



House of Commons  
Committee of Public Accounts

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# Progress combatting fraud

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**Forty-Third Report of Session 2022–23**

*Report, together with formal minutes relating  
to the report*

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# Contents

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<b>Summary</b>	<b>3</b>
<b>Introduction</b>	<b>4</b>
<b>Conclusions and recommendations</b>	<b>5</b>
<b>1 Government’s approach to combatting fraud</b>	<b>8</b>
Progress in tackling fraud since 2017	8
Communication and raising awareness	9
<b>2 Investigating and prosecuting fraud</b>	<b>11</b>
Action Fraud	11
The capacity of police forces to tackle fraud	12
The criminal justice response	13
<b>3 Working with industry and international partners</b>	<b>15</b>
Working with industry	15
Working with international partners	16
<b>Formal minutes</b>	<b>17</b>
<b>Witnesses</b>	<b>18</b>
<b>Published written evidence</b>	<b>18</b>
<b>List of Reports from the Committee during the current Parliament</b>	<b>19</b>



## Summary

Fraud against businesses and individuals is a significant and growing problem. Since we last looked at this issue in 2017, fraud appears to have been everyone's problem but no-one's priority. Combatting fraud is ultimately the responsibility of the Home Office. Fraud now accounts for 41% of all crimes committed in England and Wales, with 3.8 million incidents of actual or attempted fraud in the year to June 2022. We are deeply disappointed in the slow progress made by government in the last five years. Many of the same issues remain and there is still no sign that government has a grip on fraud or an adequate strategy to address it. Meanwhile, victims of fraud are left to pay the price. The Home Office's most recent estimate of the cost of fraud to individuals is £4.7 billion, and it still cannot quantify the potential cost of fraud to businesses. Becoming a victim of fraud can be deeply distressing for many people and in some cases can cause lasting psychological damage. We are concerned that victims feel lost in the system, with poor communication leading to missed opportunities to prevent further harm and potentially undermining public trust in law enforcement.

Law enforcement is not set up to tackle the challenges presented by fraud. The volume and complexity of fraud currently overwhelms the capacity of both Action Fraud and local police forces, who lack the training and resources they need to pursue the hundreds of thousands of cases reported every year. We are also concerned that police morale is being undermined by the time it takes to investigate and prosecute fraud and the relatively short sentences handed out when prosecutions are successful.

The Home Office is not doing enough to influence those who are instrumental in combatting fraud. The Department is dependent on the banking, technology, telecoms and retail sectors to fight fraud, but its approach will continue to be sluggish and outmanoeuvred if it relies on purely voluntary charters with these sectors. The majority of frauds are also suspected to have an international element, but relationships with overseas criminal justice agencies are immature and threatened by the UK's lack of domestic capacity.

We are disappointed given the pervasive and damaging effects of fraud on business, individuals, and society that the Government is still not able to fully grasp its extent let alone reduce its prevalence or harms. We will therefore continue to monitor both good and poor practice across government in this area.

## Introduction

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Fraud is defined as an act of dishonesty, normally through deception or breach of trust, with the intent to either make a gain or cause a loss of money or other property. In the year to June 2022, nearly 7% of adults in England and Wales experienced actual or attempted fraud. The Home Office estimates the cost of fraud against individuals is £4.7 billion but it does not have a reliable estimate of the cost of fraud against businesses.

The Department is ultimately responsible for preventing and reducing crime, including fraud. It works with many other bodies including the National Crime Agency (NCA) and the City of London Police, which is responsible for overseeing Action Fraud, the national reporting service for fraud. In 2021–22, the Department provided funding totalling £33.25 million to City of London Police and the NCA aimed at tackling fraud. The Ministry of Justice has an important role in setting policy on criminal justice for fraud offences and the Crown Prosecution Service prosecutes criminal cases in England and Wales. The Department also needs to engage with other government departments; the finance, technology and telecoms sectors; and international partners, among others. In March 2022, the Department announced plans for a new fraud strategy but at the time we took evidence this had not yet been published.

## Conclusions and recommendations

1. **We are disappointed by the slow progress government has made over the last five years in combatting the growing threat from fraud.** Fraud can have a significant detrimental impact on people's lives, causing serious psychological harm for victims as well as financial losses. In 2017, we called for urgent action to tackle this issue but things are getting worse. In the year to June 2022 there were 3.8 million incidents of actual or attempted fraud – an increase of 12% since the year to March 2017. Meanwhile, the number of charges and summonses for fraud have fallen. The Department does not yet have the data needed to properly understand the threat. Its most recent estimate of the cost of fraud to individuals is based on 2015–16 data, and it has no reliable estimate of the cost of fraud to businesses. Despite our recommendation five years ago that the Department should develop specific plans for how it will measure progress in tackling online fraud and regularly publish information on progress and performance, there is still no sign of a holistic fraud strategy with measurable targets. The Department announced plans for a new strategy in March 2022 but publication is now delayed until 'early 2023', with the Department unwilling to commit to a firm publication date.

**Recommendation 1:** *The Department should publish its fraud strategy without delay and specify what impact it will have on strengthening accountability and providing confidence that it is serious about reducing the harm caused by fraud.*

2. **Despite fraud being the most common crime in England and Wales, government's communications with the public are still not effective.** Fraud accounts for 41% of all crimes committed in England and Wales. Yet public recognition of the government's fraud awareness campaigns is worryingly low. NCA identified 13 campaigns running at the time of our evidence session. Of these, most are recognised by less than 10% of the public. In 2017, we reported that a lack of co-ordination and consistency in education campaigns can confuse the public and reduce impact, and little progress has been made since then. Despite us raising concerns five years ago about the effectiveness of the flagship "Take Five" awareness campaign, the campaign is still not effective. Although the NCA has performed some evaluation, it is unable to measure the campaign's overall impact. The NCA is analysing the experiences of victims of fraud to identify where it can best intervene to prevent fraud and it is working to develop an awareness campaign that resonates better than Take Five.

