

Forty-third Report of Session 2022-23

Home Office

Progress combatting fraud

Introduction from the Committee

Fraud is defined as an act of dishonesty, normally through deception or breach of trust, with the intent to 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.

Based on a report by the National Audit Office, the Committee took evidence on 1 December from the Home Office. The Committee published its report on 31 March 2023. This is the government's response to the Committee's report.

Relevant reports

- NAO report: [Progress combatting fraud](#) – Session 2022-23 (HC 654)
- PAC report: [Progress combatting fraud](#) – Session 2022-23 (HC 40)

Government response to the Committee

1. PAC conclusion: We are disappointed by the slow progress government has made over the last five years in combatting the growing threat from fraud.

1. PAC recommendation: 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.

1.1 The government agrees with the Committee's recommendation.

Recommendation implemented

1.2 [The Fraud Strategy](#) was published on 3 May 2023 on GOV.UK.

2. PAC conclusion: Despite fraud being the most common crime in England and Wales, government's communications with the public are still not effective.

2. PAC recommendation: 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.

2.1 The government agrees with this recommendation.

Target implementation date: Ongoing until spring 2025

2.2 The government has established a fraud focussed strategic communications team at the National Economic Crime Centre (NECC) in the National Crime Agency (NCA) to work across sectors to improve consistency in messaging and establish what communication interventions are most effective and amplify them. The team are undertaking audience insight and behavioural science research. This evidence base will ensure that campaigns can target the right audiences, with the right messages, in the most meaningful way. The research will allow the government to launch and evaluate a new cross government campaign, with clear baselines and metrics for measuring impact.

2.3 The NECC are also working to improve consistency in messaging across stakeholders. They have produced a toolkit to provide organisations with guidance on how to align communications to provide more simple messages to the public.

2.4 City of London Police are also setting up a National Fraud Protect Network. This will be a centrally co-ordinated policing network that will deliver protect advice across the country in line with the communications toolkit.

2.5 The NECC additionally works with stakeholders to produce a forward look calendar, highlighting where campaigns are running simultaneously, enabling stakeholders to coordinate better.

3. PAC conclusion: Victims of fraud are being failed by Action Fraud, which risks undermining public trust in the police.

3. PAC recommendation: 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.

3.1 The government agrees with the Committee's recommendation.

Target implementation date: Spring 2024

3.2 The government is providing £30 million to City of London Police to support the upgrade in the Action Fraud service by 2024. Victims, however, will not have to wait until then before they begin to see improvements in the reporting service and the information and support provided to them. Several improvements to the existing system have already been put in place including:

- increasing the number of staff in the call centre and introducing a new chat bot for the website to handle greater volumes of reports.
- sending cases to forces faster so they can consider whether an investigation should take place.
- web reports are now analysed to identify vulnerable victims so their cases can be prioritised for immediate assessment and one-to-one support.
- roll out of the National Economic Crime Victim Care Unit (NEVCU) service that vulnerable victims are referred to by Action Fraud to help them avoid revictimisation.

3.3 The full replacement service will launch in 2024. This will include a new reporting website that will make it easier for people to report fraud and to access advice on how to protect themselves. Anyone reporting to the new service will also be able to track the progress of their report and receive better updates.

4. PAC conclusion: The Department has failed to support police forces to build the capacity or skills they need to tackle fraud effectively.

4. PAC recommendation: 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.

4.1 The government agrees with the Committee's recommendation.

Target implementation date: Ongoing until Spring 2025

4.2 The government is increasing law enforcement investigative capacity to tackle fraud. We announced the launch of the National Fraud Squad (NFS) in the Fraud Strategy. This will include over 400 new posts across policing and the NCA by 2025. The NFS will investigate and disrupt more fraudsters through strategic coordination at a regional and national level.

4.3 The NFS will be jointly led by City of London Police (CoLP) and National Crime Agency (NCA). CoLP, as the national lead police force for fraud, will increase its view across wider policing's activity on fraud, disseminating intelligence, promoting best practice and holding forces to account for delivery. NCA, as the operational system lead, will lead operational work across law enforcement, the intelligence community and industry focusing on a more proactive response to tackling fraud. The NFS will share intelligence in real-time to understand the threat and take proactive enforcement action across government and the private sector against the most harmful fraudsters targeting the UK public.

4.4 The revised Strategic Policing Requirement gives greater prominence to fraud. This will focus police efforts to tackle fraud and maximise the output of existing police resourcing, by helping local forces better exploit NCA and CoLP's national capabilities.

