



**National Fraud
Authority**

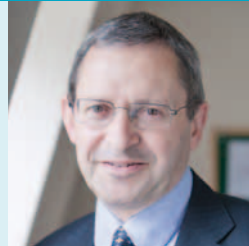


Achievements
in 2010/11



Messages

Dr Bernard Herdan CB
Chief Executive
National Fraud Authority



I am delighted to be able to publish this annual record of achievements by the National Fraud Authority, working in partnership with counter fraud functions in over 130 organisations listed at the back of this report.

Much has been achieved by the counter fraud community, but much more still has to be done to turn the tide and achieve demonstrable reductions in the economic harm caused to the UK by fraud.

This year has seen us place a particular focus on cutting fraud in the public sector and I am delighted with the active leadership we have received on this from the Cabinet Office. It has also seen us focus increasingly on strategic fraud issues, organised crime and key fraud enablers such as identity and cyber crime. This has brought us closer to the Home Office, culminating in the change in our sponsoring department.

There is a growing understanding of the social and economic impact of fraud and of the steps

that must be taken to prevent and disrupt fraudsters as well as to undertake enforcement action. The work of the National Fraud Authority is appreciated by key partners in public, private and voluntary sectors and our future is assured within an evolving counter fraud landscape. The challenges ahead are substantial but our work this year has created a sound foundation for future success.

These achievements would not have been possible without effective partnerships between the National Fraud Authority and key teams across public, private and voluntary sectors and secondments from private sector organisations. This collaborative effort is a critical success factor in the overall impact of our work.

A handwritten signature in black ink, appearing to read 'Bernard Herdan', with a long horizontal flourish underneath.

James Brokenshire MP
Minister for Crime and
Security



The Rt Hon
Dominic Grieve QC MP
Attorney General



This report provides a valuable summary of the achievements of the National Fraud Authority in 2010/11, working with its numerous partners across the counter fraud community.

I am delighted to welcome the National Fraud Authority into the Home Office where it will be at the heart of the government's fight to cut economic crime.

Bringing the National Fraud Authority into the Home Office will strengthen the UK's ability to crackdown on fraudsters by ensuring a more co-ordinated approach and by building even closer links between the National Fraud Authority's work and the wider fight against organised and cyber crime. The move will allow us to forge even closer links with key partners in the police, Serious Organised Crime Agency and other law enforcement agencies.

Building on the strong foundations evidenced in this report I am confident that the National Fraud Authority will continue to make a vital contribution in this area.

The National Fraud Authority was established to make the UK a more hostile environment for fraudsters addressing, with its partners, every type and scale of fraud in every sector of the economy.

Under the sponsorship of the Attorney General's Office over the last two and a half years, the National Fraud Authority has made significant progress steering the efforts of the counter fraud community to fight economic crime more effectively.

We now have a much improved estimate of the scale of fraud in the UK, plus a far more joined up counter fraud community contributing to comprehensive programmes of activity tackling fraud in both the public and private sectors. Through Action Fraud there is also a single point of contact for every individual to report fraud and get the advice and support they need and a thorough understanding of the fraud landscape.

I thank all those in the National Fraud Authority and its partners in the public, private and voluntary sectors for their many and varied contributions to the successful outcomes achieved this year which are described in this report. Without you, none of this would have been possible. I look forward to maintaining our relationship with the National Fraud Authority and am confident it will continue to flourish under the new sponsorship arrangements.

Summary highlights of the year

Over the past year, the National Fraud Authority (NFA), with its key partners, has:

- 1 Increased the knowledge about the scale of fraud by publishing the second Annual Fraud Indicator which more accurately reveals the true financial impact of fraud on individuals, businesses, charities and the public sector and provides a strategic basis for targeted activity.
- 2 Worked with partners to establish the first comprehensive picture of national counter fraud performance which identified gaps in the response to fraud and made recommendations for strengthening measures.
- 3 Raised the profile of fraud against the public sector and galvanised a cross government response with the establishment of the Cabinet Office Counter Fraud Taskforce.
- 4 Established and developed Action Fraud as the central place for individuals and small business victims to report fraud and provide vital intelligence for police analysis.
- 5 Increased awareness of fraud and encouraged people to protect themselves, with over a quarter of a million people visiting the Action Fraud website to get support and advice and significantly increased fraud coverage in the media.
- 6 Improved support for victims through an innovative partnership with Victim Support, including delivery of an e-learning package to provide training for 6,000 staff and volunteers to better respond to the specific needs of fraud victims.
- 7 Worked with partners in the UK and overseas to disrupt the communications channels used by fraudsters to target their individual fraud victims in the UK and internationally.
- 8 Quantified the links between fraud and serious organised crime and made recommendations for actions to strengthen the response to defined threats.
- 9 Increased understanding of the key enablers of fraud including a fresh ID Crime Threat Assessment and contribution to the development of an ID crime action plan.
- 10 Confirmed the NFA's position in the public/private sector counter fraud landscape, gained approval to broaden the remit for Action Fraud to become the single place to report cyber crime, secured ring-fenced NFA funding to 2015 and moved the NFA to the Home Office as sponsor department.

FEEDBACK

"Fraud does not respect boundaries. There are many public sector and private sector overlaps, connections and permutations. Fraudsters take advantage of the traditional lack of communication, sharing and learning between different organisations. This is changing and getting better, in no small part because of the vital role, activity and co-ordination of the NFA."

Greg Marks, Senior Governance Manager, CIPFA Better Governance Forum

Increasing fraud reporting and improving support for victims

HIGHLIGHTS

- Action Fraud took nearly 64,000 calls from people wanting to report crime or get fraud prevention advice and nearly 47,000 people accessed its online fraud reporting tool
- Over a quarter of a million people visited the Action Fraud website for support and advice
- Action Fraud captured over 16,000 crime reports, representing over £108million losses by individuals to fraudsters
- The NFA provided an e-learning toolkit to Victim Support to train its staff and volunteers across the country so that they can provide improved support for fraud victims
- The NFA produced regional resource guides to assist local support services in providing a tailored response to the need of victims

Reporting fraud

Action Fraud was rolled out as the national fraud reporting centre in July 2010 after a successful pilot which had started in October 2009. Action Fraud provides victims of fraud and the more vulnerable members of society with advice, guidance and a central means of reporting fraud, both online and by telephone. Since rolling out nationally, Action Fraud's dedicated team of experts have gone from answering 3,000 calls in July 2010 to 8,000 calls in March 2011. Throughout this period customer satisfaction has been consistently high, at an average of 94%, and 90% of people contacting Action Fraud state that they now feel better able to protect themselves against fraud as a result of the advice they have received. The number of visitors to the Action Fraud website has also risen dramatically from 16,000 in July 2010 to 54,000 in March 2011.