**Recommendation 2:** *The Department should set out, as part of its Treasury Minute response, how it will use the results of the National Crime Agency's (NCA's) research to improve the coherence and impact of its public awareness campaigns on fraud and how it will measure the impact of future campaigns.*

3. **Victims of fraud are being failed by Action Fraud, which risks undermining public trust in the police.** We are seriously concerned that the failures of Action Fraud in supporting victims of fraud has earned it the nickname "Inaction Fraud". Many victims feel lost in the system as there is often no response when they make a report to Action Fraud. More than 300,000 victims report their case directly to Action Fraud each year, and a further 600,000 reports come to Action fraud from businesses and industry. But less than 1% of cases received by Action Fraud result in a criminal justice outcome, where an offender is charged or prosecuted for the crime.

We are worried that for many people, reporting a fraud may be their only contact with the police, and negative experiences of reporting fraud risks undermining public trust in the police more generally. The Department plans to improve the experience of victims and the level of support provided through a new Action Fraud system, and City of London Police claims it has put victims at the centre of designing the new system. However, this is not expected to be in place until 2024.

**Recommendation 3:** *The Department should set out, as part of its Treasury Minute response, how Action Fraud’s replacement in 2024 will improve the way it engages with victims of fraud and updates them about their case and any plans it has to make improvements in the interim.*

4. **The Department has failed to support police forces to build the capacity or skills they need to tackle fraud effectively.** Despite making up 41% of all crime in the year to June 2022, only around 1% of police personnel are dedicated to fraud. In April 2022, we reported on the Department’s Police Uplift Programme which aimed to recruit 20,000 new police officers. However, only 380 of these 20,000 officers (around 2%) will specialise in fraud. Although fraud is now mentioned in all Police and Crime Plans, police forces are still not prioritising fraud. Many front-line police officers do not know enough about fraud and have not been given the training they need. Forces find it difficult to recruit and retain civilians with the specialist skills needed to tackle fraud as they are also highly desirable to the private sector. Of around 27,000 cases per year sent to local police forces for investigation, less than 5% result in an offender being charged or prosecuted for the crime.

**Recommendation 4:** *The Department should outline, as part of its Treasury Minute response, how it will increase both the priority of tackling fraud within territorial police forces and the capacity of police forces to investigate cases. The Department also needs to step up its support to police forces to ensure they can tackle fraud more effectively.*

5. **The criminal justice system’s current approach to penalising and sentencing fraudsters is insufficient to prevent the UK being seen as a haven for fraudsters.** Under the current system, law enforcement organisations can often spend longer investigating frauds than criminals receive as a sentence for their crime. This can have a negative impact on police morale. For crimes where the financial loss is less than £5,000, the maximum penalty is one year’s custody. Yet the majority of those found guilty receive a fine or community order. The Department acknowledges that the maximum sentence available for fraud, of up to 10 years imprisonment, is only used very rarely and needs to be used more. However, effective deterrence is not just about the length of a potential sentence, but also the likelihood of being caught. This is a major problem as less than 1% of around 900,000 frauds reported in England and Wales each year result in an offender being charged or prosecuted for the crime. The Justice Committee’s report *Fraud and the Justice System*, examined in depth how the criminal justice system is set up to tackle fraud.<sup>1</sup> It makes 16 recommendations aimed at strengthening the response to fraud, including that sentencing guidelines should be amended to give greater consideration to the emotional and psychological harms caused by fraud crimes alongside the financial losses incurred. At the time of our evidence session, the Department had not yet responded to the recommendations in

1 Justice Committee, Fourth Report of Session 2022–23, [Fraud and the Justice System](#), HC 12



the report, but this was subsequently published in January 2023. While Government recognised many of the issues raised by the Committee, its actions to address these are a work in progress.

**Recommendation 5:** *The Department should work with partners in government to address the recommendations of the Justice Committee’s report Fraud and the Justice System.*

6. **The Department’s reliance on voluntary charters does not produce a strong enough incentive for industry to rapidly improve its response to fraud.** Industry sectors, such as banking, technology and telecoms, have a vital role to play in designing out opportunities for committing fraud. However, not enough has changed since we last looked at this five years ago. The Department is still reliant on voluntary action from industry, leading to inconsistencies for victims. For example, only around 50% of victims of authorised push payment fraud, where the victim is pressurised to authorise a payment, get their money back. The Department admits that inconsistency arises because reimbursement is on a voluntary basis and is looking at introducing mandatory reimbursement. It is possible to secure impacts through voluntary charters. For example, the Department asserts that persuading telecoms companies to block scam texts sources led to more than a 90% reduction on some operators. However, we are concerned that progress by these means is often difficult and slow, exposing people to the threat of fraud in the meantime.

**Recommendation 6:** *The Department should set out, as part of its Treasury Minute response, how voluntary charters will contribute to its fraud strategy, including what changes it expects to see as a result of the charters, by when these will be achieved and what action it will take if they are not.*

7. **The Department has not prioritised developing relationships with international criminal justice agencies.** Government estimates that around 70% of fraud cases have an international element, meaning that strong relationships with foreign and multinational criminal justice agencies are crucial to tackling fraud. The international dimension of fraud cases often causes long delays to investigation in securing the necessary evidence. The NCA is looking to improve multilateral co-operation to prevent and disrupt fraud. It reports that it has built good relationships with some countries, for example it has been working with counterparts in countries such as Ghana, Nigeria, and India, but it accepts there is still much more to be done. However, despite this, the City of London Police is currently scaling back its international capacity building work as it has insufficient resources to do this alongside upskilling police officers in the UK.