5. PAC conclusion: 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.

5. PAC recommendation: The Department should work with partners in government to address the recommendations of the Justice Committee's report Fraud and the Justice System.

5.1 The government agrees with the Committee's recommendation.

Target implementation date (5.3 - independent review): Autumn 2024

Target implementation date (5.4 - Guidance on Failure to Prevent Fraud offence): Spring 2025

5.2 The [government response to the Justice Committee's recommendations](#) was published on 11 January 2023: The Justice Committee's recommendations helped shape the Fraud Strategy, which details the steps the government is taking to fight fraud.

5.3 A new independent review into the challenges of investigating and prosecuting fraud will consider a number of the Justice Committee's concerns, including modernising the disclosure regime for cases with large volumes of digital evidence. While sentencing is a matter for the independent Sentencing Council and the courts, the review will consider whether fraud offences and the Fraud Act 2006 meet the challenges of modern fraud, including whether penalties still fit the crime.

5.4 The Justice Committee also made recommendations regarding corporate accountability and the government recognises that the current law on Corporate Criminal Liability does not adequately hold organisations and their senior persons to account for offences committed by the corporation. On 11 April 2023, the government tabled a new Failure to Prevent Fraud offence under the Economic Crime and Corporate Transparency Bill. A large organisation will be liable to prosecution where fraud was committed by an employee, for the organisation's benefit, and the organisation did not have reasonable fraud prevention procedures in place. The new offence will help to protect victims and cut crime by driving improved fraud prevention procedures in organisations and by holding organisations to account through prosecutions if they profit from the fraudulent actions of their employees. The government is giving law enforcement and prosecutors the powers to tackle organisations that defraud consumers, investors, other businesses and the taxpayer. The Bill is expected to gain Royal Assent later in 2023. The government will then publish guidance setting out reasonable fraud prevention measures before the new offence comes into force.

6. PAC conclusion: The Department's reliance on voluntary charters does not produce a strong enough incentive for industry to rapidly improve its response to fraud.

6. PAC recommendation: 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.

6.1 The government agrees with the Committee's recommendation.

Target implementation date: Ongoing until Spring 2025

6.2 Tackling fraud requires government, law enforcement and different industry sectors to work collaboratively towards the same aim, harnessing expertise, resources and powers. The sector charters provide the necessary structure to turn goodwill into clear actions to support the overall Strategy goal to cut fraud by 10% by end of 2024.

6.3 The department has seen progress since the launch of the first tranche of Charters. All mobile network operators have implemented firewall solutions to detect and block scam texts reaching consumers. Subsequently, 600 million scam texts have been blocked and reports to the 7726 service where these can be reported have fallen by over 85%.

6.4 In 2022, the Payment System Regulator (PSR) closed a consultation to support the actions to prevent authorised fraud and protect customers in the banking sector charter. The government is now introducing measures in the Financial Services and Markets Bill to allow the PSR to mandate reimbursement to fraud victims. The government is also legislating to give banks the power to delay suspicious payments to help prevent fraud.

6.5 The government will publish further charters, including with the insurance sector by early 2024. Work is underway on the Online Fraud Charter, with the government seeking concrete actions on proposals such as improving reporting, data sharing and transparency.

6.6 The government has appointed Anthony Browne MP as Anti-Fraud Champion to drive work with industry and ensure that companies are incentivised to combat fraud and to explore

all avenues to do so. Delivery of the charters is overseen by the Joint Fraud Taskforce, chaired by the Security Minister.

7. PAC conclusion: The Department has not prioritised developing relationships with international criminal justice agencies.

7. PAC recommendation: 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.

7.1 The government agrees with the Committee's recommendation.

Target implementation date: Summer 2024

7.2 The Fraud Strategy sets out how the UK will drive global action on fraud. The government will develop stronger partnerships with international partners to share best practice and work together to reduce fraud globally.

7.3 The government will work more closely with law enforcement, the private sector and the international community to further develop our evidence base and to drive forward greater intelligence and information sharing. This will support co-ordinated and targeted efforts to disrupt fraudsters before they can reach the UK public.

7.4 The government's international work is already underway, and we have established an international working group to identify mutual areas of interest. This engagement will culminate in a Home Secretary chaired Global Fraud Summit in 2024 where we will aim to agree an international co-ordinated action plan to dismantle fraud networks.