsibility for the government's response to fraud against individuals and businesses. However, many different departments and multiple regulators are required to act as part of the government response due to the nature of this varied and complex crime, the number of industries involved and the policy levers needed to effectively counter fraud.

Responsibility for fraud against the Public Sector lies almost entirely with the individual government departments and agencies who must protect themselves and the operations they run (including grant schemes) from fraud. However the Cabinet Office has a leadership and co-ordinating role through the Counter Fraud Function, which works to increase the understanding of fraud risks and threats to government by instilling professional standards and bringing together counter fraud professionals across the public sector, drawing on specific private sector skills where required. Protective, enforcement and recovery activity is carried out by the departments that own particular schemes.

The relevant respective parts of this paper have been written by Home Office and Cabinet Office. A diagram of the responsibilities between the public and private sector can be found at Annex A, alongside specific responsibilities in Annexes B (individuals and businesses) and C (public sector).

There are commonalities in the fraud we see across the private and public sectors, namely: the vulnerability of the public including as users of our systems; the computer misuse offences, data breaches, cashing-out and money-laundering offences that often precede and follow a fraud offence; and the changing financial and communications technologies that enable fraud. We work closely together to address these as required.

Fraud Against Individuals and Businesses

Tackling fraud against the individual and businesses requires a unified and co-ordinated response from government, law enforcement and the private sector to better protect the public and businesses from fraud, reduce the impact of fraud on victims and increase the disruption and prosecution of fraudsters.

The term 'fraud' can be seen as an umbrella term for many different crimes, but most come under the broad definition in the Fraud Act 2006.

A common type of fraud - Authorised Push Payment fraud - which is mostly facilitated through online, communications and banking platforms, crosses through the portfolio of multiple government departments and regulators.

Case study

A victim is contacted by a fraudster on an online social media platform about an investment opportunity. The fraudster moves communications onto an encrypted instant messenger platform and persuades her to make a bank transfer of £7000 (all of her savings) to another bank account via her online banking platform. Several weeks pass and she realises when she tries to contact the fraudster again that she has been a victim of a crime. She contacts the police through Action Fraud, and contacts her bank to ask if they can return her money.

In this example, the Department for Digital, Culture Media and Sport are responsible for regulations that cover tech and online policy (including social media), communications policy and own relationships with Tech and telecommunications industries. Ofcom are responsible for implementing regulation of the telecommunications industry and soon (if the Online Safety Bill is passed) online platforms. Her Majesty's Treasury are responsible for financial services & payments policy and regulations (including reimbursement) and own relationships with retail banks and regulators. The Financial Conduct Authority implements financial services regulations and the Payments Service Regulator implements regulations for payments systems.

The Home Office lead on relationships with law enforcement and the overall fraud response, including Action Fraud where either the victim or her bank should report the fraud to, and funding and monitoring the performance of law enforcement (both police and National Crime Agency) in responding to frauds, alongside Police and Crime Commissioners. The Attorney General's Office work with the Crown Prosecution Service (CPS) to prosecute any criminals identified, and the Ministry of Justice run the courts and prison systems. For some complex frauds, the investigation and prosecution could be carried out by the Serious Fraud Office.

This, by current standards, is a relatively simple fraud, but given the length of time taken to identify the fraud it is unlikely her money would be recovered directly. She would be able to apply to her bank for reimbursement under the Contingent Reimbursement Model.

Action with Industry

Tackling fraud against individuals and businesses is a collective effort with the private sector, many of whom are also victims. Government leads most enforcement activity, industry deliver the vast majority of protective work, and recovery is a mix of civil and police powers, but with the banking industry reimbursing many victims through the Contingent Reimbursement Model.

Government works closely and collaboratively with private sector partners at an official level and through ministerial public sector-private sector governance. The two boards that govern work with industry on Fraud are the Joint Fraud Taskforce and the Economic Crime Strategic Board. Individual attendance from each organisation

may vary from meeting to meeting, but a full list of member organisations of both boards is at Annex D.