**Recommendation 7:** *The Department should set out, as part of its Treasury Minute response, how it will achieve a step change in the breadth and strength of its international relationships as part of its efforts to tackle fraud.*

# 1 Government's approach to combatting fraud

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1. On the basis of a report by the Comptroller and Auditor General, we took evidence from the Home Office (the Department), The National Crime Agency (NCA) and City of London Police about progress combatting fraud against businesses and individuals.<sup>2</sup>

2. Fraud can take many different guises, but it is defined as an act of dishonesty, normally through deception or breach of trust, with the intent to either make a gain or cause a loss of money or other property. Fraud accounts for 41% of all crime in England and Wales. It affects huge numbers of people and is estimated to cost the UK economy billions of pounds a year. In the year to June 2022, nearly 7% of adults in England and Wales experienced actual or attempted fraud. Most frauds happen online – around 80% of fraud offences in the UK are cyber-enabled, which means criminals can target victims remotely from anywhere in the world. In 2018, the Department estimated the cost of fraud against individuals was £4.7 billion. It does not have a reliable estimate of the cost of fraud against businesses.<sup>3</sup>

3. The Department is ultimately responsible for preventing and reducing crime, including fraud. It works with many other bodies, including the National Crime Agency (NCA) which leads and co-ordinates the operational response, and the City of London Police, which is the national lead force for fraud and co-ordinates the territorial policing response. City of London Police also oversees the national reporting service for fraud, Action Fraud. In 2021–22, the Department provided funding of £28.6 million to City of London Police, including £12.4 million for Action Fraud, and £4.65 million to the NCA, to tackle fraud. The Ministry of Justice is responsible for securing criminal justice outcomes for fraud and sets policy on criminal justice for fraud. The Crown Prosecution Service prosecutes criminal cases in England and Wales. The Department also needs to engage with other government departments; the finance, technology and telecoms sectors; and international partners. Many of these organisations and sectors are represented on the Joint Fraud Taskforce, which is chaired by the Department, and is a partnership between the private sector, government and law enforcement to tackle fraud collectively. In March 2022, the Department announced plans for a new fraud strategy, intended to co-ordinate and galvanise action across the range of stakeholders involved in tackling fraud. However, when we took evidence in December 2022 this strategy had still not been published.<sup>4</sup>

## Progress in tackling fraud since 2017

4. In December 2017, we examined the growing threat of fraud against businesses and individuals. At that time, we were concerned that fraud impacted victims not only financially but also caused untold distress to those affected. We called for urgent action from government and said that the Department's response to date had been too slow. We also found that the Department lacked the data to judge whether its response to tackling fraud was working. We recommended that the Department should prioritise improving the data on fraud, develop specific plans for how it would measure progress in tackling

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2 C&AG's Report, *Progress combatting fraud*, Session 2022–23, HC654, 15 November 2022

3 C&AG's Report, paras 1, 6–7

4 Q 20; C&AG's Report, paras 2, 5, 2.17, Figure 3

online fraud, and regularly publish information on progress and performance.<sup>5</sup> Since 2017, the threat from fraud has increased. The number of incidents of actual or attempted fraud has increased by 12%, from 3.4 million incidents in the year to March 2017 to 3.8 million incidents in the year to June 2022. Meanwhile, the number of charges and summonses has fallen. In the year to March 2022, there were 4,816 fraud cases which resulted in a charge or summons, compared with 6,402 in the year to March 2017.<sup>6</sup> City of London Police attributed this fall in criminal justice outcomes to competing pressures on police, a lack of resources, and the complexity of investigating frauds.<sup>7</sup>

5. We questioned the Department on the gaps that remain in its understanding of the threat posed by fraud and how it can make progress if it does not know where to focus its limited resources. The Department's most recent estimate of the cost of fraud against individuals is £4.7 billion, which equated to £1,290 per crime. However, as the National Audit Office report highlighted, this is in 2015–16 prices, and based on 2015–16 data, making it more than six years out-of-date. The Department last produced a reliable estimate of the cost of fraud to businesses in 2013, meaning the current cost to businesses is unknown. The Department told us it will be updating its estimate of the cost of fraud to individuals “very early in the new year” and it committed to updating this annually going forward. However, the Department told us that the cost to businesses was much harder to measure, in part because businesses were reluctant to share information on fraud attempts against them. City of London Police claimed that improvements in the new Action Fraud system will help this problem by making it easier for businesses to report fraud. The Department also asserted that it had not been “flying blind” in the meantime, as it had worked with sectors behind the scenes and had information on the scale of fraud through the statistics reported in the Crime Survey and other literature which will be published in the fraud strategy.<sup>8</sup>

6. We asked the Department when the fraud strategy, which it announced in March 2022, would be published. The Department told us this would be in “early 2023” but would not commit to a firm publication date.<sup>9</sup> It told us there had been some successes in the response to fraud since 2017 and that government had committed £400 million to enhance law enforcement and intelligence capabilities over the next spending review period. However, the Department acknowledged that, five years on, it was still missing a co-ordinated, holistic strategy, bringing together government, law enforcement and industry. The Department committed that its new strategy, when published, will reflect the National Audit Office's framework for how to write and deliver an effective strategy, based on clear and measurable outcomes.<sup>10</sup>

## Communication and raising awareness

7. An important element of government's approach to combatting fraud is how it communicates with the public to raise awareness and ensure people know how to protect themselves, what to do if they experience fraud, or where they can go to report this. In 2017 we reported that a lack of co-ordination and consistency in education campaigns

