

Rodrigues – Anonymous Written evidence (FDF0010)

My understanding of the term 'fraud' describes acts such as deception, false representation, corruption, theft, conspiracy, embezzlement, misappropriation, concealment of material facts and collusion. I have found many examples of fraud: Instances of bank fraud, mortgage fraud, identity fraud, technology/internet fraud/cyber fraud/digital fraud, or investment fraud. But if you report them (with evidence) to relevant organisation, in most cases they seek reasons not to investigate allegations of fraud (i.e. not in their remit; not commercial to investigate; no line of enquiry, etc.) Organisation tasked with responsibility to investigate, shows their processes/audits are inefficient and they are not held to account for their performance.

Fraud risks to individuals today include:

1. Bank, mortgage, Internet fraud/cyber fraud/digital fraud/technology, identity and investment frauds. The vast majority of individual victims face practical and monetary impacts and can suffer emotional harm from fraud.

Examples of instances of fraud:

2. In Aug 2016, "Asuki" went to Santander bank; she signed an indemnity form as an Executor, took the money and closed the deceased sole account (which supported his mortgage which resulted in mortgage arrears) and she put a caveat on probate perhaps to slow detection of this fraud because when the real/correct Executor presented at the bank, they would not deal with the real Executor. So in 2016 the Executor went to the Bexleyheath Police Station to report this as fraud. The policeman claimed this is a 'civil matter', refused to make a note of this, despite the fact it is illegal to close a deceased account before probate. In 2019 the Executor received advice to report it to Action Fraud. So did. Action Fraud reply: "On this occasion, based on the information currently available, it has not been possible to identify a line of enquiry which a law enforcement organisation in the United Kingdom could pursue." Which suggests the indemnity form (where Asuk signed as an executor and took money), and her subsequent email to the bank (where she admitted she was not the executor and was not entitled to the money in the account) apparently does not provide a 'line of enquiry which the law enforcement organization could pursue'?
3. "Bobby" a finance and mortgage advisor arranges a mortgage, but "Bobby" fails to tell the lender he invested in the property. His brother, "Ujr" (a solicitor) drafts three declaration of trust and Mr X was asked to sign a consent to allow Ujr to register a restriction over Mr X's property at the Land Registry, in favour Ujr's mother and "Ujr" for the same property. When Mr X's estate tries to sell the property, Ujr will not remove the restrictions before any sale could go ahead unless they gets an 'interim payment' of at a least £50K and 50% of the property value.
4. In 2018 "Cur" (solicitor) wife of "Bobby" becomes a director on Company (10780164), registered at a terraced house address (over 90+ companies registered at that address). The Company buys a property "Mur Rd" (converted into two self contained flats as seen in the auction details) and

Companies House website online shows a charge code created on 31 October 2018 for "Mur Rd" property. Nine months later, the property (both flats) sold as separated flats in Aug 2019 but in April 2022 shows the charge is outstanding on the company page on Companies House! How, if it was sold in 2019? Alert these discrepancies to our solicitors and SRA. Lawyers' reply is "I have consulted our internal Compliance officer who has advised me I am not under any duty to report the actions of someone who is not our client. " and still waiting for SRA response.