Joint Fraud Taskforce

The Joint Fraud Taskforce (JFT) is a partnership between the private sector, government and law enforcement to tackle fraud collectively and to focus on issues that have been considered too difficult for a single organisation to manage alone. It is chaired by the Security Minister as the responsible minister for fraud against the individual and businesses. Unlike ECSB, its focus is on fraud, not the wider economic crime portfolio.

It drives public-private action on fraud through the development and (eventual) oversight of the industry elements of the Fraud Strategy, and assures progress against voluntary sector agreements with industry - the fraud sector charters. The JFT relaunched on 21 October 2021, following a review of its role, structure and objectives. The minutes of the previous iteration of the group, and current group are available publicly at [<https://www.gov.uk/government/collections/joint-fraud-taskforce>].

Economic Crime Strategic Board

The Economic Crime Strategic Board is co-chaired by the Home Secretary and Chancellor and brings together Ministers, senior government officials, heads of law enforcement, the Governor of the Bank of England, the Chief Executive of the Financial Conduct Authority, the CEOs of the major banks and building societies, and senior representatives from the accountancy, legal, insurance and property sectors. The Board's purpose is to drive the public and private sector response to economic crime as a whole, as set out in the Economic Crime Plan and ensure effective delivery, by setting strategic priorities and scrutinising overall performance against the economic crime threat. Most recently, the Board has been expanded to include senior representatives from the technology and telecommunications sectors in recognition of the growing threat of online fraud.

Minutes of the ECSB can be found publicly at [<https://www.gov.uk/government/collections/economic-crime#economic-crime-strategic-board-minutes->]

Fraud Against the Public Sector

It is the Government's stated policy to understand, find and prevent more fraud against the public sector. As with fraud against the individual, fraud against the exchequer covers a wide spectrum of crimes and modalities and can affect all parts of the public sector.

Fraud takes money away from vital public services that citizens rely on and can damage trust in government. The impact of public sector fraud can go beyond the financial and is not a victimless crime.

Government Counter Fraud Function

Policy for fighting fraud against the public sector is the responsibility of the Government Counter Fraud Function (GCFF) in the Cabinet Office. Some additional policy work is carried out by regulators and agencies, and partnerships with private sector bodies.

The GCFF leads on the delivery of the government's policy objective to understand, find and prevent fraud against the public sector. The function is one of the government's fourteen functions and it brings together 16,000 public servants who work to find and fight fraud across the public sector. The Fraud Function is brought together by the Counter Fraud Centre of Expertise hosted in the Cabinet Office.

The centre of expertise oversees the delivery of the strategic priorities of the GCFF. They provide expert advice to Ministers, Departments and Arms Length Bodies, support their counter fraud efforts through the Government Counter Fraud Profession and the development of tools and services to fight fraud.

Departments report their identified loss from fraud and error quarterly alongside associated recoveries and prevented losses, to the Cabinet Office Centre of Expertise for Counter Fraud.