5 Public Accounts Committee, Sixth Report of Session 2017–19, *The growing threat from online fraud*, HC 399

6 C&AG's Report, Figures 4 and 5

7 Q 53

8 Qq 76–80; C&AG's Report, para 1.11

9 Qq 20–21

10 Q 22; C&AG's Report, Figure 1

can confuse the public and reduce campaigns' impact. We found that there was often low awareness of campaigns, which were often not tailored for specific groups, and which could also confuse the public and reduce impact.<sup>11</sup> The NCA told us that at the time of our evidence session, there were still 13 separate brands or campaigns running. In January 2022, it conducted a survey of over 2,000 adults to explore the public's understanding of fraud, including people's awareness of anti-fraud brands and campaigns. The survey showed that the best-known brand was Action Fraud, which was recognised by 41% of those who responded to the survey. However, 9 out of the 13 brands or campaigns were recognised by less than 10% of people.<sup>12</sup> This is despite fraud making up 41% of all crime in England and Wales and directly affecting nearly 7% of the adult population in year to June 2022. The NCA argued that successfully delivering the key messages was a more important metric than the number of campaigns. It acknowledged that, although it would still expect to have separate campaigns targeted at different issues or segments of society in the future, there was work it needed to do to get the right analysis and the right messages beneath these campaigns.<sup>13</sup>

8. We also raised concerns in 2017 about the effectiveness of the flagship "Take Five" awareness campaign. Take Five was introduced by Financial Fraud Action UK (now part of UK Finance) in September 2016 and was backed by funding from the Department between September 2017 and March 2020.<sup>14</sup> It was intended to be an overarching awareness campaign, delivering consistent messaging for the public on fraud, such as the need to have the right passwords in place and to report fraud quickly if it occurs. The NCA admitted that the messages of Take Five had "not really cut through", although the Department said it was difficult to measure the overall impact. The NCA's recent research concluded that the current campaigns had not changed behaviour. Take Five was ranked 6th out of the 13 campaigns running, with only 8% of the public recognising the campaign. The NCA told us that, following this research, it was analysing the experiences of those who are victims of fraud to identify where it can best intervene to prevent fraud. It told us that it was producing a "fraud communications toolkit" which was intended to provide authoritative analysis on how frauds happen and the messages that need to be communicated to protect people from fraud. It also committed to developing a new overarching awareness campaign which it hoped would resonate better than Take Five.<sup>15</sup>

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11 Public Accounts Committee, Sixth Report of Session 2017–19, *The growing threat from online fraud*, HC 399

12 [Written correspondence from Graeme Biggar, Director General of the NCA](#) dated 15 December 2022

13 Q 57; C&AG's Report, para 6

14 C&AG's Report, *Online fraud*, Session 2017–19, HC 45, 30 June 2017

15 Qq 52, 54; [Written correspondence from Graeme Biggar, Director General of the NCA](#) dated 15 December 2022

## 2 Investigating and prosecuting fraud

### Action Fraud

9. Action Fraud was launched in 2009 as the national reporting centre for fraud. Victims can report to Action Fraud if they have been scammed, defrauded or experienced cyber crime in England, Wales and Northern Ireland. In 2019, the media reported that victims were being misled and mocked by Action Fraud staff. In 2021, the City of London Police settled a 3-year legal dispute with the service provider due to the service “not fulfilling its expected function in line with the contract”.<sup>16</sup> We raised concerns that Action Fraud has been nicknamed “Inaction Fraud” and was seen as a black hole by many victims, who feel lost in the system. We also raised concerns that for many people, being a victim of fraud may be their only touchpoint with the police, and if this is a bad experience, this can affect their perception of how effective police forces are overall. The Department agreed this was a “huge issue” and acknowledged that Action Fraud’s performance had not been good enough. It told us it is investing significantly in Action Fraud as the main interface between individual members of the public who are, or think that they might be victims of fraud, and the policing system.<sup>17</sup>

10. More than 300,000 victims report their case directly to Action Fraud each year, and a further 600,000 reports come to Action Fraud from businesses and industry. But less than 1% of cases received by Action Fraud result in an offender being charged or prosecuted for the crime.<sup>18</sup> City of London Police told us that one of the challenges with investigating reports received through Action Fraud was the level of information received from victims. For example, a victim may report a romance fraud where the fraudster claims to be a fictitious soldier serving in the American military and phoning from the US. However, in reality, the name and location given to the victim are not the real name and location, leaving law enforcement with very little information upon which to base their investigation. City of London Police asserted that the solution to this was both a combination of getting better information from victims, and bringing in intelligence from the private sector, technology companies and law enforcement to build a better understanding of how offenders were committing these crimes.<sup>19</sup>

11. The Department and the City of London Police are currently in the process of procuring a new Action Fraud system. We questioned them about their plans for the new system and how it will address the current issues. They told us that they were putting victims at the centre of the procurement of the new system and had been getting input from victims to help test the design. They also told us they were creating a user dashboard so victims can track where their case is in the system. City of London Police told us that whilst not all cases are investigated, they often lead to other actions such as taking down a website. It hoped to be able to attribute outcomes to cases as part of the new dashboard to reassure victims that some action had been taken as a result of their report.<sup>20</sup> However, the procurement process was ongoing at the time of our evidence session, and the new Action Fraud system was not expected to be in place until 2024.<sup>21</sup>