Action Fraud sends all crime reports that it takes to the National Fraud Intelligence Bureau (NFIB) at the end of every day so that they can be analysed and considered for police investigation. The average (median) loss per report is £406 but 14% of victims lost more than £2,000 each.

FEEDBACK

"Fraud costs each small business in the UK up to £2,800 per year. This is of concern when many are looking to small businesses for growth and jobs through the recovery. It is crucial to small businesses that action against fraud and identity theft continues as a priority given the impact these can have on their very survival. The FSB encourages small businesses to report fraud to the Action Fraud reporting centre – in the knowledge that this information will be used to build up a full picture of fraud with prosecutions as a result."

Mike Cherry, Policy Chairman, Federation of Small Businesses

Although Action Fraud reports are a small percentage of the total data NFIB is analysing, they are capturing data and intelligence that may not have been reported previously. A number of cases being investigated by City of London Police and regional forces are a result of intelligence captured by Action Fraud.

The NFA is expanding use of the Action Fraud online reporting tool to organisations wishing to report fraud on behalf of their own customers. Many industry organisations, charities and police forces have placed the Action Fraud logo and link on their websites to direct fraud victims to the service. Action Fraud has reciprocal agreements in place to refer calls as appropriate between other reporting organisations including Crimestoppers and Consumer Direct.

Action Fraud supported the Office of Fair Trading's (OFT) mass marketing fraud 'Scamnesty' in February and announced the first dedicated email address for individuals to send the scam emails they receive. Action Fraud received over 20,000 emails over the weekend of the launch and there were more than 25,000 visits to its website on the day of the launch. Action Fraud has now received nearly 63,000 emails which it has forward to the NFIB for analysis. The intelligence contained in these emails is being used to take disruptive action, such as closing phone numbers, email addresses and suspending bank accounts used by fraudsters.

The NFA has worked to ensure police forces are kept aware of developments to the Action Fraud service and joined forces with NFIB to run an operational briefing in July attended by over 80 representatives from 43 forces. Action Fraud is currently piloting a system for forces to refer

250,000
people have visited the
Action Fraud website for
fraud prevention advice

CASE STUDY

In early September, Action Fraud began receiving reports from people concerned they had become victims of a loan repayment scam. Consumers began to tell their story on online forums, advising more victims to contact Action Fraud.

Within a month, Action Fraud had received more than 3,500 contacts relating to one company, with volumes at times exceeding 700 per day. To ensure Action Fraud could respond to its customers as quickly and effectively as possible, it drafted in additional staff and increased the capacity of the contact centre. Action Fraud passed all crime reports to the NFIB which studied the intelligence and referred the case to City of London Police, the lead force on fraud.

Since launching its investigation before Christmas, detectives have arrested five suspects and written to more than 7,000 people whose personal details were compromised by the fraudsters.

victims of fraud directly to Action Fraud to have their report taken. If successful the three-month pilot will lead to a national roll out of the process across all police forces.

Action Fraud has been granted funding to widen its remit and take on the reporting of cyber crime. This will happen during 2011/12.

