

Cumbria Police Authority

Communities, Equality and Diversity Committee

14th April 2010

Agenda Item No 9

Report by the Chief Constable

BUSINESS FRAUD

BACKGROUND

At the last Communities, Equality and Diversity meeting, members asked for the Constabulary to provide an update of how they were working with the business community to prevent and tackle the problem of fraud.

RECOMMENDATIONS

For members to note the content of this report.

DETAIL

There is no single accepted legal definition of fraud, making it hard to know sometimes whether fraud or another crime has been committed. In simple terms, fraud usually happens when somebody lies or deceives in order to cause harm to the victim, usually by costing them money.

Under the *Fraud Act 2006*, a person is guilty of fraud if he or she has committed fraud by false representation, fraud by failing to disclose information, or fraud by abuse of position. Penalties for committing fraud may include fines and up to 10 years imprisonment. Some of the more common types of fraud involve identity theft, others promise something attractive – for a fee. Some may be online, some by post; some may be committed in person.

Fraudsters cost the UK over £14 billion each year and target every section of society, with everyone potentially at risk, especially businesses. Until recently fraud was described as a 'silent crime', with little focus being placed on fraud victims. Fraud is also recognised as being heavily under reported.

The National Fraud Agency (NFA) was established in 2008 as the Government's strategic lead on counter-fraud activity in the UK. It works with the police and a range of stakeholders across private, public and third sector organisations to fight fraud and initiate, coordinate and communicate counter-fraud activity.

Central to the NFA, and the Government's strategy to counter fraud and make the UK a hostile environment for fraudsters, are a National Fraud Reporting Centre (Action Fraud) and a National Fraud Intelligence Bureau (NFIB). Whilst primarily developed in conjunction with City of London Police, Cumbria Constabulary has played a key role in the roll out of Action Fraud, primarily as a result of the position of Deputy Chief Constable Stuart Hyde, who is the ACPO

lead for the Regional Implementation of the National Fraud Programme (as part of the Economic Crime Portfolio).

Action Fraud has been developed to encourage the public and businesses to report fraud in order to get a stronger understanding of the scale of fraud being perpetrated and also to help identify fraudsters so that law enforcement agencies can investigate. By building up a picture of fraud throughout the country these agencies are better able to prevent fraud.

Action Fraud aims to ensure that fraud is no longer seen as a 'silent crime' and that the focus is placed on the victims, who can phone a national call-centre to report fraud, get crime prevention advice or gain access to victim support. The reporting centre provides a clear signpost for reporting all types of fraud, including identity, investment, credit card, payment and consumer fraud. At the same time, it gives law enforcement and counter-fraud agencies better information to better target fraudsters, better protect the public and bring criminals to justice.

Not only will Action Fraud support victims and help prevent fraud, it will better enable Cumbria Constabulary to investigate crime by giving access to national intelligence. Fraudsters can target businesses in Cumbria regardless of where they are based, so local investigation is strengthened through a national perspective. Action Fraud data from Cumbria will be transferred to the NFIB and analysed to identify patterns in fraud offending. This intelligence may later be used to form the basis of police investigations.

The consequences of a crime involving fraud can be devastating and nationally, Victim Support helps thousands of fraud victims every year. Previously, most of the referrals came from the police, but the new helpline provides victims with another route to get help. This should also ensure that support is also provided to those who do not wish to report a crime to the police.

There is clearly a need for work to be undertaken in tandem with this development to ensure that businesses are aware of what measures they should take in an attempt to better protect themselves from the dangers of fraud. Central to this is the information that 'first responders' can give to victims and crime prevention officers can give as part of their ongoing work.

Such information needs to be precise and continuously updated to be of real value. Again, Cumbria Constabulary has played a pivotal role in piloting and evaluating a national 'Cyber Security –Threat and Prevention' seminar', which is being formally evaluated prior to a recommendation to NPIA for inclusion in their Crime Prevention Course.

This seminar focuses on the prevention and deterrence of cyber crime and, for businesses, the threat from employees. The nature of threats covered include both external (including Spam, Viruses, Wireless Networks etc) and internal (including passwords, memory sticks, encryption etc).

As a direct consequence of one of these seminars, Furness Enterprise Ltd has stated its intention to arrange for the same presentation to be provided to a number of companies in the Furness area of Cumbria.

Locally, the Constabulary's Economic Crime Unit have also undertaken work in conjunction of local businesses, providing fraud prevention advice directly, and through media interviews, Section 96 Meetings and via activity during National Fraud Prevention Week.

Craig Mackey
Chief Constable

Date 12/03/10

Race, Diversity and Gender Implications: None identified
Human Rights Act Implications: None identified
Background documents; Nil