

Nottingham Building Society – Written evidence (FDF0025)

1. What fraud risks are UK a) individuals, b) the Government and c) businesses particularly vulnerable to today, and what are the reasons for this?

RESPONSE: Authorised Push Payment and crypto asset scams promoted via social media. The risks are not aided by the lack of accountability/liability on social media/telecoms/ISPs.

2. What future economic and technological developments are likely to impact how fraudsters seek to commit crime over the next five to ten years, and how might these be prepared for and mitigated? What role can technology and tech companies play in combatting fraud across this timescale?

RESPONSE: The ease of making payments will continue to be the primary driver moving forward. With the majority of transactions being non-F2F, the ability to identify individuals/entities appropriately remains an important step in preventing loss. The ongoing consultation being undertaken relating to digital identity can help provide a robust risk mitigant in this area.

3. Is fraud and its victims treated as a priority? If not, what are the reasons for this. The Committee is particularly interested in responses that can explain any barriers preventing effective counter-fraud cooperation within Government, law enforcement, the public sector and the private sector.

RESPONSE: It is treated as a priority when reported, but it is still massively under reported. A big driver in the under reporting is that the victim feels that no prosecution will result.

The system is significantly under resourced at present, both through the support Action Fraud can provide and the resourcing of law enforcement to tackle fraud. Moving forward, the successor to Action Fraud and law enforcement needs greater resources.

There are also limits on the information sharing currently undertaken which puts limits on the effectiveness to tackle fraud.

4. What is the role of international actors in the UK's fraud landscape? What are the barriers to tackling borderless fraud?

RESPONSE: The ease of international financial activity through the UK and the City opens up the vulnerability of the system to the influence (good and bad) from international actors. The effect of Brexit on placing restrictions on the collaboration between UK and European law enforcement agencies provides increased barriers.

5. How effective is the current structure for policing fraud? How successful are the City of London Police, including Action Fraud and the National Fraud Intelligence Bureau, at executing their role as the lead police force for fraud?

RESPONSE: As previously stated, the effectiveness of the agencies tackling fraud in the UK are affected by the level of resourcing and information sharing.

6. Are sufficient resources available to Government organisations (such as the Serious Fraud Office and Crown Prosecution Service) and wider police

forces to tackle fraud and support victims, and how should this be addressed if not? Answers need not be limited to financial resources.

RESPONSE: As above.

7. What are the responsibilities of the private sector in protecting the public against digital fraud? How can a balance be achieved between the need to tackle digital fraud whilst supporting the growth of these sectors? To what extent is work done to combat fraud across the private sectors undermined by siloed or independent working practices?

RESPONSE: Every organisation and sector, be it public and private holds a collective responsibility to protect the public against digital fraud. This can be achieved through a greater obligation on telecoms/social media/ISPs to ensure that fraud is not promoted. All firms can drive customer awareness in appropriate forms to their business model - blogs, warning messages on transaction screens, etc.

8. What are the legislative or regulatory impediments to sharing fraud risk data across and between the private and public sectors? For example, to what extent does General Data Protection Regulation (GDPR) limit data sharing?

RESPONSE: The effect of GDPR on the ability for information sharing is significant and can be prohibitive in the efforts to tackle fraud.

9. What is the role of the individual in relation to fraud? Are consumers well informed about the risks of fraud and how to prevent them? If not, which bodies or organisations should do more to ensure this? What are the most effective methods of educating the public about fraud crime and prevention?

RESPONSE: As outlined in Q7, every organisation/body in both the public and private sector has an obligation to provide customer awareness in fraud prevention. The danger of some organisations providing 'no quibble' fraud refunds is that there is a danger that the consumer is less diligent in taking steps to prevent fraud.

10. What is your assessment of the Fraud Act 2006? What has been the impact of the Act and is it having any unintended consequences; if so, what are these?

RESPONSE: There has been a lack of amendments to the Act since it came into law and as such, has not changed to reflect the changes in the fraud landscape.

11. Is existing legislation effective in tackling the increase in modern forms of fraud? If not, is there a legislative remedy, or should fraud be addressed primarily through implementation of existing provisions? Answers may refer to existing mechanisms such as increasing the scope and powers of regulators. You may refer to any legislation and are not limited to the Fraud Act 2006.

RESPONSE: As previously states, it has not kept up with developments in the fraud landscape. An example of this is that adequate provision to tackle fraud involving crypto assets needs to be provided.

12. Is the current system in place for prosecuting fraud cases working effectively? If not, what are the key barriers to prosecution?

RESPONSE: As reflected in previous responses, the primary issue with effective prosecuting of fraud cases is due to insufficient resourcing.

13. Are sanctions and penalties for criminals who commit fraud an effective deterrent against future criminal activity, and if not, what might be more successful? Respondents may choose to refer to penalties imposed by the judicial system or by specific sectors.

RESPONSE: A greater level of prosecutions may act as a deterrent - presently there is such a low detection and conviction rate that it does not act as a deterrent.

14. What lessons can be learned from effective policy interventions and schemes both in the UK and overseas?

15. Can you suggest one policy recommendation that the Committee should make to the Government?

RESPONSE: A greater emphasis on appropriately resourcing the law and fraud prevention agencies to tackle fraud and drive greater consumer awareness of the threats of fraud.

21 April 2022