16 C&AG’s Report, Figure 10

17 Qq 32, 112

18 Q 46

19 Q 101

20 Qq 32–33, 103

21 Qq 49

## The capacity of police forces to tackle fraud

12. Despite making up 41% of all crime in the year to June 2022, only around 1% of police personnel are dedicated to fraud. In 2017, we raised concerns that fraud was not mentioned in all Police & Crime Commissioners' police and crime plans.<sup>22</sup> The NCA told us that fraud is now mentioned in all police and crime plans but that this will “take some time to feed into how police direct their activity”.<sup>23</sup> The Department also told us there was the possibility of government setting police direction by including fraud in the strategic policing requirement—a document which sets out the Home Secretary's view of the national threats and the policing capabilities required to counter them—and that this was something that Ministers were considering. City of London Police told us that around 27,000 fraud cases a year were sent from Action Fraud and the National Fraud Intelligence Bureau, a centralised intelligence function within the City of London Police, to policing and law enforcement for investigation. Of those, around 5% result in a criminal justice outcome, where an offender is charged or prosecuted for the crime. The NCA told us that the historic approach of collecting thousands of reports from victims and trying to investigate these had not worked, and the government was now looking to take a more proactive approach to prevent fraud.<sup>24</sup> The Department explained that it was allocating £400 million over the next spending review period to enhance the capabilities of law enforcement and intelligence organisations to respond to fraud. City of London Police told us that part of this funding was intended to build 10 proactive fraud investigation teams around the UK, who will work with local and regional policing to identify and disrupt fraudsters before a fraud is committed.<sup>25</sup> The NCA gave an example of recent work by the Metropolitan police in identifying and taking down a website which was enabling criminals to make spoof phone calls to individuals, posing as their bank, the NCA or a government department. It told us 100 suspects have been arrested as a result of this investigation, including both users of the website and the website owner.<sup>26</sup>

13. The Department acknowledged that the current police resourcing levels for fraud needed to increase. In April 2022, we reported on the Department's Police Uplift Programme which aimed to recruit 20,000 new police officers.<sup>27</sup> However, as set out in our sister Committee's report, only 380 of these 20,000 officers (around 2%) will specialise in fraud. The City of London Police told us that forces were willing to investigate fraud but that the issue was often the availability of resources. It explained that many chief constables ask what they were expected to stop doing in order to deal with fraud otherwise they needed more resources. It told us, however, that the first step was getting more from existing resources by focusing on prevention. As our sister Committee recently reported, resourcing issues in policing can also be exacerbated by the significant amounts of time it takes to redact and disclose vast amounts of material that can turn out to be unnecessary to pursuing a case. It recommended clearer guidelines on how the legislation should operate for fraud cases with large quantities of digital material.<sup>28</sup>

14. City of London Police admitted that front-line officers do not have the training they need to tackle fraud. It told us that “The constable on the ground will know very little

22 Public Accounts Committee, Sixth Report of Session 2017–19, *The growing threat from online fraud*, HC 399

23 Q 37

24 Qq 32–33, 36, 46, 115

25 Qq 22, 30

26 Q 123

27 Public Accounts Committee, Fifteenth Report of Session 2022–23, *The Police Uplift Programme*, HC-261

28 Qq 36–38, 53; Justice Committee, Fourth Report of Session 2022–23, [Fraud and the Justice System](#), HC 12

about fraud. They probably will not know about the national lead force status and, if they do, they will know very little about it. They definitely need more training”.<sup>29</sup> It accepted that this can cause issues for police morale because officers don’t have the education and training they need to keep pace with such a fast-changing world. It also told us there were issues with the recruitment and retention of specialists as fraud specialists have skills which are very attractive to the private sector. City of London Police told us it planned to improve the level of specialist training given to police officers investigating fraud through its Economic and Cyber Crime Academy and the College of Policing. It also explained that it was in the process of launching an app for constables on the ground. It told us this will describe what Action Fraud is, how to report fraud, what City of London Police does as the national lead force for fraud, and give prevention advice which officers can pass on to the public.<sup>30</sup>

15. We asked the Home Office whether police forces needed to consider fraud as a strategic objective, and be given the resources needed, so that the issues relating to fraud can start to be addressed. The Home Office told us that it had “heard that message loud and clear” and that it was hopeful that the issue would have progressed by the net iteration of the Strategic Policing Requirements. Following our evidence session, in February 2023 the Home Office published its Strategic Policing Requirement, which referenced the threat of fraud and confirmed that it would produce a fraud supplement to provide greater detail on what is expected regarding the response to fraud.<sup>31</sup>

## The criminal justice response

16. Under the current sentencing guidelines, fraud carries a maximum sentence of 10 years imprisonment, or for crimes where the financial loss is less than £5,000, a maximum of one year. However, the majority of those found guilty of crimes with a loss under £5,000 receive a fine or community order instead of the one year prison sentence available.<sup>32</sup> The Department acknowledged that the maximum sentence permissible for crimes with a loss over £5,000 is only used “very rarely” and needed to be used more. The NCA told us that law enforcement can often spend longer investigating a fraud than the convicted criminal is sentenced to, and there can be a feeling of “hopelessness” in investigating and prosecuting fraud cases. It told us that police were now trying to ensure statements provided by victims of fraud captured not only the financial loss incurred but also the impact of that loss on the individual and the potential psychological damage it may have caused to help judges take informed decisions on sentences.<sup>33</sup> The NCA also told us that one of the reasons there was so much fraud in the UK compared with other countries, was that there was not much chance of being caught. Of around 900,000 frauds reported each year in the England and Wales, currently less than 1% result in a criminal justice outcome. The NCA argued that forming an effective deterrent for criminals is not only about the length of sentences but also the likelihood of being caught, and recognised that both needed to be addressed.<sup>34</sup>