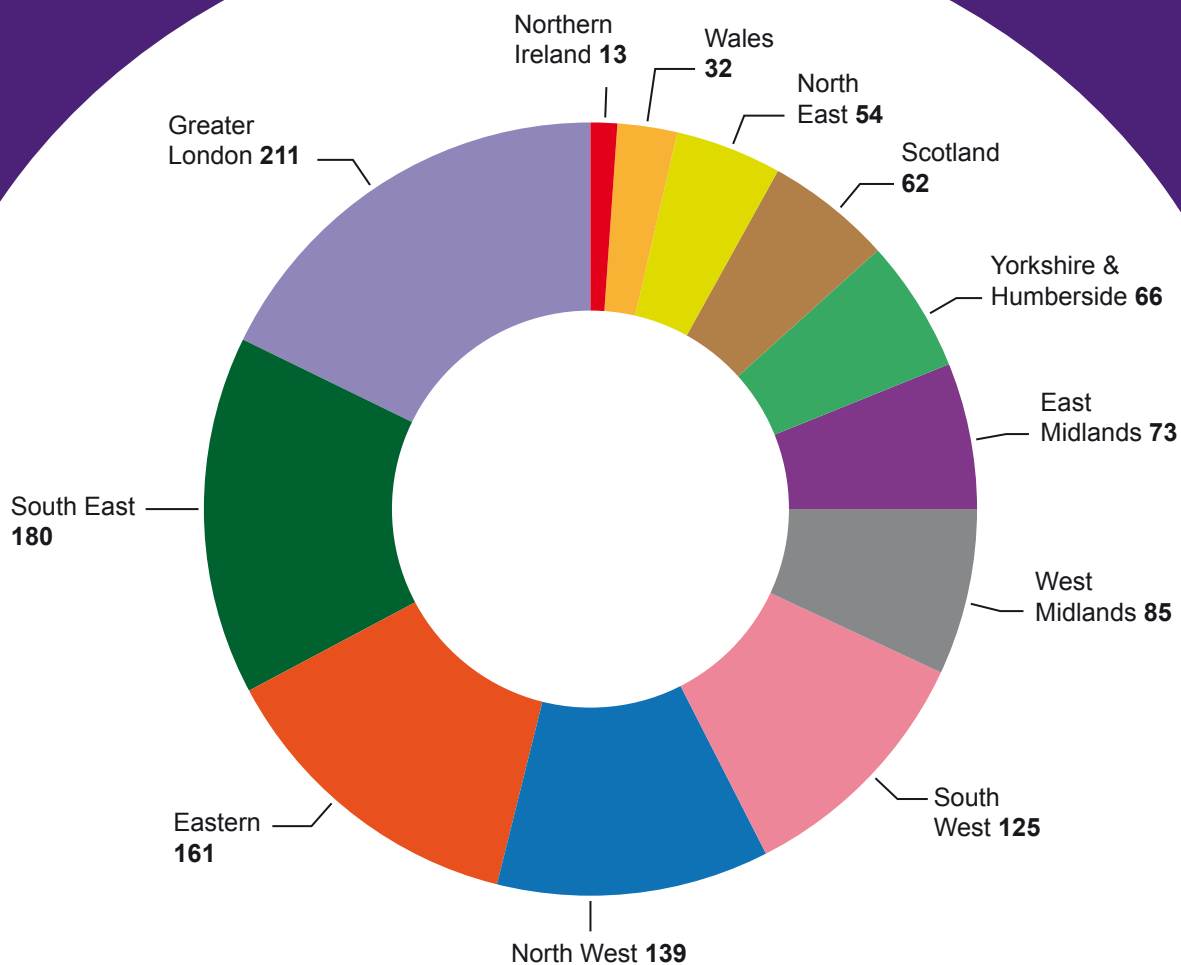
Supporting victims

The NFA has worked with Victim Support and other partners to radically improve access to emotional, practical and financial support services for victims of fraud. It ran 18 workshops across England and Wales with delegates from Victim Support, Citizens Advice and Local Authorities to develop an improved local response to the needs of fraud victims. 93% of attendees found the workshops useful and they informed the production of a series of local resource guides to assist supporters helping victims to cope with their trauma.

The NFA also produced an e-learning package that will be used to train over 6,000 workers and volunteers from Victim Support across the UK in a

Where victims live

The greatest numbers of crime reports made to Action Fraud are from victims in London, the south east and east of England



cost effective manner. The package was delivered to Victim Support in December and includes key resources, case studies and information to ensure that victims are treated consistently and referred on to the appropriate local services.

CUSTOMER FEEDBACK

"Thanks so much for your help. Before I phoned today the one thing that upset me more than anything else was the embarrassment of losing nearly £20,000, but I feel so much better for calling."

Action Fraud caller on 25 Jan 2011

All victims of fraud calling Action Fraud are offered direct access to Victim Support. So far Action Fraud has referred over 1,500 victims to Victim Support where they have been provided with emotional support if needed and advice on the practical and financial support services available locally, including debt counselling and credit repair. Where required specialist support is made available to vulnerable victims such as the elderly or those with learning difficulties.

The NFA also developed a practitioners' guide to handling victims of fraud and trialled it with Gloucestershire Constabulary. The guide provides front line police with information on how victims of fraud may access practical, financial, legal and personal support in their local area.

Deepening our understanding of fraud susceptibility

The NFA and private sector partners have conducted research to identify what makes an individual susceptible to fraud. This research will form the National Fraud Segmentation which will group the general public by attitude and behaviours towards fraud, providing a blueprint to enable the counter-fraud community to focus and prioritise prevention and intervention activity based on the susceptibility and vulnerability of individuals. The segmentation will guide development of behaviour change strategies and become a tool for industry, helping companies to better protect both their customers and their business from fraud.

FEEDBACK

“Victim Support is very happy to continue to work closely with the NFA. This is an important partnership for us and offers the opportunity to significantly improve what we can do for victims of fraud. The development of the e-learning tool has filled a gap in our learning and development programme. The expertise provided by the NFA has enriched our knowledge of the issues facing victims of fraud and will make an important contribution to the development of our staff and volunteer colleagues as they meet the needs of victims”.

David Kenyon, Head of Strategy, Victim Support

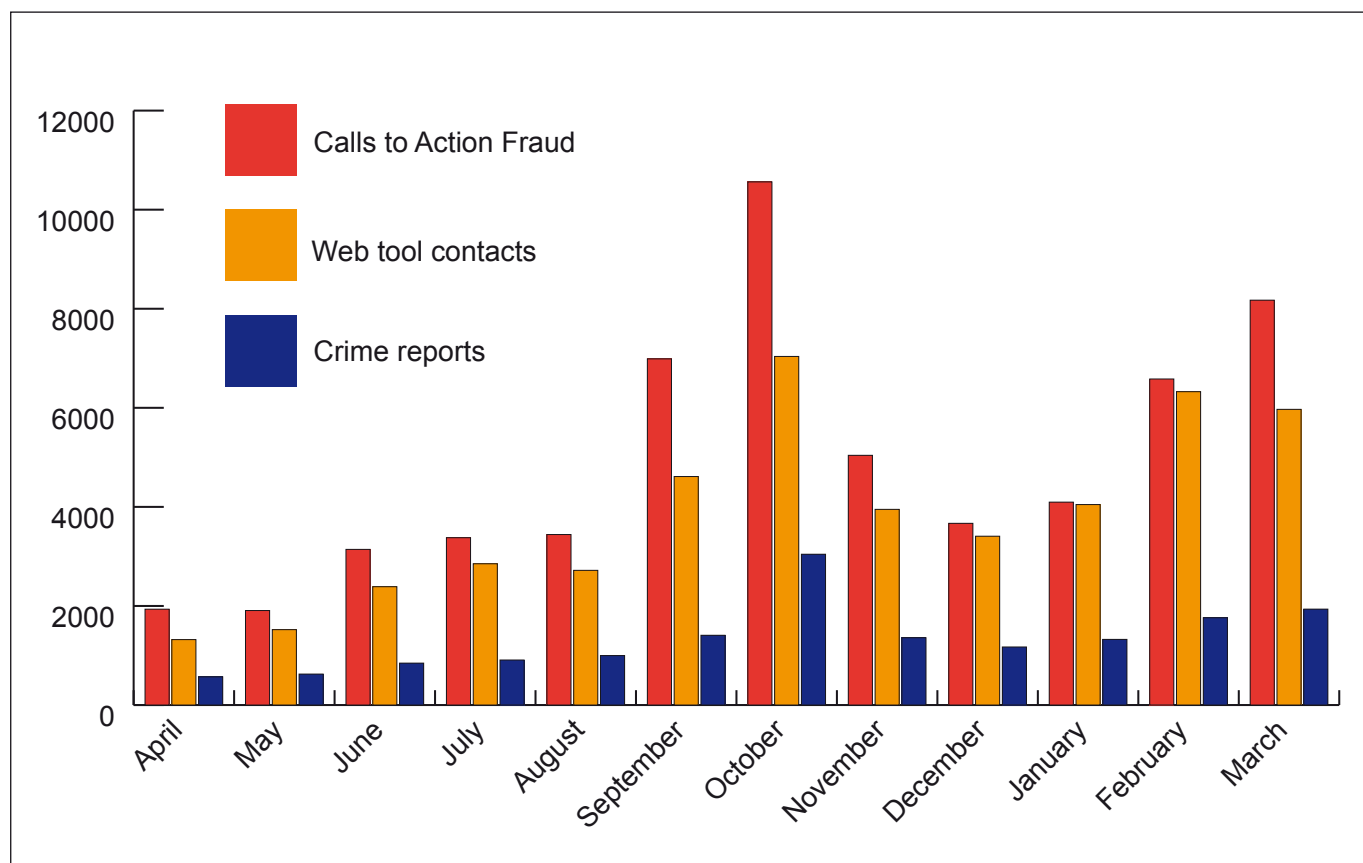
CUSTOMER FEEDBACK

“Thank you so much for your prompt reply to my e-mail. This really proved that you’re actively monitoring the development of fraud of this kind.”