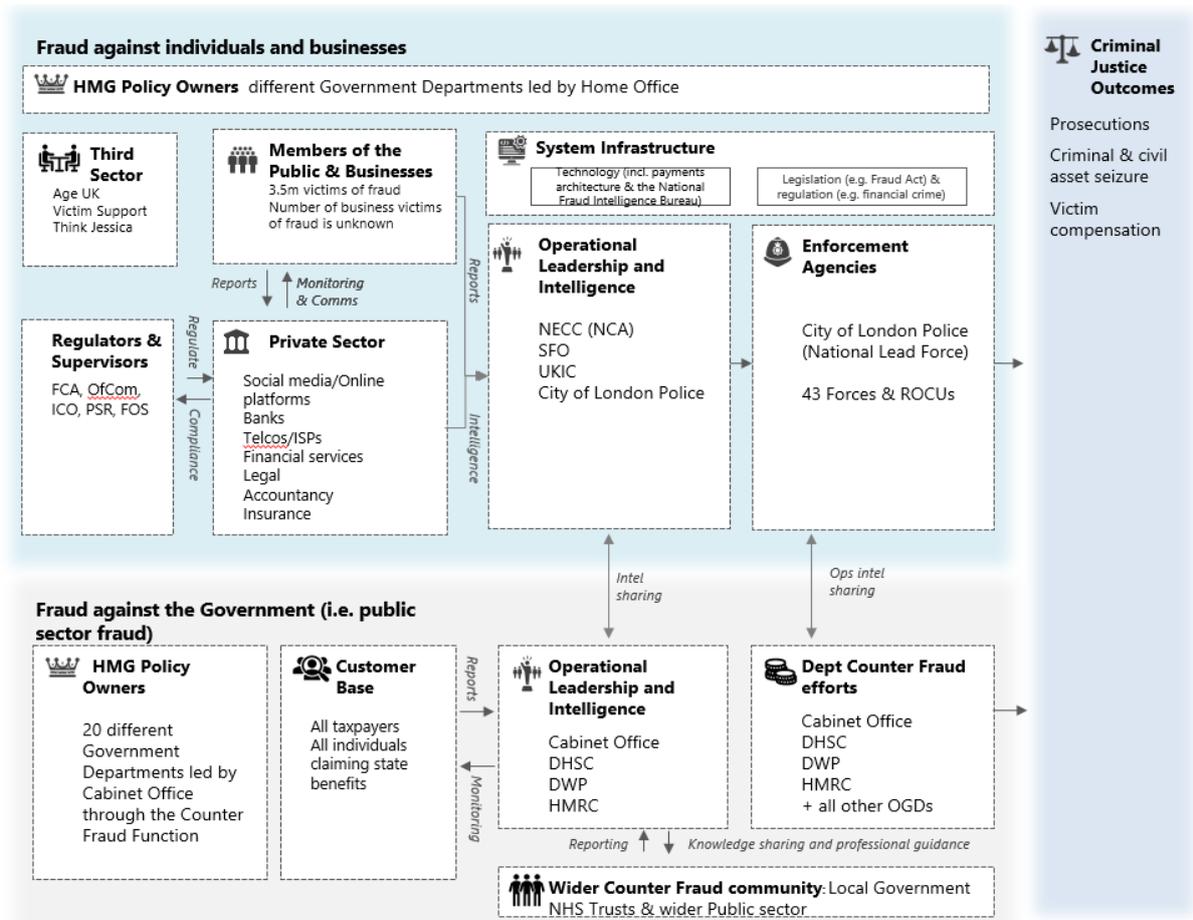
The Government Counter Fraud Function developed the Counter Fraud Functional Standard which sets the expectations for management of counter fraud, bribery and corruption in government organisations. This standard provides guidance and direction for counter fraud leads and ensures a consistent and coherent way of working across government in the public sector.

Public Sector Departmental Responsibility

Public bodies and their Arms-Length Bodies have operational responsibility and accountability for managing their fraud risk and counter fraud response. Protective enforcement and recovery activity is carried out by the departments that own particular schemes. The GCFF and the Public Accounts Committee has concluded that there is mixed capability and capacity across the public sector to investigate and take action on fraud.

HMRC and DWP have investigative capability to both a civil and criminal standard as they manage the largest areas of known fraud loss. HO and the SFO also have this capability as they have specific counter-fraud investigation responsibilities. Other law enforcement bodies may support this work where necessary, and some (especially the more serious) prosecutions are taken forward by the CPS.

ANNEX A – Infographic on Fraud Against the Individual and Public Sector



ANNEX B – Departmental responsibilities on fraud against the individual and businesses

