



Home Affairs Committee

House of Commons, London, SW1A 0AA
Tel +44 (0)20 7219 3440 Email homeaffcom@parliament.uk
Website www.parliament.uk/homeaffairscom

From the Committee Chair

Rt Hon James Cleverly MP
Home Secretary
Via email

23 May 2024

Dear Home Secretary,

The Committee launched its inquiry into Fraud in September 2023. In response to our call for evidence, we received over 100 submissions. We held five oral evidence sessions covering a panel of victim support groups, a session with academic experts, representatives from the banking and technology sectors, law enforcement agencies as well as with Ministers. We also conducted an online survey, to which 800 people responded and shared their experiences of being victims of fraud.

We would like to thank all of those who contributed to our inquiry and survey.

We also visited Singapore in May 2024 to understand how and in what ways the Singaporean Government is combating fraud, and what measures it has in place to disrupt and prevent fraud. We were told that public education is central to their efforts, and we believe important lessons can be learnt from the ways law enforcement agencies and the private sector in Singapore are coherently joining-up to increase public awareness around fraud prevention across the country.

We had planned to produce a full report to summarise our findings, but due to the imminent election announced by the Prime Minister on 22 May 2024, we have set out what we were intending to be some of our key conclusions and recommendations below.

Whilst we welcome recent Government action, including the Fraud Strategy published in May 2023, our inquiry has shown that more needs to be done to combat the levels of fraud in the UK, and ensure the public are protected from this growing threat.

UK's response to Fraud

Given the extent and speed of change in the fraud landscape, and the challenges arising from emerging technology enabling new types of fraud, a whole-system approach is essential to tackling fraud in the UK. The policies the Home Office is



Home Affairs Committee

House of Commons, London, SW1A 0AA
Tel +44 (0)20 7219 3440 Email homeaffcom@parliament.uk
Website www.parliament.uk/homeaffairscom

implementing through the Fraud Strategy are necessary, but on their own are not sufficient to address the challenges in the cross-industry response to fraud. We have heard that actors across the counter-fraud chain are not joined-up, often resulting in siloed working. This risks shifting additional pressure elsewhere in the system, impacting the Government's ability to coordinate a range of counter-fraud activity that needs to involve multiple different sectors.

Some evidence to our inquiry reiterated similar concerns. For example, Sophie Davis from Crest Advisory suggested that having various stakeholders involved in tackling fraud in UK causes confusion for victims and leads to "diffused" responsibility across Government departments and law enforcement agencies.¹

There are several different Government departments and agencies involved in tackling fraud, across many different policy areas. We strongly echo previous concerns raised by other Committees that there is a fragmented approach in the UK's response to fraud, which is leading to a 'responsibility vacuum' within fraud policy.² We believe the Fraud Strategy missed an opportunity to increase coordination and centralisation of both policy-making and enforcement resources.

The Government needs to clarify the roles and responsibilities of key bodies involved in combatting fraud to provide certainty about accountability and reporting lines. The Home Office needs to embed a clear governance and oversight structure that will allow it to coordinate multiple strands of activity across several different departments, so that it can manage a whole-system approach to tackling fraud. Economic crime, including fraud, should sit within a dedicated, singular Ministerial portfolio.

Cross-cutting nature of Fraud

The harm from fraud is not just limited to the direct harm impacting victims. Fraudsters range from individuals to serious and organised crime groups. During our inquiry, we were particularly alarmed to hear that the proceeds from fraud can be used to fund serious and organised crime and, in some cases, terrorism.³ Whilst the Government acknowledges that fraud risk threatens national security, terrorism is mentioned on only four occasions in the Fraud Strategy, and it provides no policy guidance on how to address the threat of fraud funding terrorism in the UK.

We therefore recommend that the Home Office, with support of the National Crime Agency (NCA) should capture lessons learnt from previous examples where fraud may have been used to fund terrorist activity in the UK, and run a short consultation with stakeholders, including relevant academics, to consider clear actions needed to prevent this from happening in the future. As a result, the Home Office should, in confidence, share with the future Home Affairs Committee the policy measures it plans to take to disrupt the link between fraud and terrorist financing.