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29 Q 114

30 Qq 31, 41, 114

31 Q115 & Home Office, [The Strategic Policing Requirement](#), February 2023

32 Justice Committee, Fourth Report of Session 2022–23, [Fraud and the Justice System](#), HC 12

33 Qq 53, 64

34 Qq 46, 65

17. In October 2022, our sister Committee published its report, *Fraud and the Justice System*. This examined in depth how the criminal justice system is set up to tackle fraud. It concluded that a wholesale change in philosophy and practice was needed which was more aggressive in investigation, prosecution and conviction, and much more focused on the impact of fraud on victims. It made 16 recommendations aimed at strengthening the response to fraud, including that sentencing guidelines should be amended to give greater consideration to the emotional and psychological harms caused by fraud crimes alongside the financial losses incurred. It also made recommendations around disclosure guidelines, and the introduction of a ‘failure to prevent’ offence for fraud. At the time of our session, the Department had not yet responded to the recommendations in the report.<sup>35</sup> The Government responded to the Committee’s report in January 2023. This included its commitment to continue to work closely with partners to consider how further improvement could be made to disclosure guidance, and that the forthcoming fraud strategy would detail its aim to ensure that the disclosure regime meets the needs of complex fraud cases. Similarly, Government recognised that the current law on Corporate Criminal Law does not adequately hold organisations and their senior persons to accounts for offences committed by the corporation and their associated persons. It explained that Government was working to consider the Law Commission’s review of the issue published in June 2022 and its options for reform in order to determine a case for strengthening the law on corporate criminal liability, including the creation of an offence for failure to prevent fraud. On sentencing guidelines, the Government explained that the independent Sentencing Council was responsible for developing sentencing guidelines and it was therefore for the Council to respond to this recommendation, confirming that Government had shared the Committee’s report with the Office of the Sentencing Council.<sup>36</sup>

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35 Qq 27–28; Justice Committee, Fourth Report of Session 2022–23, [Fraud and the Justice System](#), HC 12

36 Justice Committee, *Fraud and the Justice System: Government Response to the Committee’s Fourth Report of Session 2022–23*, Sixth Special Report of Session 2022–23, HC 1020



## 3 Working with industry and international partners

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### Working with industry

18. When we last examined the growing threat of fraud in 2017, we concluded that while the Department was the only body that could provide strategic national leadership, fraud had become too vast a problem for it to tackle on its own.<sup>37</sup> Fraud has grown since then and the Department is still reliant on voluntary action from industry, including banks and retailers, to identify and design out opportunities for fraud in their systems. The voluntary approach government has taken to working with industry has delivered some successes. For example, the NCA told us that fraudulent websites now appeared far less frequently in paid-for advertising on search engines than they did two years ago. It told us this was due to hard negotiations by the Financial Conduct Authority to persuade Google and others to check that companies are regulated by the FCA before posting advertising from them.<sup>38</sup>

19. In October 2021, the Department also published its first tranche of voluntary sector charters, covering the retail banking, accountancy, and telecoms sectors. These set out commitments from the industry sectors on actions they will take to tackle fraud and are monitored by the Joint Fraud Taskforce. The Department told us that these have yielded some positive results. For example, it told us that, following a charter commitment with the telecoms sector to introduce new software to try to reduce the number of scam text messages, some operators had seen a 90% reduction.<sup>39</sup> However, in written evidence submitted to the Committee, UK Finance, a major representative body for the financial services sector, told us it would “encourage the Government to re-evaluate the continued focus on the Charters given the advent of the Government’s Fraud Strategy.”<sup>40</sup>

20. The Department acknowledged that its voluntary approach to working with industry had caused inconsistencies for victims and explained that it was beginning to introduce some mandatory measures. For example, it told us that only about 50% of victims of authorised push payment fraud are reimbursed by their banks because reimbursement was on a voluntary basis.<sup>41</sup> In May 2022, Government recognised that in recent years, authorised push payment scams, where someone is deceived or defrauded into authorising a payment to a criminal, have increased both in value and volume, with many individuals suffering significant financial and emotional harm. In response, HM Treasury announced that the Financial Services and Markets Bill will include provision to make reimbursement mandatory.<sup>42</sup> However, not all stakeholders support this approach. In written evidence, UK Finance warned that focusing on reimbursement was “too little too late” and asserted that greater efforts were needed upstream to stop fraud at its source.<sup>43</sup> The NCA told us that provisions in the draft Online Safety Bill will also be mandatory and will have significant penalties attached. But the NCA said it would welcome a ‘failure to prevent’ offence to go

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37 Public Accounts Committee, Sixth Report of Session 2017–19, *The growing threat from online fraud*, HC 399

38 Q 87; C&AG’s Report, para 2.19

39 Q 106; C&AG’s Report, para 2.19

40 Written evidence submitted by UK Finance dated November 2022

41 Q 62

42 HM Treasury Policy Paper, *Government approach to authorised push payment scam reimbursement*, 10 May 2022

43 Written evidence submitted by UK Finance dated November 2022

even further in changing industry behaviour. Our sister Committee also recommended that ‘a failure to prevent fraud’ offence should be introduced to hold companies to account for fraud occurring on their systems and encourage better corporate behaviours.<sup>44</sup>

## Working with international partners

21. Fraud is a global issue and criminals are increasingly using the internet to target victims from anywhere in the world. In the year to June 2022, 80% of frauds in England and Wales were enabled through computer technology, and the NCA estimates that around 70% of frauds have an international element. The NCA told us that this international element can cause significant delays to investigations as cases are complex and gathering evidence from overseas can be very time-consuming. The NCA acknowledged that a more proactive approach is needed to stop these crimes before they happen, rather than waiting until a fraud has been committed to then have to investigate a complex international crime.<sup>45</sup>

22. City of London Police acknowledged that having the mechanisms to work internationally is important to allow the government to work proactively to tackle fraud. However, the NCA was admitted that government “really do have a lot more to do” when it comes to building relationships with international partners.<sup>46</sup> Government has done some work with individual countries, for example, the NCA told us it had worked with law enforcement agencies in India looking at investment fraud, and in Ghana and Nigeria looking at romance fraud. It told us that it was also working with Five Eyes, an intelligence alliance comprising Australia, Canada, New Zealand, America, and the UK.<sup>47</sup> However, the National Audit Office report highlighted that the Department has limited understanding of the international response on fraud, or how the UK’s response compares with other countries.<sup>48</sup> The NCA told us that it does not have the same forums for engaging with international partners on fraud as it does with some other crimes, such as money laundering and terrorist finance. It acknowledged that government needed to do more to work with international partners and to find a better means of multinational co-operation. However, investing more resource in this will not necessarily be straightforward. For example, City of London Police told us it was in the process of scaling back some of its work to build capability on tackling fraud overseas as it does not have sufficient resources to do this alongside upskilling police officers in the UK.<sup>49</sup>