5. "Dai" bankruptcy order made in Oct 2016 and appointed as director in April 2017. Alert FCA and their response " We have no investigatory powers ... Our powers in these matters are limited to registering the information. ... If you have allegations regarding the conduct of a company or its officers these should be referred to the Insolvency Service as they are responsible for investigating such matters." Dai's insolvency practitioner/trustee, said "Dai" signed a PIQB, in Feb 2017, and also signed interview statements with a statement of truth subject to the Perjury Act 1911. At Section 13.1 "Dai" was required to provide a complete list of 'the names and addresses of everyone to whom you owe money, including any debts you dispute'. "Dai" only listed his liability to HMRC, the petitioning creditor. Two years later, in July 2019 after the insolvency practitioner/trustee's requested a complete list of creditors, "Dai" provided details for other creditors. Two years later, in Nov 2021, the insolvency practitioner/trustee put a notice in the Gazette and more creditors surfaced! Alerted the insolvency service about this and their reply is "Thank you for bringing this matter to our attention, your reference number is xxxx What we are doing. We will consider your information and decide whether we can take any further action." Five months later, still no update about further action.
6. In 2016, "Msolicitors" were engaged for administration for probate and required proof of my ID and address supposedly to stop money laundering. I provided my driver licence and Esolicitors made a copy. In May 2019 the retainer was terminated. I then engaged "Olawyers" to continue with administration. A year later, an estate agency approached Olawyers, claiming a double commission saying Msolicitors signed a contract to sell the property and using my driving licence. Tsolicitors acquired Msolicitors in 2020, and at the same time, Msolicitors said they were returning my late brother's documents but in reality they sent me a stranger's passport and medical notes! Tsolicitors ignored my concerns about identity fraud. So I made a complaint to the Information commissioner's office (ICO), saying that my driver licence was shared without permission, (that Msolicitors signed a contract with an estate agency without permission from the property's owners (!) and contract/terms were not seen in the Msolicitors files, which were received by Olawyers when they took over administration. I also alerted ICO that I received a stranger's passport/medical notes from Msolicitors. ICO's response (a year later) is "Tsolicitor Limited have stated that as these actions took place before under their ownership, they do not have full details to be able to answer your concerns and can only go off the information they have to suggest what took place. As such we are satisfied that Tsolicitors Limited have sufficiently replied to your concerns and understand their data protection obligations." ICO response suggests

they think sharing a stranger's passport, medical notes, and driving licences is not a problem and are supporting lawyers' shoddy practices. Fraudsters create false identities to defraud, using passports, driver licences, medical notes.

7. Fraudsters are misusing technology to allow their accounting irregularities in their financial statements or information given to FCA/Companies House/Insolvency Service. "Gaz" (under oath in Court) said and signed he sold Whitehouse in 2016 also when he declared bankruptcy, but Company (09052879) finance statement (see 30 June 2020) 'acquired' Company (07041636) for ~1.8million which included the property (Whitehouse), and reveals the NatWest charge was only satisfied on 7 July 2020. If "Gaz" 'sold' Whitehouse in 2016 why was the charge only satisfied in 7 July 2020? Also why in 2022, "Gaz" partner (and mother to his children), in April 2022, is still using Whitehouse as her correspondence address for her company (08550427). His partner, a nursery owner, is a director for over 20 companies with no evidence she has experience in these fields - Development of building projects (company 13505425); Other construction installation company (13799598); Construction of other civil engineering projects (11118851); Other social work activities (10626747); Residents property management (05341364). Companies House's poor use of technology and/or lack of forensic audits, allows fraud: they do not check the accuracy of the information they received and put on their public register. Inaccurate information includes: hide behind other people's name (personal partners); false address; different d.o.b; misrepresent their occupation. For example "GW" (director) shows his d.o.b is different on Companies 08330244 and 08283034, same address. Actually on Companies House he has three different d.o.b (combinations -March or December and 1978 or 1979)! He also supplied incorrect information - he registered addresses that do not exist. Reported that to FCA and their reply "The FCA does not investigate individual cases." Another example, Company 11544150 shows "VR" (director) occupation listed as "Mr" and on Company 10658618) his occupation is "noen" In reality he is a solicitor.
8. "Gaz" claimed he was living at "W Road", under oath in Court, claimed his landlord is "Mr AC". But "Mr AC" does not own the property and the property is not registered on Smart Wales rent and "Mr AC" cannot afford to be an owner, he rents. "Gaz" also claimed he was living at "Jo St " in January 2018, but Ms AT was on the electoral roll as a sole tenant. To avoid settling a debt, "Gaz" declared bankruptcy in 2020. "Gaz" provided a wage slip as proof that he is a 'care worker' for company (08769829) but on Companies House, that company doesn't employ care workers! "Gaz" also signed a charge on 2020 as 'company director' and using a grade II listed property. Council's planning forms shows him applying for planning permission for the company. The title deeds for a grade II listed property shows him transferring ownership to his partner with no money exchanged. His other properties, worth ~£1.5 million were 'sold' to his partner before declaring bankruptcy. The insolvency service was alerted when "Gaz" declared bankruptcy in Dec 2020. Interesting that Boris Becker was found guilty of four offences relating to his bankruptcy, including failing to disclose, concealing and removing significant assets but apparently the same does not apply to "Gaz".