¹ [Q81](#)

² For example, the House of Lords Fraud Act 2006 and Digital Fraud Committee, which published a report in November 2022, [Fighting Fraud: Breaking the Chain \(parliament.uk\)](#)

³ [FRA0010](#)



Home Affairs Committee

House of Commons, London, SW1A 0AA
Tel +44 (0)20 7219 3440 Email homeaffcom@parliament.uk
Website www.parliament.uk/homeaffairscom

Victims of Fraud

Fraud crimes can have a long-lasting impact on victims, which can be different depending on the type of fraud a victim has experienced. Therefore, we believe it is important that victim care is targeted to better support the most vulnerable groups.

In its written evidence to our inquiry, the National Trading Standards Scams Team explained to us that there is a current gap in the victim support offered to fraud victims as there are “multiple places to report the crime”.⁴ Similarly, Which? told us that “the current mechanisms in places for consumers to report are disparate, placing a barrier and unnecessary burden on the consumers to report differently according to the organisation and sector they are in”.⁵

In the Government’s recent Fraud Strategy, it announced the replacement of Action Fraud with a new system for victims to report fraud, following wide-spread criticism of Action Fraud’s performance.⁶

In their written evidence, the City of London Police (CoLP) said that the current fraud reporting system is being replaced in 2024.⁷ The CoLP told us that the replacement of Action Fraud will provide a simpler route for reporting fraud online, with reduced waiting times and an online portal to allow victims to get timely updates on the progress of their case.⁸

In our inquiry we found that many victims find it difficult to know how to report the crime, and those who do are often passed around between different agencies causing further confusion. Some respondents to our survey also expressed frustration about how their cases were being handled by Action Fraud. We think the current Action Fraud is not fit for purpose, and whilst its replacement is expected to rectify some long-standing issues, it is vital that the new system makes it easier for all victims to report the crime and know how their case is being handled.

Fraud is becoming increasingly complex, and with around 86% of fraud going unreported, the current picture is incomplete. Therefore, it is essential that the new Action Fraud system builds on the National Fraud Intelligence Bureau’s capability to effectively identify patterns and trends to better support the outcomes for victims.

We therefore recommend that the City of London Police should prioritise the full operational roll-out of the replacement of Action Fraud before the end of this year so individuals and businesses can easily report fraud crimes.

Reimbursements

Whilst we welcome more fraud victims being recompensed through the introduction of a mandatory reimbursement policy coming into force later this year, with over 70% of

⁴ [FRA0041](#)

⁵ [FRA0043](#)

⁶ [Fraud Strategy: stopping scams and protecting the public \(accessible\) - GOV.UK \(www.gov.uk\)](#)

⁷ [FRA0092](#)

⁸ [Oral evidence: Fraud, HC 125, 28 February 2024](#)



Home Affairs Committee

House of Commons, London, SW1A 0AA
Tel +44 (0)20 7219 3440 Email homeaffcom@parliament.uk
Website www.parliament.uk/homeaffairscom

fraud originating online, social media companies are not doing enough to protect consumers. The voluntary Online Fraud Charter does not go far enough to incentivise these firms to act now to reduce the fraud occurring on their platforms. Although measures being introduced under the Online Safety Act are an important step towards that, we believe more specific and targeted action is required from online firms to prevent fraud from happening in the first place.

We therefore recommend that the Home Office needs to review the progress made by firms signed up to the Online Fraud Charter and ensure that those firms who have failed to implement measures by Summer 2024 are required to do so before the end of 2024.

We also strongly urge the Government to consider introducing a fraud levy on social media companies, the funds of which can be used to compensate victims of fraud.

Investigating and Prosecuting Fraud

There are many different law enforcement organisations, each with various responsibilities for economic crime and fraud. While the NCA, through the National Economic Crime Centre (NECC), retains operational lead, the City of London Police is the national lead force for fraud and coordinates the efforts of local police forces who conduct most fraud investigations. We found this can create confusion and lead to 'diffused responsibility,' with fraud cases being passed around between local, regional and lead forces.

We believe the Government should consider how it can enhance coordination across law enforcement to create a more efficient and effective local and national response to fraud cases.