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44 Qq 88–89; Justice Committee, Fourth Report of Session 2022–23, [Fraud and the Justice System](#), HC 12

45 Qq 39–41

46 Qq 90, 98

47 Q 40

48 C&AG’s Report, para 2.21

49 Qq 90, 99

# Formal minutes

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## Thursday 9 March 2023

Members present:

Dame Meg Hillier

Olivia Blake

Sir Geoffrey Clifton-Brown

Mr Jonathan Djanogly

Mrs Flick Drummond

Mr Mark Francois

Mr Louie French

Anne Marie Morris

Nick Smith

### ***Progress combatting fraud***

Draft Report (*Progress combatting fraud*), proposed by the Chair, brought up and read.

*Ordered*, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 22 read and agreed to.

Summary agreed to.

Introduction agreed to.

Conclusions and recommendations agreed to.

*Resolved*, That the Report be the Forty-third of the Committee to the House.

*Ordered*, That the Chair make the Report to the House.

### **Adjournment**

Adjourned till Monday 13 March at 3.30pm

## Witnesses

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The following witnesses gave evidence. Transcripts can be viewed on the [inquiry publications page](#) of the Committee's website.

### Thursday 1 December 2022

**Matthew Rycroft CBE**, Permanent Secretary, Home Office; **Duncan Tessier**, Director, Economic Crime, Home Office; **Graeme Biggar CBE**, Director General, National Crime Agency; **Pete O'Doherty**, Assistant Commissioner, City of London Police

[Q1-124](#)

## Published written evidence

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The following written evidence was received and can be viewed on the [inquiry publications page](#) of the Committee's website.

PCF numbers are generated by the evidence processing system and so may not be complete.

- 1 Lloyds Bank ([PCF0006](#))
- 2 Metro Bank ([PCF0005](#))
- 3 Social Market Foundation ([PCF0002](#))
- 4 UK Finance ([PCF0004](#))

# List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the [publications page](#) of the Committee's website.

## Session 2022–23

Number	Title	Reference
1st	Department for Business, Energy & Industrial Strategy Annual Report and Accounts 2020–21	HC 59
2nd	Lessons from implementing IR35 reforms	HC 60
3rd	The future of the Advanced Gas-cooled Reactors	HC 118
4th	Use of evaluation and modelling in government	HC 254
5th	Local economic growth	HC 252
6th	Department of Health and Social Care 2020–21 Annual Report and Accounts	HC 253
7th	Armoured Vehicles: the Ajax programme	HC 259
8th	Financial sustainability of the higher education sector in England	HC 257
9th	Child Maintenance	HC 255
10th	Restoration and Renewal of Parliament	HC 49
11th	The rollout of the COVID-19 vaccine programme in England	HC 258
12th	Management of PPE contracts	HC 260
13th	Secure training centres and secure schools	HC 30
14th	Investigation into the British Steel Pension Scheme	HC 251
15th	The Police Uplift Programme	HC 261
16th	Managing cross-border travel during the COVID-19 pandemic	HC 29
17th	Government's contracts with Randox Laboratories Ltd	HC 28
18th	Government actions to combat waste crime	HC 33
19th	Regulating after EU Exit	HC 32
20th	Whole of Government Accounts 2019–20	HC 31
21st	Transforming electronic monitoring services	HC 34
22nd	Tackling local air quality breaches	HC 37
23rd	Measuring and reporting public sector greenhouse gas emissions	HC 39
24th	Redevelopment of Defra's animal health infrastructure	HC 42
25th	Regulation of energy suppliers	HC 41
26th	The Department for Work and Pensions' Accounts 2021–22 – Fraud and error in the benefits system	HC 44
27th	Evaluating innovation projects in children's social care	HC 38

Number	Title	Reference
28th	Improving the Accounting Officer Assessment process	HC 43
29th	The Affordable Homes Programme since 2015	HC 684
30th	Developing workforce skills for a strong economy	HC 685
31st	Managing central government property	HC 48
32nd	Grassroots participation in sport and physical activity	HC 46
33rd	HMRC performance in 2021–22	HC 686
34th	The Creation of the UK Infrastructure Bank	HC 45
35th	Introducing Integrated Care Systems	HC 47
36th	The Defence digital strategy	HC 727
37th	Support for vulnerable adolescents	HC 730
38th	Managing NHS backlogs and waiting times in England	HC 729
39th	Excess Votes 2021–22	HC 1132
40th	COVID employment support schemes	HC 810
41st	Driving licence backlogs at the DVLA	HC 735
42nd	The Restart Scheme for long-term unemployed people	HC 733
1st Special Report	Sixth Annual Report of the Chair of the Committee of Public Accounts	HC 50

### Session 2021–22

Number	Title	Reference
1st	Low emission cars	HC 186
2nd	BBC strategic financial management	HC 187
3rd	COVID-19: Support for children's education	HC 240
4th	COVID-19: Local government finance	HC 239
5th	COVID-19: Government Support for Charities	HC 250
6th	Public Sector Pensions	HC 289
7th	Adult Social Care Markets	HC 252
8th	COVID 19: Culture Recovery Fund	HC 340
9th	Fraud and Error	HC 253
10th	Overview of the English rail system	HC 170
11th	Local auditor reporting on local government in England	HC 171
12th	COVID 19: Cost Tracker Update	HC 173
13th	Initial lessons from the government's response to the COVID-19 pandemic	HC 175
14th	Windrush Compensation Scheme	HC 174
15th	DWP Employment support	HC 177