The current system and the key barriers to prosecution include:

9. Cost and availability of resources; "X" had over 10 County Court Judgements (CCJ) before his bankruptcy in 2016. In 2019 shows further CCJs. Perhaps he knows, from experience, the FCA, Action Fraud and Insolvency Service are toothless tigers, and if he was pursued via the civil legal route it, he can ignore the CCJs.
10. Fraud is treated as a victimless (paper) crime, or a crime that doesn't cause the harm - so the police do not treat fraud or victims as a priority. Fraud is unreported because nothing will be done. Many hang up waiting for Action Fraud to answer calls. So victims resort to social media or the media as the people/institution (FCA, SRA, Action Fraud, Police) the victims have gone to, have ignored it.
11. Fraudster outside the UK legal jurisdiction;
12. Poor understanding of technology or forensic audits involving technology, in the organisations tasked with dealing with fraud. For example, Phoning Action Fraud is frustrating- on hold for ages. If you register online and forget your password and follow their instructions to reset the password, they claim they will phone you with a code to reset your password...but no sign of a call or the code! Action Fraud response "our systems sometimes struggle to dispense codes to landline numbers."
13. Mental stress to the victim does not register with Action Fraud, FCA, Companies House, ICO, Ombudsman, SRA.
14. Emerging technologies and lack of accountability will provide new opportunities for fraudsters.

Is existing legislation effective in tackling the increase in modern forms of fraud?

15. The existing legislation would be effective, if the institutions/organisations are agile, have the resources, and understand the victim's plights. But in reality, the existing legislation is not effective, because Fraud is too low on Action Fraud, FCA, Companies House, ICO, Ombudsman, SRA, list of to do. And it is not worth educating the public about (current or prospective) legislation if the organisations ignore it.
16. I could not see a national strategy for tackling fraud. Good practice (detection and dealing with fraud) is not disseminated or adopted by the other organisations.

What could be done

17. ACCOUNTABLE: Increase the scope, the powers of regulators but ensure they are held accountable. Investigate all instances of suspected fraud and carry out a thorough investigation. All Financial statements supplied to the organisations face audits that are more forensic in nature.
18. AGILITY: FCA, Companies House, ICO, Insolvency Service failed to demonstrate capacity/ability to identifying and/or respond to fraud alerts by the public (who notes irregularities in company 's financial statement). These organisations are playing catching-up. They are not agile enough to address fraud (technology), while many fraudsters are some of the earliest adopters of technology. Outmoded data collection methods are

vulnerable to fraud and lack fitting forensic audits. Where is the evidence they perform fraud-related audits/procedures on information they receive/hold/file (like financial statements provided by private ltd companies)?

19.PRIORITY: Fraud is not seen as a priority: Companies House, FCA, ICO, Action Fraud, Insolvency Service need to get serious about their responsibility in addressing fraud. Their attitude is allowing cyber/digital/technology fraud to thrive. They should quickly/effectively investigate frauds: trace assets, veracity of financial statements, check individuals' details and their networked relationships.

20.ENFORCEMENT: tougher on fraudsters. Punishing them more effectively. Add sanctions and finance penalties for fraudsters that would be an effective deterrent. Put deterrents in place so UK professionals don't help corrupt people hide.

Policy recommendation that the Committee should make to the Government

21.At the moment, organisations' respond to fraud is inconsistent, resulting in disillusioned. Perhaps establish a national fraud reporting centre with a strategy that clearly articulates their roles, responsibilities, process and dissemination with evidence about their investigations when they report to the victim who alerted the Centre about a potential fraud and employ people who are early adopters of technology with good forensic auditing skills.

16 April 2022