Action Fraud caller on 5 Feb 2011

94%

customer satisfaction rate with the Action Fraud service



Building and sharing knowledge about fraud

HIGHLIGHTS

- **The NFA published a new more accurate estimate of fraud which shows the real financial impact on individuals, businesses and government**
- **This included new more accurate estimates of fraud against small and medium sized businesses, charities, ID crime and serious and organised crime**
- **The NFA and its Information Sharing Taskforce have worked together to resolve 36 specific barriers to sharing information to reduce the harm caused by fraud. They have identified and progressed solutions in 5 areas of key significance for fraud reduction.**

Measuring fraud

The NFA *Annual Fraud Indicator* has been widely recognised as the most current and definitive assessment of fraud loss in the UK. The NFA published its second *Annual Fraud Indicator* in January 2011 and worked with partners in industry and the public sector to improve the quality and accuracy of reporting in a number of key areas. These included fraud loss suffered by small businesses, charities, individuals and new measures of procurement and grant fraud in the public sector. The 2011 *Annual Fraud Indicator* estimates that fraud is costing the UK over £38billion a year.

The NFA's measurement team has:

- Collaborated with the Charity Commission to provide the first ever comprehensive estimate of the level of fraud affecting charities. NFA surveyed over 10,000 charities and used the responses to estimate that around 2.4% of charitable income – £1.3billion – could be lost to fraud.

- Worked with the Federation of Small Businesses and consulted its members to produce a more accurate estimate of fraud against small and medium sized businesses: £780million.
- Worked with partners to quantify the link between fraud and organised crime: at least £9billion per annum, 30% of total fraud loss.

FEEDBACK

"The cost of insurance fraud alone adds an extra £44 a year to the insurance costs of each policyholder. To protect honest customers the insurance industry is intensifying its efforts to deter potential fraudsters and detect more fraud. With many frauds cutting across different sectors, the NFA has a crucial role to play in spearheading a co-ordinated national strategy to reduce the impact of fraud on the economy and people's lives."

Nick Starling, Director of General Insurance and Health, Association of British Insurers

- Contributed to the assessment of future fraud threats, especially from emerging technologies.
- Created a fresh assessment of the cost of ID crime: £2.7billion per annum.

Information sharing

During 2010/11 the NFA published the *Information Sharing Progress Update*, a practical guide which highlights possible solutions to a variety of common information sharing issues. It also published a report on *Data sharing for the prevention of fraud under section 68 of the Serious Crime Act 2007*, looking at the use being made of the legislative provision designed to enable public bodies to share data with specific anti-fraud organisations.

The Information Sharing Taskforce, chaired by the NFA, comprises 25 public and private sector organisations. In 2010/11 it has:

- Worked with the Insurance Fraud Bureau (IFB) and the Department for Work and Pensions (DWP) to facilitate the verification of national insurance numbers and to help identify anomalies for the insurance sector to minimise insurance fraud.
- Prompted ongoing work between the private sector and London local authorities, with the potential to save over £50million in social housing tenancy fraud loss.
- Facilitated co-operation between banks and HM Revenue and Customs (HMRC)/DWP to improve sharing of intelligence for fraud prevention and detection.
- Worked with the UK Border Agency (UKBA) to launch its document fraud e-learning tool as a commercial package and raise awareness of its availability and benefits within the public sector and law enforcement.
- Worked with Royal Mail and other stakeholders to inform Royal Mail's understanding of customer requirements for its new fraud prevention alert product which enables private organisations to receive notifications against Royal Mail redirection address data, supplemented with additional information to enrich their fraud prevention risk profiling measures.

FEEDBACK

"CIFAS has found the Taskforce to be a useful group, bringing interested parties and data holders together to work on practical solutions and opening up channels of communication."

Simon Fitzgerald, Data Sharing Services Manager, CIFAS

"I consider that overall the Information Sharing Taskforce initiative was very valuable and has moved the information-sharing agenda forwards to achieve a step change."

Chris Humphrey, Head of Industry Exchange and Alert Branch, SOCA

"The Taskforce has been extremely beneficial in bringing together different views and perspectives from the public, private and voluntary sectors and enables issues to be approached by various methods."

John Flynn, Head of Financial Crime Prevention, Aviva

Tackling the most serious and harmful fraud threats

HIGHLIGHTS

- The NFA provided support and drive to the ministerially chaired Cabinet Office Counter Fraud Taskforce to galvanise cross government efforts to tackle the £21billion of fraud against the public sector
- The NFA produced good practice guidance to assist local authorities in tackling housing tenancy fraud and council tax single person discount fraud
- The NFA established a facility at the National Fraud Intelligence Bureau to disrupt and close those email addresses, post office boxes and other enablers abused by mass marketing fraudsters
- The NFA-led Accommodation Address working group created the first national list of Accommodation Addresses, which has been deployed by numerous partners to prevent fraud

Fraud in the public sector

Fraud costs the public sector £21billion a year – 55% of the nation’s total fraud loss. The bulk of the fraud loss is due to fraud against the tax and benefits system but the 2011 AFI revealed for the first time how much the government is losing to procurement fraud (£2.4billion) and grant fraud (£515million).

In September the NFA launched an action plan to reduce public sector fraud and since October it has been co-ordinating the work of the Cabinet Office Counter Fraud Taskforce, chaired by the Minister for the Cabinet Office, the Rt Hon Francis Maude MP. The Taskforce consists of fraud professionals from the public sector and from RBS, HSBC and Citi Global Transaction Services was established to tackle fraud across government. The Taskforce oversees eight pilots that are testing out new approaches to tackling fraud, such as the more efficient use of credit

reference agency information, the deployment of data analytics, and the use of insights from behavioural science to improve how fraud is combated.