Competing priorities for local forces and constrained budgets have made it difficult for forces to respond to and investigate fraud crimes. We heard in our inquiry that the policing response to fraud has often been reactive and that fraud has been treated as a low-priority crime by local police forces. Whilst the Government has recently included fraud as a Strategic Policing Priority, it is critical that local forces are provided with the appropriate resources to tackle a crime that represents over 40% of all UK crimes.⁹ Despite there currently being around 400 investigators in post making up the National Fraud Squad, this is likely to fall significantly short of the resourcing required to improve the response to the low-level, high-volume fraud crimes that local forces typically deal with.¹⁰

We therefore recommend that fraud investigations should be lifted out of local police forces and assigned to regional units attached to existing Regional Organised Crime Units, who already have the expert skills needed. However, it is important that victim care remains within local policing in order to better target support to the most vulnerable individuals.

⁹ [Strategic Policing Requirement \(accessible\) - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/strategic-policing-requirement)

¹⁰ [FRA0110](#)



Home Affairs Committee

House of Commons, London, SW1A 0AA
Tel +44 (0)20 7219 3440 Email homeaffcom@parliament.uk
Website www.parliament.uk/homeaffairscom

Some evidence to our inquiry illustrated how difficult it can be for law enforcement agencies to track and arrest fraudsters outside of the UK, especially since about 75% of fraud originates overseas.¹¹ Although there are some good examples of UK law enforcement agencies working with international partners, we have frequently heard in our inquiry that the sheer scale of fraud that occurs in the UK means that it is virtually impossible to prosecute our way out of the problem. We agree that prosecutions, on their own, will not solve the problem, and that more needs to be done upstream to prevent fraud from occurring. However, it remains unclear to us where exactly in the fraud chain the link weakens, resulting in fewer police investigations, and ever fewer prosecutions. Ensuring fraudsters are held to account and victims get justice is crucial for ensuring trust in the criminal justice system and deterring perpetrators.

We therefore recommend that the Home Office, in collaboration with the City of London Police and Crown Prosecution Service, should regularly monitor and publish data on the outcomes of fraud investigations and prosecutions to ensure a robust evidence base is used to identify what interventions work and how effective they are in reducing fraud.

Detecting and Preventing Fraud

The Financial Conduct Authority (FCA) has responsibility to regularly monitor the ways banks are using customer checks to ensure consistency across the regulated sector and prevent fraudsters from opening bank accounts. However, we are extremely concerned to have heard that fraudsters continue to use bank accounts to launder fraudulent funds. In some cases, we have heard how people have been manipulated into using their own account unknowingly to transfer on funds, making it more difficult to identify potentially fraudulent accounts. The FCA is not doing enough to effectively identify and enforce action on firms which are failing to maintain robust financial crime controls.

We believe the FCA needs to ensure there is greater supervision of banking crime controls, including making sure banks are consistently performing customer checks and transaction monitoring. The FCA needs to better enforce action on those financial firms who are failing to prevent fraudsters from opening and using bank accounts to launder money.

Our inquiry has also repeatedly heard that much more needs to be done to prevent fraud occurring in the first place. The NCA told us that this involves using data and intelligence to disrupt fraudsters before they act.¹² However, some of the evidence to this inquiry has highlighted inconsistent and sometimes limited data sharing between actors across the counter-fraud chain.¹³ We believe the irregularity in data-sharing between industries is a key barrier to building a whole system, data-driven response to tackling fraud in the UK.

¹¹ [FRA0110](#)

¹² [Oral evidence: Fraud, HC 125, 28 February 2024](#)

¹³ [Oral evidence: Fraud, HC 125, 17 January 2024](#)



Home Affairs Committee

House of Commons, London, SW1A 0AA
Tel +44 (0)20 7219 3440 Email homeaffcom@parliament.uk
Website www.parliament.uk/homeaffairscom

Technology and social media companies have a vital role to play in designing fraud out of their platforms to help prevent it from occurring online. We acknowledge that some of these companies are taking some steps to tackle fraud online. However, we think the largest tech companies can do more to proactively share data to prevent frauds. The information financial services and law enforcement could receive from these companies may improve the collective investigation, detection, and prevention of fraud in the UK. All relevant sectors have a duty of care to protect consumers from the damaging impact of fraud.

We therefore recommend that the Government should consider introducing further legislation to extend the provisions under the Economic Crime and Corporate Transparency Act to enable information sharing between banks, technology, social media, and telecommunication companies, with measures that mandate information sharing for the purposes of tackling fraud.

Yours sincerely

A handwritten signature in black ink that reads "Diana Johnson".

Dame Diana Johnson MP
Chair of the Home Affairs Committee