Department	Responsibility	Related regulator or body with responsibilities to counter fraud
Home Office	<ul style="list-style-type: none"> • Owns overall HMG response to fraud against the individual and businesses. • Co-owns parts of economic crime policy (with regulations owned by HMT) • Owns policy response to serious and organised crime 	<ul style="list-style-type: none"> • Law enforcement (including police forces, National Crime Agency and City of London Police as national lead force for fraud) • MI5
Her Majesty's Treasury	<ul style="list-style-type: none"> • Owns regulation of the financial and banking sectors • Owns Economic Crime policy • Owns insurance policy • Owns payments policy and regulations 	<ul style="list-style-type: none"> • Financial Conduct Authority • Payment Systems Regulator • HMRC
Department for Digital, Culture Media and Sport	<ul style="list-style-type: none"> • Owns Tech and Online policy • Owns data policy • Owns digital identity policy • Owns telecommunications policy 	<ul style="list-style-type: none"> • Office of Communications (Ofcom) • Information Commissioners Office
Department for Business Energy and Industrial Strategy	<ul style="list-style-type: none"> • Owns consumer policy, corporate transparency and trading standards 	<ul style="list-style-type: none"> • Companies House • National Trading Standards
Ministry of Justice	<ul style="list-style-type: none"> • Owns the Fraud Act 2006 • Owns Victim Strategy overall however, fraud victim support is managed by HO 	<ul style="list-style-type: none"> • HM Courts and Tribunals Service • Victim Support
Attorney General's Office	<ul style="list-style-type: none"> • Owns disclosure policy and criminal procedure rules 	<ul style="list-style-type: none"> • Serious Fraud Office • Crown Prosecution Service
Foreign, Commonwealth and Development Office	<ul style="list-style-type: none"> • Owns international relationships and development funding 	<ul style="list-style-type: none"> • GCHQ (including the National Cyber Security Centre) and MI6
Department for Work and Pensions	<ul style="list-style-type: none"> • Owns pensions policy, including pensions fraud 	<ul style="list-style-type: none"> • The Pensions Regulator

ANNEX C - Departmental Responsibilities on Fraud against the public sector

Department	Responsibility
The Cabinet Office	<ul style="list-style-type: none"> • Hosts the counter fraud CoEX which provides strategic leadership, policy expertise and services to the government counter fraud function. • The GCFF coordinates the government's response to public sector fraud and joins departmental responses in a cross-government approach.
Her Majesty's Treasury	<ul style="list-style-type: none"> • Is responsible for setting conditions on public sector spend including fraud management arrangements through Managing Public Money.
All Government Departments and its ALB's and Local Authorities.	<ul style="list-style-type: none"> • All government departments are responsible and accountable for their respective fraud risks, resourcing, priorities and outcomes. • Departments report their activities and impacts to the Cabinet Office Centre of Expertise and are also held to account by the Public Accounts Committee.
Devolved Administrations	<ul style="list-style-type: none"> • Are responsible for setting policy and managing their respective fraud risks, resourcing, priorities and outcomes.

ANNEX D – List of organisations who are standing attendees of the Joint Fraud Taskforce and the Economic Crime Strategic Board

Joint Fraud Taskforce

Home Office
National Economic Crime Centre (NECC)
City of London Police
National Trading Standards
UK Finance
British Retail Consortium (BRC)
Cifas
National Cyber Security Centre (NCSC)
OFCOM
Institute of Chartered Accountants in England and Wales
Victims Commissioner
Citizens Advice
Victim Support
FCA
Law Society of England and Wales
Association of British Insurers (ABI)
techUK
Communications Crime Strategy Group (CCSG)
Serious Fraud Office
DCMS
HMT

Economic Crime Strategic Board

Home Secretary
Minister for Security and Borders
Chancellor of the Exchequer
Economic Secretary to the Treasury
Attorney General
Minister for Tech and the Digital Economy, DCMS
Minister for South and Central Asia, North Africa, UN and the Commonwealth, FCDO
Prime Minister's Anti-Corruption Champion
Governor of the Bank of England
Financial Conduct Authority
National Crime Agency
City of London Police
Solicitors Regulation Authority
Director General, Homeland Security
Director, Serious Fraud Office
Director of Public Prosecutions
Director, Economic Crime, Home Office,
Director, Economic Crime HM Treasury
Director Fraud Investigation Service, HMRC
Vocalink
Vodafone UK
UK Finance
Google
HSBC
ICEAW

Law Society of England and Wales
Santander
techUK
Revolut
Association of British Insurers
Lloyds
Natwest
Barclays
Standard Chartered
Nationwide