In January 2011, the NFA supported the Cabinet Office in establishing a network of counter fraud champions, drawn from every department, to help strengthen the fight against fraud in

FEEDBACK

“The latest National Fraud Authority estimate shows that 55% of fraud – a massive £21billion – is committed against the public sector. That’s the equivalent of building 800 secondary schools, or employing over 615,000 nurses and it’s a problem that we are not going to ignore. Ripping off the taxpayer will not be tolerated.”

Rt Hon Francis Maude MP, Minister for the Cabinet Office

the public sector and support the work of the Taskforce. These champions are developing cross departmental linkages on counter fraud work and taking forward ways to tackle fraud collaboratively across government.

The champions' responsibilities are to ensure: the establishment of an anti-fraud culture in their department; the measurement and reporting of fraud, error and debt; input into a government-wide fraud alerts system; and to conduct proactive fraud risk assessment and share good practice across government. To support them in doing this the NFA has:

- Held an innovations event where 22 private sector organisations presented their innovative counter fraud solutions to counter fraud champions and their colleagues.
- Worked with the NFIB, operated by the City of London Police, to develop a cross government fraud alerts system which has been piloted with counter fraud champions. This system will enable government departments to share details of fraud attacks and so help all departments to protect and defend themselves in a consistent and timely fashion.
- Helped develop the fraud, error and debt metric on the new Cabinet Office departmental scorecard.
- Run counter fraud champion network meetings to exchange best practice and drive delivery of counter fraud initiatives across government.

Local authority fraud

Fraud costs local authorities an estimated £2.1billion a year. The NFA's local authority work stream has focused upon areas of highest risk highlighted by *Protecting the Public Purse* (Audit Commission, September 2009) and *A fresh approach to combating fraud in the public sector* (March 2010). Driven by these identified priorities the NFA has progressed three projects in 2010/11: housing tenancy (£900million fraud loss); single person discount (£92million fraud loss); and regional partnerships and personal budgets (£16billion spend).

Early success of a pilot being conducted by HMRC under the aegis of the Cabinet Office Taskforce: 20,000 recipients of tax credits with a potential undeclared partner were analysed by credit reference agencies, which identified 1,000 'high risk' cases. HMRC sent out 750 letters challenging these high risk recipients and as a result over half have had their benefit stopped or amended, saving £1.52million in gross losses prevented.

CASE STUDY

The London Borough of Ealing undertook data-matching with a credit reference agency to detect fraud in the council tax exemption for single person discount. This match highlighted 16,136 cases worthy of review. These cases were checked against council tax records and benefit records resulting in the withdrawal of over 2,000 discounts. As a result the council saved £871,468.

The NFA identified existing good practice in local authorities and encouraged pathfinders to develop new ways of working using technology. As part of this project the NFA has brokered low cost and free work from data analytic companies to trial proof of concept pilots in councils. At present there are 22 pilots underway, some of which are already demonstrating savings from tackling fraud.

The NFA held workshops for local authorities on housing and council tax and produced a good practice guide.

As a result of engaging with local authorities the NFA discovered that they were being charged very different prices for credit reference agency information. The NFA approached the Local Government Association (LGA) to discuss developing a national framework contract to provide standard cost checks for local authorities and other public sector bodies. Kent County Council progressed this and the contract is currently out to tender.

The abolition of the Audit Commission, announced on 13 August 2010, raised the risk of some significant and successful counter fraud tools disappearing. These include the Fraud and Corruption Manual, the Changing Organisational Cultures Toolkit, and the National Fraud Initiative (NFI). The NFA has been lobbying for these tools to be retained. The NFA has agreed a joint work stream with the Audit Commission to secure the long term future of the *Fraud and Corruption Manual* and to update the manual in partnership with the Chartered Institute of Public Finance and Accountancy (CIPFA).

Local authority fraud strategy

The NFA has also commenced the development of a local authority strategy '*Fighting Fraud*

Locally', which reflects the importance of local authority fraud and the work under way and still to be done to address it. The NFA has set up a board to oversee the development of the strategy and to ensure that key stakeholders own the strategy.

Mass marketing fraud (MMF)

NFA worked closely with SOCA, City of London Police, Metropolitan Police Service (MPS) and the OFT to initiate and lead a MMF control strategy. This strategy co-ordinates the activities of UK agencies in an intelligence-led approach to prevent and disrupt this type of fraud. An MMF desk – an intelligence hub for reported and non-reported mass marketing fraud – has been created at the NFIB and is currently resourced by secondees from SOCA and the NFA. Secondees have been reviewing NFIB data and analysing information on reported fraud to collate details of the different enablers to fraud.

Organisations including the Royal Mail Group, UKBA and money transfer agents worked with the NFA to identify ways to prevent fraudsters reaching their target audience. A pilot project launched in Hampshire by the OFT, Trading Standards and the Royal Mail Group helped identify chronic victims of mail scams and provide them with details of local victim support agencies.

Strong international co-operation to combat MMF continues, and NFA engages regularly with members of the International MMF Working Group and liaises with Europol. NFA gained agreement to refer details of virtual offices in Belgium, Holland and the USA used by fraudsters to target UK citizens.

International intelligence on the fraudulent use of re-directed telephone numbers is being used to test a 'take-down' system. If successful this will be centralised at the MMF desk at the NFIB.

Staff seconded from the NFA, SOCA and the telecoms sector are helping the NFIB establish a centralised capability for high volume take-down of phone numbers, email accounts and websites.

MPS and SOCA have agreed protocols with mail service providers to revoke bulk mailing accounts used by fraudsters.

CASE STUDY

The Metropolitan Police Service and postal service providers co-operated to identify consignments of MMF mail emanating from a prolific South African based fraudster. On 25 January 2011, 2 boxes and 6 bags of inbound mail were seized containing 5,000-10,000 mails shots addressed to individuals in the UK. Each one targeted a prospective victim of fraud. A number of post office boxes used in these frauds have also been closed in a bid to sever the link between the victim and fraudster.

The NFA helped instigate the International Day of Action on 1 June 2010, raising awareness and co-ordinating extensive media coverage of MMF. Law enforcement agencies executed multiple warrants at addresses across the UK, resulting in 11 arrests.