<b>Number</b>	<b>Title</b>	<b>Reference</b>
16th	Principles of effective regulation	HC 176
17th	High Speed 2: Progress at Summer 2021	HC 329
18th	Government's delivery through arm's-length bodies	HC 181
19th	Protecting consumers from unsafe products	HC 180
20th	Optimising the defence estate	HC 179
21st	School Funding	HC 183
22nd	Improving the performance of major defence equipment contracts	HC 185
23rd	Test and Trace update	HC 182
24th	Crossrail: A progress update	HC 184
25th	The Department for Work and Pensions' Accounts 2020–21 – Fraud and error in the benefits system	HC 633
26th	Lessons from Greensill Capital: accreditation to business support schemes	HC 169
27th	Green Homes Grant Voucher Scheme	HC 635
28th	Efficiency in government	HC 636
29th	The National Law Enforcement Data Programme	HC 638
30th	Challenges in implementing digital change	HC 637
31st	Environmental Land Management Scheme	HC 639
32nd	Delivering gigabitcapable broadband	HC 743
33rd	Underpayments of the State Pension	HC 654
34th	Local Government Finance System: Overview and Challenges	HC 646
35th	The pharmacy early payment and salary advance schemes in the NHS	HC 745
36th	EU Exit: UK Border post transition	HC 746
37th	HMRC Performance in 2020–21	HC 641
38th	COVID-19 cost tracker update	HC 640
39th	DWP Employment Support: Kickstart Scheme	HC 655
40th	Excess votes 2020–21: Serious Fraud Office	HC 1099
41st	Achieving Net Zero: Follow up	HC 642
42nd	Financial sustainability of schools in England	HC 650
43rd	Reducing the backlog in criminal courts	HC 643
44th	NHS backlogs and waiting times in England	HC 747
45th	Progress with trade negotiations	HC 993
46th	Government preparedness for the COVID-19 pandemic: lessons for government on risk	HC 952
47th	Academies Sector Annual Report and Accounts 2019/20	HC 994
48th	HMRC's management of tax debt	HC 953

<b>Number</b>	<b>Title</b>	<b>Reference</b>
49th	Regulation of private renting	HC 996
50th	Bounce Back Loans Scheme: Follow-up	HC 951
51st	Improving outcomes for women in the criminal justice system	HC 997
52nd	Ministry of Defence Equipment Plan 2021–31	HC 1164
1st Special Report	Fifth Annual Report of the Chair of the Committee of Public Accounts	HC 222

### Session 2019–21

<b>Number</b>	<b>Title</b>	<b>Reference</b>
1st	Support for children with special educational needs and disabilities	HC 85
2nd	Defence Nuclear Infrastructure	HC 86
3rd	High Speed 2: Spring 2020 Update	HC 84
4th	EU Exit: Get ready for Brexit Campaign	HC 131
5th	University technical colleges	HC 87
6th	Excess votes 2018–19	HC 243
7th	Gambling regulation: problem gambling and protecting vulnerable people	HC 134
8th	NHS capital expenditure and financial management	HC 344
9th	Water supply and demand management	HC 378
10th	Defence capability and the Equipment Plan	HC 247
11th	Local authority investment in commercial property	HC 312
12th	Management of tax reliefs	HC 379
13th	Whole of Government Response to COVID-19	HC 404
14th	Readying the NHS and social care for the COVID-19 peak	HC 405
15th	Improving the prison estate	HC 244
16th	Progress in remediating dangerous cladding	HC 406
17th	Immigration enforcement	HC 407
18th	NHS nursing workforce	HC 408
19th	Restoration and renewal of the Palace of Westminster	HC 549
20th	Tackling the tax gap	HC 650
21st	Government support for UK exporters	HC 679
22nd	Digital transformation in the NHS	HC 680
23rd	Delivering carrier strike	HC 684
24th	Selecting towns for the Towns Fund	HC 651



<b>Number</b>	<b>Title</b>	<b>Reference</b>
25th	Asylum accommodation and support transformation programme	HC 683
26th	Department of Work and Pensions Accounts 2019–20	HC 681
27th	Covid-19: Supply of ventilators	HC 685
28th	The Nuclear Decommissioning Authority's management of the Magnox contract	HC 653
29th	Whitehall preparations for EU Exit	HC 682
30th	The production and distribution of cash	HC 654
31st	Starter Homes	HC 88
32nd	Specialist Skills in the civil service	HC 686
33rd	Covid-19: Bounce Back Loan Scheme	HC 687
34th	Covid-19: Support for jobs	HC 920
35th	Improving Broadband	HC 688
36th	HMRC performance 2019–20	HC 690
37th	Whole of Government Accounts 2018–19	HC 655
38th	Managing colleges' financial sustainability	HC 692
39th	Lessons from major projects and programmes	HC 694
40th	Achieving government's long-term environmental goals	HC 927
41st	COVID 19: the free school meals voucher scheme	HC 689
42nd	COVID-19: Government procurement and supply of Personal Protective Equipment	HC 928
43rd	COVID-19: Planning for a vaccine Part 1	HC 930
44th	Excess Votes 2019–20	HC 1205
45th	Managing flood risk	HC 931
46th	Achieving Net Zero	HC 935
47th	COVID-19: Test, track and trace (part 1)	HC 932
48th	Digital Services at the Border	HC 936
49th	COVID-19: housing people sleeping rough	HC 934
50th	Defence Equipment Plan 2020–2030	HC 693
51st	Managing the expiry of PFI contracts	HC 1114
52nd	Key challenges facing the Ministry of Justice	HC 1190
53rd	Covid 19: supporting the vulnerable during lockdown	HC 938
54th	Improving single living accommodation for service personnel	HC 940
55th	Environmental tax measures	HC 937
56th	Industrial Strategy Challenge Fund	HC 941