ID crime

The NFA, in co-operation with the NFIB, led the creation of the UK's first ever identity crime strategic threat assessment. By drawing together the experiences of public and private sector organisations, within the UK and abroad, a clearer understanding of the scale and nature of ID crime and what needs to be done to tackle it has emerged.

To meet the challenges posed by ID crime a wide-ranging action plan has been created by the NFA in close co-operation with the Home Office, government departments and law enforcement agencies. The plan concentrates resources and collective efforts toward areas of priority that will reduce ID crime in its many different forms.

It includes activities such as tackling false identity factories and websites, target hardening UK government issued documents and systems from criminal abuse and supporting victims of identity related crime. These are now being taken forward under the strategic direction of a new Home Office ID Crime Strategic Implementation Board in which NFA is involved.

The NFA estimates
ID crime costs UK
victims an annual

£2.7bn

Mortgage fraud

This year the NFA has deepened understanding of the mortgage fraud threat, increased information sharing across the mortgage community, and improved the co-ordination of industry activity to prevent fraud.

The Mortgage Fraud Forum has helped prioritise and overcome barriers to more effective action and helped sustain momentum so that mortgage processes continue to be made more robust. It has 16 members representing mortgage lenders, enforcement and professionals and is taking forward work to map the end-to-end mortgage and conveyancing processes to identify new opportunities for fraud intelligence sharing. The Forum has placed an increased emphasis on the issue of corrupt and negligent legal professionals so that mortgage processes continue to be made more robust.

At the same time, Land Registry is identifying what information it holds that may be of value to lenders' fraud prevention activities and considering the development of new products to meet the lenders' needs.

Accommodation addresses

'Accommodation addresses' is a generic term for the service provided for companies and individuals that includes mail forwarding, virtual offices, fax forwarding and telephone answering. The NFA led a project on the misuse of accommodation addresses by fraudsters which resulted in the creation of the first national list of accommodation addresses, identifying addresses used by criminals that would have previously gone undetected. This list is 'owned' by SOCA and distributed monthly to an established list of public and private sector partners via the SOCA alerts system. The list currently contains nearly 6,000 addresses and is growing.

Synectic Solutions have used the list to identify over £500million of suspected fraud. The Insurance Fraud Bureau has so far identified over 2,000 addresses as being involved in potential fraud and is now investigating these. The full realisation of the counter fraud and anti-crime benefits to be had from deploying the list is still at an early stage. It will be reliant upon feedback from partners who include City of London Police, OFT, MPS, Trading Standards, DWP, HMRC, the Local Authority Investigating Officers Group (LAIOG) and the National Anti-Fraud Network (NAFN) and their participation in a reciprocal process to validate and quality assure the contents of the list. However it is clear that this is a major new tool for fraud prevention and detection, the significant potential savings already identified has motivated further development of ways to use the list. The Audit Commission is planning to use the list in a new piece of work, involving the National Fraud Initiative, which will be commencing shortly.

£500m

of suspected fraud
identified using
accommodation
addresses database

Telecommunications

There is a clear appetite for a multi-partner approach to tackling telecommunications fraud. With the help of a secondee from B SkyB the NFA commenced a project to identify ways to improve the response to fraud suffered by the industry. This has included the formation of a sub group of law enforcement agencies which meets bi-monthly to design, implement and embed a sustainable and consistent relationship between law enforcement and the telecommunications industry. Members include NFIB, SOCA, City of London Police, MPS and industry representatives.

This project commenced in January 2010 and is in its early stages. The NFA is scoping case acceptance criteria between the industry and law enforcement and will be engaging more widely to ensure their needs are incorporated.

Data sharing is the key in identifying links to organised criminality between the telecommunication industry and other sectors. The NFA has put in place an agreement with several companies to share their confirmed fraud data. This will establish an intelligence sharing cycle between the telecommunications industry and law enforcement, resulting in the rapid dissemination of industry intelligence and creation of high quality, industry specific fraud alerts.

A fraud matrix to raise awareness and understanding of fraud types specific to and affecting the telecoms sector has been created by the NFA. The aim is to define common fraud typologies, improve overall understanding of telecoms fraud types in the sector and to identify current counter fraud responses and weaknesses so that they can be addressed.

Raising awareness of fraud and increasing self protection

HIGHLIGHTS

- Action Fraud's Twitter page was named in The Telegraph's 'top ten most useful Twitter pages to help save money'
- The NFA has received over 800 mentions in the media in the past year
- The NFA has become recognised by many journalists as the first port of call on fraud topics

Public awareness

There has been a step change in the media's interest to fraud over the past year. Key areas of coverage have been romance, identity and online shopping fraud. A number of brave fraud victims have been willing to share their experiences. This is a core success factor in securing media coverage as it helps dilute the stigma some victims feel at being 'conned' or 'scammed'. Their stories helped to secure prime-time coverage across broadcast, online and print media as part of a number of communications campaigns including the first anniversary of Action Fraud.

An illustrative measure of success of this media activity, and the other news stories the NFA released throughout the year, is the significant increase in visitors to Action Fraud after each news story was featured in the media.

Partnership work remains essential in NFA's activities to raise awareness of fraud and the need for people to self protect. The NFA continues to actively support National ID Fraud Prevention Week and other partner initiatives including Get Safe Online Week. As part of the National ID Fraud Prevention Week this year the NFA helped

increase joint activity across government and the private sector and boosted the impact of the campaign by providing a new estimated ID fraud loss figure to the media.

The NFA provided its expertise to Financial Fraud Action UK (FFAUK) to help create a campaign to tackle money mules, which FFAUK piloted from February to April 2011. The pilot focused communications on localities where money mule activity is most prevalent.

In Spring 2010, the NFA established a fraud communicators group to help public and private sectors share ideas and plan joint activity.

Action Fraud continues to develop its online presence and is now making full use of social networking sites. Since August 2010, Action Fraud has used Twitter and Facebook to share regular fraud alerts and safety tips direct with members of the public. Action Fraud is now rated number 1 on Google when searching for 'report fraud'.

All this work has been tactically beneficial but more information is needed to identify, target and educate, the core groups of most vulnerable individuals. The NFA, with private sector partners, has commissioned quantitative and

qualitative research to develop the National Fraud Segmentation. This work categorises the general public by their attitudes and behaviours towards risk and fraud. It will enable the counter fraud community to potentially pre-empt an individual's propensity to suffer fraud by providing relevant messaging, products and intervention activity at the correct time. The National Fraud Segmentation will provide the strategic framework necessary to help galvanise and coordinate the fraud community to deliver a clear set of consistent messages and education to these specific groups of individuals.

Business awareness

The NFA has worked closely with trade and industry media to highlight fraud concerns for large corporates and small/medium sized businesses (SMEs). Key areas of interest include the activity by the NFA and industry to tackle mortgage fraud and a steady stream of stories on the topic have appeared within industry publications, online and specialist business columns.

The NFA published a series of 'top tips' for SMEs, highlighting the threats posed by 'card not present

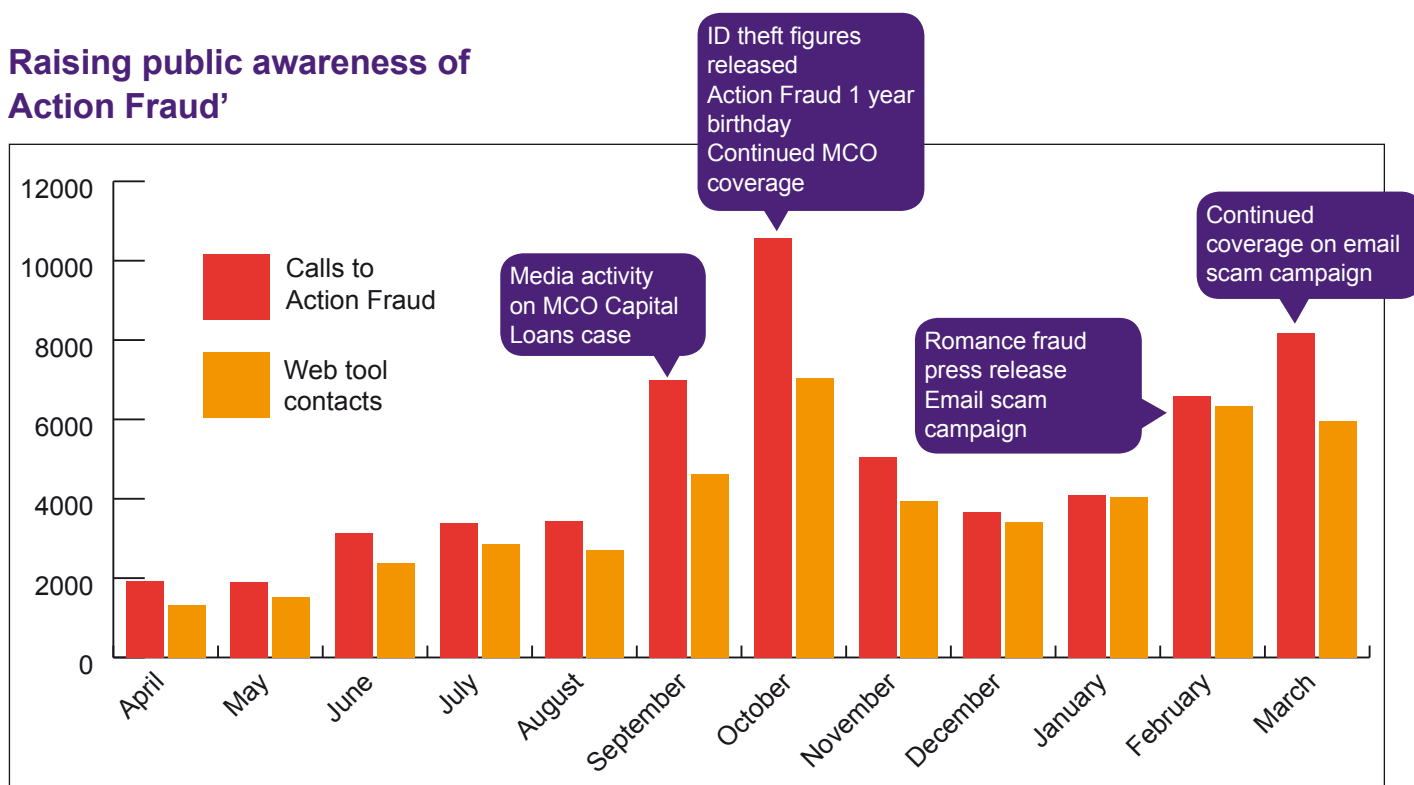
FEEDBACK

"RBS has been actively supporting the NFA's programme of activity to tackle fraud given the significant level of harm it causes to UK society. We absolutely recognise the importance of collaboration and have therefore been actively supporting a number of key initiatives : specifically the investment made in developing a new assessment methodology to categorise groups most susceptible to fraud, by providing a secondee to the NFA to help share private sector experience and in providing strategic insight to the crucial programme of activity to reduce fraud in the public sector. The work of the NFA is a cornerstone of the country's fight against fraud and one which RBS remains committed to supporting."

Mark Gale, Head of Group Fraud Prevention, RBS

fraud', e-crime and insider fraud. Businesses can download these from the Action Fraud website. The cards have been well received by SMEs and their membership organisations and now form part of the business advice centre on the Action Fraud website, which will be developed further in 2011.

Raising public awareness of Action Fraud'



Disrupting and punishing more fraudsters

National Fraud Intelligence Bureau (NFIB)

The NFIB is run by the City of London Police and, housed within its economic crime directorate, has established itself as one of the most advanced police analytical systems in the world. Since it became fully operational in June 2010 more than 2.25 million confirmed reports of fraud, sent by Action Fraud and partner organisations in the public and private sector, have been processed and analysed by the NFIB's Know Fraud system.

The data has identified tens of thousands of criminal networks, suspects and victims of fraud. This intelligence has directly led to UK police forces arresting fraudsters who had previously gone undetected. It has also formed the basis of NFIB fraud alerts, produced to raise awareness of emerging frauds targeting specific people or sectors. Alerts on online ticketing fraud, rental fraud, land banking fraud and holiday lettings fraud have been disseminated to partners in industry and the media. NFIB analysts have also carried out thousands of intelligence checks for law enforcement and agencies including the Bank of England, SOCA and the Scottish Crime and Drug Enforcement Agency.

Over 16,000 Action Fraud reports have been transferred to the NFIB with advanced fee fraud, online shopping fraud and consumer non-investment fraud the most highly reported crimes. From these 4,500 crime reports have been disseminated to UK police forces with a total value of £27million. In February the NFIB and Action Fraud launched a high profile campaign about the dangers of scam emails. People targeted by online fraudsters were asked to forward the

electronic information to a dedicated link on the Action Fraud website.

Fraud data to the NFIB is being provided by organisations including CIFAS, UK Payments, DWP, OFT, NHS Protect, Vodafone and World Check. Skilled professionals have been seconded from agencies including SOCA, FBI, the NFA, Solicitors Regulatory Authority, Financial Services Authority, Serious Fraud Office and the MPS. Government ministers including the Attorney General and Solicitor General, the Minister for Crime and Security and the Police Minister have also visited the City of London Police to learn more about the groundbreaking work of the NFIB and the possibility of sharing data.

The NFIB strategic assessment, published in February, identified technology, professional and financial enablers as the critical fraud threats and the key focus areas for the NFIB. The NFIB's priorities for 2011/12 are to improve and enhance knowledge in these three areas and help formulate national strategies to combat the criminal elements behind them.

Counter Fraud Strategy Forum

In the past year the Counter Fraud Strategy Forum has established the first comprehensive picture of national counter fraud performance. This material has been used in the advice provided by the team to Whitehall counterparts and Ministers considering the future development of the national response to economic crime.

Having identified the key gaps in the response to fraud, the team has produced a series of targeted policy studies to provide evidence based

improvements. These have been incorporated into a public report that sets out recommendations for strengthening measures.

The Counter Fraud Strategy Forum is also contributing to the development of the new national strategic plan '*Fighting Fraud Together*'.

Fighting Fraud Together

The NFA is leading development of a new strategic approach, which will be owned by a collaboration of counter fraud partners, to provide a more comprehensive, ambitious and collaborative approach to fraud across the nation. A first phase of consultation has been completed and initial thinking was presented to Ministers and senior officials in March. The NFA is now developing the more detailed content, through further close engagement with counterparts from the private, public and not-for-profit sectors. *Fighting Fraud Together* will be published in 2011.

Privately funded investigations

The NFA has undertaken substantive work with both the insurance and mortgage industries on developing plans for new law enforcement units to tackle fraud in these sectors. The insurance industry has agreed, in principle, with this proposal subject to a rigorous cost benefit case. Work is now underway to develop this, with a view to taking a decision in summer 2011 on whether or not to proceed. The NFA continues to work closely with both industries on taking this project forward.

Organised crime

The NFA has continued to support the development of the Home Office-led organised crime strategy and an NFA secondee is part of the team drafting the strategy. The NFA Chief Executive also presented to the Home Secretary's monthly organised crime meeting in mid February, highlighting the need to increase emphasis on prevention activities and more broadly securing greater integration between counter fraud work and the strategic approach to organised crime.

The NFA Chief Executive continues to chair the quarterly organised crime programme board for non-fiscal fraud. This board is a key part of the structures driving the multi-agency response to organised crime, which reports to senior officials and Home Office Ministers on a regular basis.

Our partners

Action Against Business Crime
Addleshaw Goddard
Age UK
Allianz
Argent Associates
Association of British Insurers
Association of Certified Fraud
Examiners
Association of Chief Police
Officers
Attorney General's Office
Audit Commission
Audit Scotland
Aviva
Barclays
BBC
Bond Solon
British Bankers' Association
British Chambers of Commerce
British Retail Consortium
BSkyB
BSS
BT
Building Societies Association
Cabinet Office
Cabinet Office Efficiency and
Reform Group
Callcredit
Capita
Centrica
CDMS Transactis
Charity Commission
Chartered Institute of Public
Finance and Accountancy
CIFAS (The UK's Fraud
Prevention Service)
Citizens Advice Bureau
City of London Police
Companies House
Confederation of British Industry

Control Risks Group Ltd
Counter Fraud Professional
Accreditation Board
Council for Licensed
Conveyancers
Council of Mortgage Lenders
Crown Prosecution Service
Data Discoveries Managed
Analytics
Dedicated Cheque and Plastic
Crime Unit
Deloitte
Department for Business,
Innovation and Skills
Department for Communities and
Local Government
Department for Environment
Food and Rural Affairs
Department for Transport
Department for Work and
Pensions
Detica
Department of Health
Driver and Vehicle Licensing
Agency
East of England Fraud Forum
Energy Retail Association
Enfield Borough Council
Environment Agency
Equifax
Experian
Federation Against Copyright
Theft
Federation of Small Businesses
Fellowes
Finance and Leasing Association
Financial Fraud Action UK
Financial Services Authority
FIN-NET
Fraud Advisory Panel

GB Group
Get Safe Online
HBOS
HM Revenue and Customs
HM Treasury
Home Office
HSBC
IBM
Identity Fraud Consumer
Awareness Group
Identity and Passport Service
Information Commissioner's
Office
Institute of Chartered
Accountants of England and
Wales
Insurance Fraud Bureau
Insurance Fraud Investigators
Group
Intellectual Property Office
Jobcentre Plus
KPMG
Kroll
Land Registry
Legal Services Commission
Lloyds Banking Group
Local Authority Investigations
Officers Group
London Fraud Forum
Local Government Association
Local Authority Trading
Standards Services
London Public Sector Counter
Fraud Partnership
Midlands Fraud Forum
Ministry of Defence
Ministry of Justice
Metropolitan Police Service
National Anti Fraud Network
National Audit Office

Nationwide Building Society
 NHS Protect
 National Hunter
 National Policing Improvement Agency
 National Savings and Investments
 North East Fraud Forum
 North West Fraud Forum
 Office for Criminal Justice Reform
 Office for Cyber Security and Information Assurance
 Office for National Statistics
 OFSTED
 Office of Fair Trading
 Office of Government

Commerce
 PricewaterhouseCoopers
 RBS
 Royal Bank of Scotland Insurance
 Royal Institution of Chartered Surveyors
 Royal Mail
 Santander Group
 SAS
 Security Industry Authority
 SERCO
 Serious Fraud Office
 Serious Organised Crime Agency
 Skills for Justice
 Solicitors Regulation Authority

South East Fraud Forum
 South West Fraud Forum
 Student Loans Company
 Synectics Solutions
 Teceris
 Telecommunications UK Fraud Forum
 Think Jessica
 Transport for London
 UK Border Agency
 UK Cards Association
 UK Payments
 Victim Support
 Visa Europe
 Voice UK
 Worcester Fraud Forum
 Zurich

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- RBS

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- RBS

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- Brenda Parke
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